

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 332-492

**China: Description of Selected Government Practices and Policies
Affecting Decision-Making in the Economy**

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of public hearing.

SUMMARY: Following receipt of a request on May 29, 2007, from the Committee on Ways and Means of the U.S. House of Representatives (Committee) for a series of three reports under section 332(g) of the Tariff Act of 1930 (19 U.S.C. (332(g))) on U.S.-China trade, the Commission instituted investigation No. 332-492, *China: Description of Selected Government Practices and Policies Affecting Decision-Making in the Economy*, for the purpose of preparing the first report.

DATES:

August 17, 2007: Deadline for filing requests to appear at the public hearing.

August 17, 2007: Deadline for filing pre-hearing briefs and statements.

September 6, 2007: Public hearing.

September 20, 2007: Deadline for filing post-hearing briefs and statements and other written submissions.

December 29, 2007: Transmittal of Commission report to the Committee on Ways and Means.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT: Project leaders James Stamps (202-205-3227 or james.stamps@usitc.gov) or John Fry (202-708-4157 or john.fry@usitc.gov) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: In its May 23, 2007, letter, the Committee noted that it had earlier, in a letter dated September 21, 2006, requested that the Commission prepare three reports relating to U.S.-China trade. In its May 23, 2007 letter, the Committee requested that the Commission augment the September 21, 2006, letter by adding two more components to its investigation in order to provide an in-depth assessment of the causes of the U.S.-China trade imbalance and whether and to what extent China uses various forms of government intervention to promote investment, employment, and exports. The Committee indicated that it may supplement its request with additional questions, including questions related to the functioning of China's labor market. The Committee also allotted more time to the Commission to submit its reports,

with the first report under the revised schedule to be delivered 7 months after receipt of the letter and the second and third reports, 14 and 24 months after receipt of the letter, respectively.

This notice announces institution of an investigation related to preparation of the first report described in the Committee's May 23, 2007, letter. The Commission will issue notices concerning investigations that relate to preparation of the second and third reports at a later date. In its letter the Committee also expanded the scope of ongoing Commission investigation No. 332-478, *U.S.-China Trade: Implications of U.S.-Asia-Pacific Trade and Investment Trends*. The report in that investigation will be the third in the series of three reports, and the Committee has extended the transmittal date to May 29, 2009.

As requested by the Committee, in its first report the Commission will describe and where possible quantify the practices and policies that central, provincial, and local government bodies in China use to support and attempt to influence decision making in China's agricultural, manufacturing and services sectors, and by individual firms. The Commission's report will include, but not be limited to, chapters describing government policies and interventions related to: (1) the privatization of state-owned enterprises and private ownership; (2) price coordination; (3) industrial development, particularly policies that target specific industries; (4) the banking and finance sectors, including policies and interventions to promote indicative lending and on the treatment of nonperforming loans; (5) utility rates; (6) infrastructure development; (7) taxation; (8) restraints on imports and exports; (9) research and development; (10) worker training and retraining; and (11) the rationalization and closure of uneconomic enterprises. The Committee also requested that the Commission include an analysis of the likely impact of a recently announced policy directive from China's State-Owned Assets Supervision and Administration Commission, which the Committee indicated raises serious concerns about China's interventions in a number of sectors.

As requested by the Committee, the Commission will provide its first report to the Committee by December 29, 2007.

PUBLIC HEARING: A public hearing in connection with this investigation and report will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on September 6, 2007. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., August 17, 2007, in accordance with the requirements in the "Written Submissions" section below. In the event that, as of the close of business on August 17, 2007, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary to the Commission (202-205-2000) after August 17, 2007, for information concerning whether the hearing will be held.

The Commission is also interested in receiving public comments, through hearing testimony or written submissions, identifying the industries, products, or services in which Chinese government policies and interventions are prevalent and in which leading U.S. exports have not penetrated the Chinese market, as well as public comments regarding the sectors that are perceived to be the primary drivers of the U.S.-China trade deficit.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements and briefs concerning this investigation. All written submissions, including requests to appear at the hearing, statements, and briefs, should be addressed to the Secretary to the Commission. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., August 17, 2007; and all post-hearing briefs and statements and all other written submissions should be filed not later than 5:15 p.m., September 20, 2007. All written submissions must conform with the provisions of section

201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000 or <http://www.usitc.gov/secretary/edis.htm>).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

In its request letter, the Committee stated that it intends to make the Commission's reports available to the public in their entirety, and asked that the Commission not include any confidential business information or national security classified information in the reports that the Commission sends to the Committee. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

/s/
Marilyn R. Abbott
Secretary to the Commission

Issued: June 21, 2007