

The Petition

On September 19, 2007, the Department of Commerce (the "Department") received a petition filed in proper form by Appleton Papers Inc. (the "petitioner") a domestic producer of lightweight thermal paper ("LWTP"). In response to the Department's requests, the petitioner provided timely information supplementing the petition on September 28, October 2, and October 23, 2007.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended ("the Act"), the petitioner alleges that manufacturers, producers, or exporters of LWTP in the People's Republic of China (the "PRC"), receive countervailable subsidies within the meaning of section 701 of the Act and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that the petitioner filed the petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and the petitioner has demonstrated sufficient industry support with respect to the countervailing duty investigation (*see* "Determination of Industry Support for the Petition" section below).

Period of Investigation

The period of investigation is January 1, 2006, through December 31, 2006.

Scope of the Investigation

The merchandise covered by each of this investigation includes certain lightweight thermal paper, which is thermal paper with a basis weight of 70 grams per square meter (" g/m^2 ") (with a tolerance of $\pm 4.0 \text{ g/m}^2$) or less; irrespective of dimensions;¹ with or without a base coat² on one or both sides; with thermal active coating(s)³ on one or both sides that is a mixture of the dye and the developer that react and form an image when heat is applied; with or without a top coat;⁴ and without

¹ LWTP is typically produced in jumbo rolls that are slit to the specifications of the converting equipment and then converted into finished slit rolls. Both jumbo rolls and converted rolls (as well as LWTP in any other forms, presentations, or dimensions) are covered by the scope of these investigations.

² A base coat, when applied, is typically made of clay and/or latex and like materials and is intended to cover the rough surface of the paper substrate and to provide insulating value.

³ A thermal active coating is typically made of sensitizer, dye, and co-reactant.

⁴ A top coat, when applied, is typically made of polyvinyl acetone, polyvinyl alcohol, and/or like materials and is intended to provide environmental protection, an improved surface for press printing, and/or wear protection for the thermal print head.

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-921]

Notice of Initiation of Countervailing Duty Investigation: Lightweight Thermal Paper from the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: November 2, 2007.

FOR FURTHER INFORMATION CONTACT: Scott Holland or Nancy Decker, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1279 and (202) 482-0196, respectively.

SUPPLEMENTARY INFORMATION:

an adhesive backing. Certain lightweight thermal paper is typically (but not exclusively) used in point-of-sale applications such as ATM receipts, credit card receipts, gas pump receipts, and retail store receipts. The merchandise subject to these investigations may be classified in the Harmonized Tariff Schedule of the United States ("HTSUS") under subheadings 4811.90.8040 and 4811.90.9090.⁵ Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Comments on Scope of Investigation

During our review of the petition, we discussed the scope with the petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within 20 calendar days of the publication of this notice. Comments should be addressed to Import Administration's Central Records Unit ("CRU"), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the Government of the PRC for consultations with respect to the countervailing duty petition. The Department held these consultations in Beijing, China, with representatives of the Government of the PRC on September 28, 2007. See the Memorandum to The File, entitled,

⁵ HTSUS subheading 4811.90.8000 was a classification used for LWTP until January 1, 2007. Effective that date, subheading 4811.90.8000 was replaced with 4811.90.8020 (for gift wrap, a non-subject product) and 4811.90.8040 (for "other," including LWTP). HTSUS subheading 4811.90.9000 was a classification for LWTP until July 1, 2005. Effective that date, subheading 4811.90.9000 was replaced with 4811.90.9010 (for tissue paper, a non-subject product) and 4811.90.9090 (for "other," including LWTP). Petitioner indicated that, from time to time, LWTP also may have been entered under HTSUS subheading 3703.90, HTSUS heading 4805, and perhaps other subheadings of the HTSUS.

"Consultations with Officials from the Government of the People's Republic of China" (September 28, 2007) on file in the CRU of the Department of Commerce, Room B-099.

