and other reports (see "PRC Government Findings on Enterprise Autonomy," in Foreign Broadcast Information Service-China-93–133 (July 14, 1993)) that laws shifting control from the government to the enterprises themselves have not been implemented uniformly. Therefore, the Department has determined that an analysis of *de facto* control is critical to determining whether respondents are, in fact, subject to governmental control.

De Facto Control

During verification, our examination of correspondence and sales documentation revealed no evidence that CNIEC's export prices are set, or subject to approval, by any governmental authority. That CNIEC has the authority to negotiate and sign contracts and other agreements independent of any government authority was evident from our examination of correspondence and written agreements and contracts. We also noted that CNIEC retained proceeds from its export sales and made independent decisions regarding disposition of profits and financing of losses (based on our examination of financial records and purchase invoices). Finally, we have determined that CNIEC has autonomy from the central government in making decisions regarding the selection of management, based on our examination of management election notices, staff congress election ballots and minutes from the last company election meeting. According to CNIEC's company constitution, the company president is elected by the staff congress. Examination of management documents and correspondence provided no evidence of involvement by the central or provincial government in CNIEC's management selection process. Further, there is no evidence in this proceeding that any exporters are subject to common control.

Conclusion

Given that the record of this investigation demonstrates a *de jure* and *de facto* absence of governmental control over the export functions of CNIEC, we determine that CNIEC should receive a separate rate.

Fair Value Comparisons

To determine whether sales by CNIEC of manganese sulfate from the PRC to the United States were made at less-than-fair value prices, we compared the United States price ("USP") to the foreign market value ("FMV"), as specified in the "United States Price"

and "Foreign Market Value" sections of this notice.

United States Price

USP for CNIEC was calculated on the same basis as in the preliminary determination. Certain adjustments were made to the CNIEC's reported U.S. sales, based on verification findings, as follows: reported quantities were changed for certain transactions; one sale was added and another reported sale was determined actually to be two sales; and no deduction for marine insurance was made since it was determined that this charge was not incurred. We also rejected CNIEC's reported ocean freight in favor of a surrogate freight rate (see Comment 7, "Interested Party Comments" section of this notice) For the one unreported sale discovered at verification, adjustments for freight charges and duty were made using the highest figures for any transportation charges reported by CNIEC as best information available ("BIA"). (See Calculation Memorandum, attached to the Concurrence Memorandum, on file in room B-099 of the Main Commerce Department Building, for details of adjustments made.)

Foreign Market Value

We calculated FMV based on Yan Jiang's and Xian Lu's factors of production cited in the preliminary determination, making adjustments based on verification findings. To calculate FMV, the verified factor amounts were multiplied by the appropriate surrogate values for the different inputs. We have used the same surrogate values as the preliminary determination with the exception of certain factors. The identities of certain factors were deemed proprietary by the Department and, therefore, their names are not disclosed in this notice. The two factors in question will be referred to as "factor X" and "factor Z" for the remaining sections of this notice.

For Xian Lu and Yan Jiang we used verified packing factor amounts to calculate packing cost for the final calculations.

Surrogate Country

Section 773(c)(4) of the Act requires the Department to value the factors of production, to the extent possible, in one or more market economy countries that are (1) at a level of economic development comparable to that of the non-market economy country, and (2) significant production of comparable merchandise. The Department has determined that India is the country most comparable to the PRC in terms of

overall economic development and significant production of comparable merchandise. (*See* memorandum from the Office of Policy to the file, dated April 13, 1995.) To value factors of production, we have obtained and relied upon published, publicly available information wherever possible.

Verification

As provided in section 776(b) of the Act, we verified the information submitted by respondents for use in our final determination. We used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by respondents.

Interested Party Comments

Comment 1: Dumping Margins Based on BIA

Petitioner asserts that the Department should calculate the dumping margins for CNIEC and Hunan Chemicals based on the highest margins alleged in the petition as BIA. First, petitioner notes that respondents failed to file questionnaire responses to section A for the responding companies within the deadline established by the Department and failed to request an extension before that deadline expired. Further, according to petitioner, the perpetual revision of the responses has reduced the credibility of the information presented in respondents' submissions.

Respondents contend that there is no legal basis in this case for the use of BIA to calculate the responding trading companies' respective margins.

Respondents note that the Department accepted and verified the respondents' questionnaire responses. According to respondents, the minor deviations and discrepancies discovered at verification were well within the limits of what the Department accepts as correcting insignificant errors found at verification.

DOC Position

Given the special circumstances outlined in the Memorandum to the File dated June 8, 1995, the Department exercised its discretion to accept the questionnaire responses (19 CFR 353.31(b)(1)). Further, except for Hunan Chemicals' response, the discrepancies discovered at verification were not such that the overall reliability of the responses was called into question. Therefore, the Department is basing its final determination on verified information from questionnaire responses from CNIEC and supplier factories.