

purchaser in the United States prior to importation. We based EP on the packed, FOB PRC port or CIF price to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign inland freight, foreign brokerage and handling, international freight, and marine insurance, in accordance with section 772(c) of the Act. Because these movement services were provided by NME service providers or paid for in an NME currency, we based these expenses on surrogate values from India or other market economy rates. For further discussion of our use of surrogate value data in this proceeding, as well as the selection of India as the appropriate surrogate country, see the "Normal Value" section of this notice, below.

To value foreign inland trucking charges, we relied on Indian freight rates published in February through June 2000 editions of *Chemical Weekly*, as compiled and applied in the preliminary results of the 2001 - 2002 administrative review of bulk aspirin from the PRC. Foreign brokerage and handling expenses were based on November 1999 price quotes from Indian freight forwarders, as originally obtained in the antidumping duty investigation of bulk aspirin from the PRC. Ocean freight was based on the market economy ocean freight expenses reported in the public version response of a respondent in the 2000 - 2001 administrative review of persulfates from the PRC. For marine insurance, we used a rate quote that was originally obtained in the 1996 - 1997 administrative review of the antidumping duty order on tapered roller bearings and parts thereof, finished and unfinished, from the PRC. A more detailed discussion of the valuation methodology for these expenses is described in *Preliminary Determination Valuation Memorandum*, Memorandum to the File dated April 29, 2003 (*Valuation Memo*).

Where appropriate, we adjusted the values in Indian rupees to reflect inflation up to the POI using the wholesale price indices (WPI) for India published by the International Monetary Fund (IMF).

Normal Value

A. Surrogate Country

Section 773(c)(4) of the Act requires the Department to value an NME producer's factors of production, to the extent possible, in one or more market economy countries that: (1) are at a level of economic development comparable to that of the NME country, and (2) are

significant producers of comparable merchandise. The Department has determined that India, Pakistan, Indonesia, Sri Lanka, and the Philippines are countries comparable to the PRC in terms of overall economic development. See the January 13, 2002{sic}, memorandum from Jeffrey May to Louis Apple entitled "Antidumping Duty Investigation of Refined Brown Aluminum Oxide (Otherwise known as Refined Brown Artificial Corundum or Brown Fused Alumina) from the People's Republic of China (PRC): Request for a List of Surrogate Countries."

According to the available information on the record, we have determined that India is the only country among the countries mentioned above that is at a level of economic development comparable to the PRC and is a significant producer of RBAO. Therefore, we have selected India as the surrogate country. Accordingly, we have calculated NV using Indian values for the PRC producer's factors of production wherever possible. We have obtained and relied upon publicly available information wherever possible.

B. Factors of Production

For purposes of calculating NV, we valued the PRC producer's factors of production, in accordance with section 773(c)(1) of the Act. Factors of production include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital cost, including depreciation. In examining surrogate values, we selected, where possible, the publicly available value which was: (1) an average non-export value; (2) representative of a range of prices within the POI or most contemporaneous with the POI; (3) product-specific; and (4) tax-exclusive. For a more detailed explanation of the methodology used in calculating various surrogate values, see the *Valuation Memo*.

In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by including freight costs to make them delivered prices. In accordance with the decision in *Sigma Corporation v. United States*, 117 F. 3d 1401, 1407-08 (Fed. Cir. 1997), when using an import surrogate value, we have added to the CIF surrogate value freight cost using the shorter of the reported distances from the domestic supplier to the factory or the nearest seaport to the

factory. For a discussion of the valuation of Jinyu's freight costs, see the "Export Price" section of this notice, above.

To value crude brown aluminum oxide (CBAO), the only raw material consumed by Jinyu in its production process, we used the POI average unit value derived from U.S. import statistics of CBAO imported from Canada into the United States. We relied on this value because we were unable to identify a suitable surrogate value for CBAO from India or any other comparable economy. Indian import statistics do not differentiate between crude and refined aluminum oxide products and, thus, we could not rely on this information. We were also unable to obtain any Indian domestic price information on CBAO.

As we were unable to identify a suitable value from the surrogate country or other comparable economies, we considered data from other countries. The Mexican and South African import data suggested by the parties to the proceeding also did not differentiate between crude and refined aluminum oxide and, thus, were unsuitable for use as a value for CBAO. The only reliable data for CBAO available for the preliminary determination was the information from U.S. import statistics, which distinguishes between refined and crude aluminum oxide.

U.S. imports of crude aluminum oxide originate almost entirely from three countries: the PRC, Venezuela, and Canada. We excluded the PRC imports, as Department practice is to exclude import data from NME countries. As reported in attachment 2 of the December 2, 2002, Supplement to the Petition (Supplement), all crude imports from Venezuela are of white aluminum oxide. Because white aluminum oxide commands a higher price than brown aluminum oxide, we excluded import data from Venezuela. Based on information on the record (*i.e.*, Supplement at page 9 and attachments 2 and 6) and our own visit to a petitioner's Canadian production facility (See the January 14, 2003, memorandum to the file Re: Plant Tours and Product Characteristics Discussion), U.S. imports from Canada consist largely or entirely of CBAO. All other sources of U.S. crude aluminum oxide imports are in small quantities and of uncertain composition. Therefore, in order to insure that the surrogate value is limited to CBAO, we have relied only on the U.S. imports from Canada to value CBAO. For further discussion of this surrogate value selection, see the *Valuation Memo*.