Determination of Industry Support for the Petitions

Section 702(b)(1) of the Act requires that a petition be filed by or on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like,

most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that lightweight thermal paper, both jumbo rolls and converted slit rolls, constitute a single domestic like product, which is defined further in the "Scope of the Investigation" section above, and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see the *Countervailing Duty Investigation Initiation Checklist: Lightweight Thermal Paper from the People's Republic of China (PRC Initiation Checklist)* at Attachment II, on file in the Central Records Unit, Room B-099 of the main Department of Commerce building.

On October 9, 2007, the Department extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 702(c)(4)(D) of the Act, because it was "not clear from the petitions whether the industry support criteria have been met..." See *Notice of Extension of the Deadline for Determining the Adequacy of the Antidumping Duty Petitions: Lightweight Thermal Paper from Germany, the Republic of Korea, and the People's Republic of China; and the Countervailing Duty Petition: Lightweight Thermal Paper from the People's Republic of China*, 72 FR 58639 (October 16, 2007).

On October 12 and 15, 2007, we issued polling questionnaires to all known producers of jumbo rolls and converted slit rolls of lightweight thermal paper identified in the petitions, submissions from other interested parties, and by the ITC. The questionnaires are on file in the CRU in room B-099 of the main Department of Commerce building. We requested that each company complete the polling questionnaire, certify its response, and fax its response to the Department by the due date. For a detailed discussion of the responses received see *PRC Initiation Checklist* at Attachment II.

Our analysis of the data indicates that the domestic producers of lightweight thermal paper who support the petitions

account for at least 25 percent of the total production of the domestic like product and more than 50 percent of the production (by quantity and U.S. dollar sales value) of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. See *PRC Initiation Checklist* at Attachment II. Accordingly, the Department determines that the industry support requirements of section 702(c)(4)(A) of the Act have been met. Therefore, the Department determines that the petitioner filed the petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the countervailing duty investigation that it is requesting the Department initiate. See *PRC Initiation Checklist* at Attachment II.

Injury Test

Because the PRC, is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated subsidized imports of the subject merchandise. The petitioner contends that the industry's injured condition is illustrated by reduced market share, increased inventories, lost sales, reduced production, reduced capacity and capacity utilization rate, reduced shipments, underselling and price depression or suppression, lost revenue, and a decline in financial performance. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See *PRC Initiation Checklist* at Attachment III (Injury).

Initiation of Countervailing Duty Investigation

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition on behalf of an industry that; (1) alleges the elements

necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner(s) supporting the allegations. The Department has examined the countervailing duty petition on LWTP from the PRC and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of LWTP in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, see *PRC Initiation Checklist*.

We are including in our investigation the following programs alleged in the petition to have provided countervailable subsidies to producers and exporters of the subject merchandise in the PRC:

Preferential Lending

1. Government Policy Lending Program

2. Loans provided pursuant to the Northeast Revitalization Program

3. Loan guarantees from government-owned and controlled banks

Income Tax Programs

4. "Two Free, Three Half" program

5. Income tax exemption program for export-oriented foreign investment enterprises ("FIEs")

6. Corporate income tax refund program for reinvestment of FIE profits in export-oriented enterprises

7. Local income tax exemption and reduction program for "productive" FIEs

8. Reduced income tax rates for FIEs based on location

9. Reduced income tax rate for knowledge or technology intensive FIEs

10. Reduced income tax rate for high or new technology FIEs

11. Preferential tax policies for research and development at FIEs

12. Income tax credits on purchases of domestically produced equipment by domestically-owned companies

Indirect Tax Programs and Import Tariff Program

13. Export payments characterized as VAT rebates

14. VAT and tariff exemptions on imported equipment

Grant Programs

15. State Key Technology Renovation Program Fund

Provincial Subsidy Programs

16. Funds for "outward expansion" of

industries in Guangdong Province

17. Export interest subsidy funds for enterprises located in Shenzhen City or Zhejiang Province

18. Loans and interest subsidies pursuant to the Liaoning Province's five-year framework

Currency Programs

19. Currency retention

For further information explaining why the Department is investigating these programs, see *China Initiation Checklist*.

