Investigation of Helical Spring Lock Washers from the People's Republic of China ("HSLW") Concurrence Memorandum (September 20, 1993)). In another case, the Department has used the ILO Yearbook without adjustment (see, e.g., Preliminary Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Certain Paper Clips from the PRC Calculation Memorandum (May 11, 1995), and Notice of Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Certain Paper Clips from the PRC (59 FR 1168, October 7, 1994)).

Additionally, there is no evidence on the record of this case on which to base the application of the method proposed by respondents. The manganese sulfate production process and industry in this investigation are not comparable to those examined in HSLW. Because the production processes and industries are different, the type of skilled and unskilled labor used may vary significantly and, consequently, may affect the wage adjustments in each case. Therefore, there is no reasonable basis for applying the HSLW's assumptions and formulae to the ILO Yearbook Indian labor rate used in this investigation.

With respect to petitioner's argument concerning the absence of verified information on labor amounts, although the total labor hours reported by the PRC producers were not verifiable due to record keeping deficiencies, the reported hours exceeded the labor hours given in the petition. Therefore, our decision to use the PRC producers' reported hours represents an adverse inference for purposes of the final determination.

## **Comment 7: Ocean Freight**

Petitioner asserts that verification demonstrated that U.S. sales were shipped via a non-market economy carrier, China Ocean Shipping Company ("COSCO"). Petitioner requests that the Department revise the final margin calculations for CNIEC to use a marketeconomy ocean freight rate as a surrogate value instead of the reported ocean freight rates.

Petitioner further argues that the ocean freight rates provided by petitioner are not aberrational, and should be used in the final determination. Petitioner maintains that only its information is provided from a publicly available market-economy source, and representative of terms similar to those verified to have applied to CNIEC's shipments. Accordingly, petitioner also requests that the Department revise its preliminary determination calculation of the "PRCwide" deposit rate by using marketeconomy ocean freight rates instead of the reported ocean freight used in the preliminary determination.

Respondents argue that CNIEC's reported ocean freight was verified as a market economy freight rate. According to respondents, the Department verified that CNIEC's U.S. subsidiary purchased ocean freight services in the United States from a U.S. company and paid in U.S. dollars.

## DOC Position

We agree in part with petitioner. In NME proceedings, the Department's consistent methodology has been to determine whether a good or service obtained through a market-economy transaction is, in fact, sourced from a market economy rather than merely purchased in a market economy (see, e.g., Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Ferrovanadium and Nitrided Vanadium from the Russian Federation (60 FR 27962, May 26, 1995)). Because the good or service is produced in a NME, the Department cannot rely on the transaction as a basis for valuation because the underlying costs and expenses are not marketbased. Verification indicated that COSCO performed the service. Although CNIEC's U.S. subsidiary arranges ocean freight through a U.S.-based company, the company's costs for contracting ocean freight with COSCO, a NME provider (see, e.g., Notice of Final Results of Antidumping Administrative Review: Iron Castings from the PRC (56 FR 2742, January 24, 1991)), cannot be relied on unless found to be representative of market-economy freight rates. The record of this case does not indicate that the COSCO rates are representative of market economy rates and, thus, the rate charged to CNIEC's U.S. subsidiary cannot be used for purposes of the final determination.

When a service, such as ocean freight, is determined to be provided by a nonmarket carrier, it has been the Department's practice to use a surrogate rate from a market economy country to value that service (see, e.g., Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Disposable Pocket Lighters from the PRC (60 FR 22361, May 5, 1995); Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Sebacic Acid from the PRC (59 FR 28053, May 31, 1994); and Final Determination of Sales at Less Than Fair Value: Antidumping Duty Investigation of Sparklers from the PRC (56 FR 20588, May 6, 1991)).

Therefore, we have valued ocean freight using a surrogate, marketeconomy value based on international shipping rates.

**Comment 8: Brokerage and Handling** 

Petitioner contends that foreign brokerage and handling should be deducted from USP. Further, these charges should be valued at market economy rates provided on the record by petitioner. Petitioner requests that the Department adjust the margin calculations to account for this movement charge and apply a market economy value for services a forwarder provides in the final margin calculations.

Respondents counter that CNIEC did not incur any separate foreign brokerage and handling charges. According to respondents, any foreign brokerage and handling charges incurred by CNIEC are subsumed in the freight rate.

## DOC Position

We agree with respondents. No separate brokerage or handling charges were reported in respondents' questionnaire responses or discovered at CNIEC's verification. Accordingly, such charges were not valued or accounted for in CNIEC's final margin calculation.

Comment 9: Marine and Foreign Inland Insurance

Because verification revealed that marine insurance and foreign inland insurance were provided by non-market economy suppliers, petitioner requests that the Department use market economy surrogate rates, as provided in petitioner's July 7, 1995, submission, to value these two movement expenses, where appropriate.

Respondents argue that verification revealed that neither CNIEC nor its U.S. subsidiary obtained marine insurance for their manganese sulfate shipments within the POI and, therefore, petitioner's proposed surrogate value for marine insurance is inapplicable in this case.

## DOC Position

Verification revealed no indication that marine insurance was incurred by CNIEC or its U.S. subsidiary; therefore, this expense is not considered for purposes of the final margin calculation. However, we did confirm that foreign inland insurance was obtained by CNIEC from a non-market provider and, therefore, we have valued this expense based on market-economy surrogate rates in the margin calculation.