We are not including in our investigation the following programs alleged to benefit producers and exporters of the subject merchandise in the PRC:

A. Currency manipulation

Petitioner alleges that the PRC government's policy of maintaining an undervalued RMB is an export subsidy that provides either a direct transfer of funds or the provision of a good or service at less than adequate remuneration. Petitioner has not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Therefore, we do not plan to investigate the currency manipulation program.

B. Provision Of Goods Or Services For Less Than Adequate Remuneration

1. Electricity and natural gas

2. Water

3. Papermaking chemicals

4. Land

Respondent Selection

For this investigation, the Department expects to select respondents based on U.S. Customs and Border Protection data for U.S. imports during the POI. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. The Department invites comments regarding the CBP data and respondent selection within seven calendar days of publication of this **Federal Register** notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act, a copy of the public version of the petition has been provided to the Government of the PRC. As soon as and to the extent practicable, we will attempt to provide a copy of the public version of the petition to each exporter named in the petition, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of the initiation, whether there is a reasonable indication that imports of subsidized LWTP from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. *See* section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: October 29, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. E7-21616 Filed 11-1-07; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-428-840, A-580-860, A-570-920]

**Notice of Initiation of Antidumping
Duty Investigations: Lightweight
Thermal Paper from Germany, the
Republic of Korea, and the People's
Republic of China**

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

EFFECTIVE DATE: November 5, 2007.

FOR FURTHER INFORMATION CONTACT:
Dmitry Vladimirov at (202) 482-0665
(Republic of Korea), Blanche Ziv at
(202) 482-4207 or Hallie Zink at (202)
482-6907 (People's Republic of China),
Victoria Cho at (202) 482-5075 or
Christopher Hargett at (202) 482-4161
(Germany), Import Administration,
International Trade Administration,
U.S. Department of Commerce, 14th
Street and Constitution Avenue, NW,
Washington, DC 20230.

INITIATION OF INVESTIGATION**The Petition**

On September 19, 2007, the Department of Commerce (Department) received an antidumping petition concerning lightweight thermal paper from Germany, the Republic of Korea (Korea), and the People's Republic of China (PRC), filed by Appleton Papers, Inc. (the petitioner) on behalf of the domestic industry producing

lightweight thermal paper. *See* Antidumping Duty Petition on Lightweight Thermal Paper from Germany, the Republic of Korea, and the People's Republic of China and Countervailing Duty Petition on Lightweight Thermal Paper from the People's Republic of China (September 19, 2007) (Petition).

The petitioner is a domestic producer of lightweight thermal paper (LWTP). On September 24, 2007, the Department issued a request for additional information and clarification of certain areas of the Petition. On September 28, 2007, in response to the Department's request, the petitioner filed a supplement to the Petition. *See* Lightweight Thermal Paper from Germany, the Republic of Korea, and the People's Republic of China; Petitioner's Response to the Department's September 24, 2007 Request for Clarification of Certain Items Contained in the Petition (September 28, 2007) (Supplement to the Petition).

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that imports of LWTP from Germany, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act and that such imports are materially injuring, or threatening material injury to, an industry in the United States. The petitioner also alleges that sales of LWTP from Germany and Korea have been made at prices below the cost of production (COP).

The Department finds that the petitioner filed this Petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and has demonstrated sufficient industry support with respect to the initiation of the antidumping duty investigations that the petitioner is requesting. *See* the "Determination of Industry Support for the Petition" section below.

Period of Investigation

Because the Petition was filed on September 19, 2007, the anticipated period of investigation (POI) for Germany and Korea is July 1, 2006, through June 30, 2007. The anticipated POI for the PRC is January 1, 2007, through June 30, 2007. *See* 19 CFR 351.204(b).

Scope of the Investigations

The merchandise covered by each of these investigations includes certain lightweight thermal paper, which is thermal paper with a basis weight of 70 grams per square meter (g/m²) (with a

tolerance of ± 4.0 g/m²) or less; irrespective of dimensions;¹ with or without a base coat² on one or both sides; with thermal active coating(s)³ on one or both sides that is a mixture of the dye and the developer that react and form an image when heat is applied; with or without a top coat;⁴ and without an adhesive backing. Certain lightweight thermal paper is typically (but not exclusively) used in point-of-sale applications such as ATM receipts, credit card receipts, gas pump receipts, and retail store receipts. The merchandise subject to these investigations may be classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 4811.90.8040 and 4811.90.9090.⁵ Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations are dispositive.

Comments on Scope of Investigations

We are setting aside a period for interested parties to raise issues regarding product coverage. *See, e.g., Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments within 20 calendar days of signature of this notice. Comments should be addressed to Import Administration's Central Records Unit (CRU), Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to

¹ LWTP is typically produced in jumbo rolls that are slit to the specifications of the converting equipment and then converted into finished slit rolls. Both jumbo rolls and converted rolls (as well as LWTP in any other forms, presentations, or dimensions) are covered by the scope of these investigations.

² A base coat, when applied, is typically made of clay and/or latex and like materials and is intended to cover the rough surface of the paper substrate and to provide insulating value.

³ A thermal active coating is typically made of sensitizer, dye, and co-reactant.

⁴ A top coat, when applied, is typically made of polyvinyl acetone, polyvinyl alcohol, and/or like materials and is intended to provide environmental protection, an improved surface for press printing, and/or wear protection for the thermal print head.

⁵ HTSUS subheading 4811.90.8000 was a classification used for LWTP until January 1, 2007. Effective that date, subheading 4811.90.8000 was replaced with 4811.90.8020 (for gift wrap, a non-subject product) and 4811.90.8040 (for "other," including LWTP). HTSUS subheading 4811.90.9000 was a classification for LWTP until July 1, 2005. Effective that date, subheading 4811.90.9000 was replaced with 4811.90.9010 (for tissue paper, a non-subject product) and 4811.90.9090 (for "other," including LWTP). Petitioner indicated that, from time to time, LWTP also may have been entered under HTSUS subheading 3703.90, HTSUS heading 4805, and perhaps other subheadings of the HTSUS.

provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed by or on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See* USEC, Inc. v. United States, 132 F. Supp. 2d 1, 8 (CIT 2001), citing Algoma Steel Corp. Ltd. v. United States, 688 F. Supp. 639, 644 (CIT 1988), aff'd 865 F.2d 240 (Fed. Cir. 1989), cert. denied 492 U.S. 919 (1989).

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like,

most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation,” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted on the record, we have determined that lightweight thermal paper, both jumbo rolls and converted slit rolls, constitute a single domestic like product, which is defined further in the “Scope of the Investigations” section above, and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see the Antidumping Duty Investigation Initiation Checklist: Lightweight Thermal Paper from Germany (Germany Initiation Checklist) at Attachment II, Antidumping Duty Investigation Initiation Checklist: Lightweight Thermal Paper from Korea (Korea Initiation Checklist) at Attachment II, and the Antidumping Duty Investigation Initiation Checklist: Lightweight Thermal Paper from the People’s Republic of China (PRC Initiation Checklist) at Attachment II, on file in the CRU, Room B-099 of the main Department of Commerce building.

On October 9, 2007, the Department extended the initiation deadline by 20 days to poll the domestic industry in accordance with section 702(c)(4)(D) of the Act, because it was “not clear from the petitions whether the industry support criteria have been met...” See *Notice of Extension of the Deadline for Determining the Adequacy of the Antidumping Duty Petitions: Lightweight Thermal Paper from Germany, the Republic of Korea, and the People’s Republic of China; and the Countervailing Duty Petition: Lightweight Thermal Paper from the People’s Republic of China*, 72 FR 58639 (October 16, 2007).

On October 12 and 15, 2007, we issued polling questionnaires to all known producers of jumbo rolls and converted slit rolls of lightweight thermal paper identified in the petitions, submissions from other interested parties, and by the ITC. The questionnaires are on file in the CRU in room B-099 of the main Department of Commerce building. We requested that each company complete the polling questionnaire and certify their

responses by faxing their responses to the Department by the due date. For a detailed discussion of the responses received see the Germany Initiation Checklist, Korea Initiation Checklist, and PRC Initiation Checklist (collectively, “Initiation Checklists”) at Attachment II.

Our analysis of the data indicates that the domestic producers of lightweight thermal paper who support the petitions account for at least 25 percent of the total production of the domestic like product and more than 50 percent of the production (by quantity and U.S. dollar sales value) of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petitions. See Initiation Checklists at Attachment II. Accordingly, the Department determines that the industry support requirements of section 732(c)(4)(A) of the Act have been met. Therefore, the Department determines that the petitioner filed these petitions on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the antidumping investigations that it is requesting the Department initiate. See Initiation Checklists at Attachment II.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than normal value (NV). The petitioner contends that the industry’s injured condition is illustrated by reduced market share, increased inventories, lost sales, reduced production, reduced capacity and capacity utilization rate, reduced shipments, underselling and price depression or suppression, lost revenue, and a decline in financial performance. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See Initiation Checklists at Attachment III (Injury).

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations on imports of LWTP from Germany,

Korea, and the PRC. The sources of data for the deductions and adjustments relating to the U.S. price as well as NV for Germany and Korea are discussed in greater detail in the Initiation Checklists. We corrected certain information in the petitioner’s margin calculations for the PRC. The corrections are provided in detail in the PRC Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will re-examine the information and revise the margin calculations, if appropriate.

Alleged U.S. Price and Normal Value: Germany

The petitioner calculated export price (EP) using information from Koehler and Mitsubishi Hi-Tec, two manufacturers of LWTP in Germany. The price data are based on the same products used as the basis for the cost model, as well as the basis for NV. The petitioner’s calculation of EP starts with the gross price. The petitioner then calculated net price by deducting the amount for U.S. inland freight, ocean freight and insurance to arrive at an ex-factory price. See Petition Volume III at 9 and Exhibits 12, 13, 14, and 15. The petitioner did not deduct foreign inland freight because the manufacturer’s plants are located near waterways in Germany. However, the petitioner estimated U.S. inland freight charges by using freight charges from the most likely port of entry to the respective delivery points. See Petition, Volume III at Exhibit 15.

Normal Value: Germany

The petitioner was able to determine domestic German prices for LWTP by obtaining pricing data for Mitsubishi Hitec, through a market researcher. See memorandum entitled, “Telephone Call to Market Research Firm Regarding the Antidumping Petition on Lightweight Thermal Paper (LWTP) from Germany,” dated October 5, 2007. The petitioner deducted freight and other appropriate items from the gross price to obtain the NV. See Germany Petition, Volume III at page 2 and Exhibits 2–4. The petitioner then converted the Euro per metric ton (MT) amount to U.S. dollar per MT amount by applying the POI exchange rate.

Cost of Production: Germany

The petitioner has provided information demonstrating reasonable grounds to believe or suspect that sales of thermal paper in the home market were made at prices below the fully absorbed COP, within the meaning of

section 773(b) of the Act, and requested that the Department conduct a sales–below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the cost of manufacturing (COM); selling, general and administrative (SG&A) expenses; financial expenses; and packing expenses. The petitioner calculated COM and packing expenses using input quantities based on the production experience of a U.S. LWTP manufacturer during the POI, multiplied by the costs incurred to manufacture LWTP in Germany using publicly available data. To calculate average factory overhead, SG&A and financial expense rates, petitioner relied on the 2006 financial statements of Koehler Holding GmbH & Co., KG.

Based upon a comparison of the prices of the foreign–like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(i) of the Act. Accordingly, the Department is initiating a country–wide cost investigation. If we determine during the course of the investigation that the home market (*i.e.*, Germany) is not viable, our initiation of a country–wide cost investigation with respect to sales in Germany will be rendered moot. See Germany Initiation Checklist.

Normal Value Based on Constructed Value: Germany

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioner calculated NV based on constructed value (CV). The petitioner calculated CV using the same average COM, SG&A, financial and packing figures used to compute the COP. The petitioner then added profit based on the profit rate calculated based on the 2006 financial statements of Koehler Holding GmbH & Co., KG. See Germany Initiation Checklist.

Alleged U.S. Price and Normal Value: Korea

The petitioner calculated export price using pricing data in the United States provided by a Korean manufacturer of the subject merchandise. The petitioner adjusted U.S. prices for international freight and insurance and U.S. inland freight. See Petition, Volume IV at pages 8–9.

Normal Value: Korea

The petitioner was able to determine domestic Korean prices for lightweight thermal paper by obtaining pricing data, through an economic consultant, from a Korean manufacturer of lightweight

thermal paper. See Memorandum entitled, “Telephone Call to Market Research Firm Regarding the Antidumping Petition on Lightweight Thermal Paper from Korea,” dated October 1, 2007. The pricing data did not identify specific sales and payment terms associated with it. The petitioner claims that a Korean manufacturer made it known to an economic consultant that, with one exception, all pricing data are on a delivered basis. The petitioner did not make an adjustment to home–market price for foreign inland freight because it did not make a similar adjustment to U.S. price. See Petition, Volume IV at pages 2–3.

Cost of Production: Korea

The petitioner has provided information demonstrating reasonable grounds to believe or suspect that sales of thermal paper in the home market were made at prices below the fully absorbed COP, within the meaning of section 773(b) of the Act, and requested that the Department conduct a sales–below-cost investigation. Pursuant to section 773(b)(3) of the Act, COP consists of the COM, SG&A expenses, financial expenses, and packing expenses. The petitioner calculated COM and packing expenses using input quantities based on the production experience of a U.S. LWTP producer during the POI, multiplied by the costs incurred to manufacture LWTP in Korea using publicly available data. To calculate average factory overhead, SG&A, and financial expense rates, the petitioner relied on the most current financial statements of Hansol, a thermal paper producer in Korea.

Based upon a comparison of the prices of the foreign–like product in the home market to the calculated COP of the product, we find reasonable grounds to believe or suspect that sales of the foreign like product were made below the COP, within the meaning of section 773(b)(2)(A)(I) of the Act. Accordingly, the Department is initiating a country–wide cost investigation. See Korea Initiation Checklist.

Normal Value Based on Constructed Value: Korea

Pursuant to sections 773(a)(4), 773(b) and 773(e) of the Act, the petitioner calculated NV based on CV. The petitioner calculated CV using the same average COM, SG&A, financial and packing figures used to compute the COP. The petitioner did not include profit because Hansol incurred a loss during 2006. See Korea Initiation Checklist.

Alleged U.S. Price and Normal Value: The People’s Republic of China

The petitioner calculated EP based upon an affidavit describing an actual offer for sale to the U.S. market of converted jumbo rolls from Shanghai Hanhong Paper Co., Ltd. (Hanhong), a non–integrated converter of jumbo rolls in the PRC. The petitioner then demonstrated, using Port Import Export Reporting Service (PIERS) data, that the overwhelming percentage of the imports of subject LWTP into the United States from the PRC were made by Hanhong. The petitioner notes that while approximately half of all shipments reported in the PIERS data set do not identify the producer or exporter of the merchandise, of the data set observations that do identify the exporters, almost 97 percent of such shipments were made by Hanhong. See Petition, Volume II at pages 4 and 8 and Exhibits 3, 10 and 11. See also Supplement to the Petition at page 3 and Exhibit 3. The petitioner adjusted the U.S. price to account for foreign brokerage and handling charges on a free on board (FOB) basis. The Department valued brokerage and handling charges using two sources: (1) data from the January 9, 2006, public version of the Section C questionnaire response from Kejriwal Paper Ltd. (Kejriwal);⁶ and (2) data from Agro Dutch Industries Ltd. for the period of review February 1, 2004, through January 31, 2005 (see *Certain Preserved Mushrooms From India: Final Results of Antidumping Duty Administrative Review*, 70 FR 37757 (June 30, 2005)). The Department used a simple average of the data adjusted for inflation. See PRC Initiation Checklist. The petitioner did not adjust export price for foreign inland freight charges because it could not determine the distance between Hanhong’s mill and the port of exit delivery location. See PRC AD Petition at page 8 and Exhibits II–11 and 12. Because the Department considers the PRC to be a non–market economy (NME) country, the petitioner constructed NV based on the factors–of–production methodology pursuant to section 773(c) of the Act. Recently, the Department examined the PRC’s market status and determined that NME status should continue for the PRC. See

⁶Kejriwal was a respondent in the certain lined paper products from India investigation for which the period of investigation was July 1, 2004, to June 30, 2005. See *Notice of Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Affirmative Preliminary Determination of Critical Circumstances in Part: Certain Lined Paper Products From India*, 71 FR 19706 (April 17, 2006) (unchanged in final determination).

Memorandum from the Office of Policy to David M. Spooner, Assistant Secretary for Import Administration, Regarding the People's Republic of China Status as a Non-Market Economy, dated August 30, 2006. This document is available on-line at: <<http://ia.ita.doc.gov/download/prc-nme-status/prc-lined-paper-memo-08302006.pdf>>. In addition, in two recent investigations, the Department also determined that the PRC is an NME country. See *Final Determination of Sales at Less Than Fair Value: Certain Activated Carbon from the People's Republic of China*, 72 FR 9508 (March 2, 2007), and *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007). In accordance with section 771(18)(C)(i) of the Act, the NME status remains in effect until revoked by the Department. The presumption of the NME status of the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product is based appropriately on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. During the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

The petitioner asserts that India is the most appropriate surrogate country for the PRC because India is a significant producer of comparable merchandise and at a level of economic development comparable to the PRC. See Petition, Volume II at page 2. Based on the information provided by the petitioner, we believe that the petitioner's use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, we will solicit comments regarding surrogate-country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i), interested parties will be provided an opportunity to submit publicly available information to value the factors of production within 40 calendar days after the date of publication of the preliminary determination.

The petitioner provided dumping margin calculations using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. The petitioner bases its estimates of antidumping

margins from the PRC on the CV and offers for sale to the U.S. market by Hanghong, a non-integrated converter of jumbo rolls. Therefore, the petitioner calculated NV based on a cost model specific to a non-integrated converter of subject LWTP. Specifically, the petitioner relied upon the consumption rates, for the period covering July 1, through December 31, 2006, of one of the largest non-integrated U.S. converters of subject LWTP, which the petitioner stated should be similar to the consumption rates of Hanhong. See Petition, Volume II at pages 4-5 and Exhibits II-3 and II-7. See also, Petitioner's Response to the Department's September 24, 2007 Request for Clarification of Certain Items Contained in the Petition: PRC (September 28, 2007) (Supplement to the Petition: PRC) at page 4. The petitioner stated that it did not make any adjustments to NV because no known material differences exist between the non-integrated U.S. converter's production experience and Hanhong's production experience. See Supplement to the Petition: PRC at pages 5-6. Thus, the petitioner has assumed, for purposes of the Petition, that Hanhong, a non-integrated converter of subject LWTP in the PRC, uses the same inputs in the same quantities as those used by one of the largest non-integrated converters of subject LWTP in the United States.

With respect to the calculation of NV, pursuant to section 773(c)(4) of the Act, the petitioner valued all direct materials using Indian import data obtained from the Monthly Statistics of the Foreign Trade of India (MSFTI), as published by the Directorate General of Commercial Intelligence and Statistics of the Ministry of Commerce and Industry, Government of India and used in the World Trade Atlas (WTA), available at: <<http://www.gtis.com/wta.htm>>, for August 1, 2006, through January 31, 2007. Because the Department was able to obtain more contemporaneous information from the WTA for the same inputs provided by the petitioner, *i.e.*, September 1, 2006, through February 28, 2007, we used this data where applicable in the NV calculations. The petitioner converted the inputs valued in Indian rupees to U.S. dollars based on the average rupee/U.S. dollar exchange rate for the POI, as reported on the Department's website at <<http://ia.ita.doc.gov/exchange/index.html>>. See PRC AD Petition at page 6 and Exhibit II-6. The petitioner relied upon the non-integrated U.S. converter's labor usage rates for production and packing and used the Department's

latest NME Wage Rate for the PRC, as reported on the Department's website at <<http://ia.ita.doc.gov/wages/index.html>>. *Id.* The petitioner did not include energy and other utility cost inputs in its calculated NV because the non-integrated U.S. converter did not allocate any energy costs to the specific product level. *Id.* at pages 5-6 and Exhibits II-6 and 7.

In regard to the NV calculations, the petitioner derived the figures for factory overhead (FOH), SG&A, and profit for the fiscal year ending March 31, 2006, from the financial statements of Parag Copigraph Pvt. Ltd. (Parag), a non-integrated Indian converter of subject LWTP. See PRC AD Petition at page 7 and Exhibits II-6 and PRC AD Supplemental Response at pages 6-7 and Exhibit 2. We did not make any other adjustment to the NV, as calculated by the petitioner. See PRC Initiation Checklist for further details on these calculations and the adjustments the Department made to these calculations.

Fair-Value Comparisons

Based on the data provided by petitioners, there is reason to believe that imports of LWTP from Germany, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on comparisons of export price to NV that we revised with respect to the PRC, as discussed above, and calculated in accordance with section 773(c) of the Act, these are the estimated dumping margins for LWTP: 1) the estimated dumping margin for Germany based on a price-to-price comparison is 29.79 percent; the estimated dumping margins for Germany based on a price-to-CV comparison range from 59.80 percent to 75.36 percent; 2) the estimated dumping margin for Korea based on a price-to-price comparison is 40.30 percent; the estimated dumping margin for Korea based on a price-to-CV comparison is 65.63 percent; and 3) the estimated dumping margin for the PRC is 108.25 percent.

Initiation of Antidumping Investigations

Based upon the examination of the Petition on LWTP from Germany, Korea, and the PRC, we find that the Petition meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of LWTP from Germany, Korea, and the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1),

unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Separate Rates

The Department modified the process by which exporters and producers may obtain separate-rate status in NME investigations. See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries (April 5, 2005) (Separate Rates and Combination Rates Bulletin), available on the Department's website at <<http://ia.ita.doc.gov/policy/bull05-1.pdf>>. The process requires the submission of a separate-rate status application. Based on our experience in processing the separate-rate applications in the following antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. See, e.g., *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires from the People's Republic of China*, 72 FR 43591, 43594-95 (August 6, 2007) (*Tires from the PRC*). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's website at <http://ia.ita.doc.gov/ia_highlights_and_news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application is due no later than December 10, 2007.

Respondent Selection

For this investigation, the Department intends to select respondents based on CBP data for U.S. imports during the POI. We intend to make our decision regarding respondent selection within 20 days of publication of this **Federal Register** notice. The Department invites comments regarding the CBP data and respondent selection within seven calendar days of publication of this **Federal Register** notice.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The "Separate Rates and Combination Rates Bulletin" at page 6 explains that, while continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that

supplied the exporter during the POI. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the POI. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the POI.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the Petition has been provided to representatives of the governments of Germany, Korea, and the PRC. We will attempt to provide a copy of the public version of the Petition to all exporters named in the Petition, as provided for in 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine no later than November 23, 2007, whether there is a reasonable indication that imports of LWTP from Germany, Korea, and the PRC are materially injuring or threatening material injury to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: October 29, 2007.

Stephen J. Claeys,

Acting Assistant Secretary for Import Administration.

[FR Doc. E7-21710 Filed 11-2-07; 8:45 am]

BILLING CODE 3510-DS-S