

rates, see the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: November 30, 2007.

FOR FURTHER INFORMATION CONTACT: Damian Felton or Shane Subler, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0133 and (202) 482-0189, respectively.

SUPPLEMENTARY INFORMATION:

Case History

The following events have occurred since the publication of the Department of Commerce's (the Department) notice of initiation in the **Federal Register**. See *Notice of Initiation of Countervailing Duty Investigation: Light-Walled Rectangular Pipe and Tube from the People's Republic of China*, 72 FR 40281 (July 24, 2007) (*Initiation Notice*).

On August 7, 2007, the Department selected the two largest Chinese producers/exporters of light-walled rectangular pipe and tube (LWRP), Qingdao Xiangxing Steel Pipe Co., Ltd. (Qingdao) and Zhangjiagang Zhongyuan Pipe-Making Co., Ltd. (ZZPC), as mandatory respondents. See Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, "Respondent Selection" (August 4, 2007). This memorandum is on file in the Department's Central Records Unit in Room B-099 of the main Department building (CRU). On August 7, 2007, we issued the countervailing duty (CVD) questionnaire to the Government of the People's Republic of China (GOC), Qingdao and ZZPC.

On August 22, 2007, the International Trade Commission (ITC) issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidized imports of LWRP from the People's Republic of China (PRC). See *Light-Walled Rectangular Pipe and Tube from China, Korea, Mexico and Turkey*, Investigation Nos. 701-TA-449 and 731-TA-1118-1121, 72 FR 49310 (Preliminary) (August 28, 2007).

On August 24, 2007, we published a postponement of the preliminary determination of this investigation until November 26, 2007. See *Light-Walled Rectangular Pipe and Tube from the People's Republic of China: Notice of Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 72 FR 48618 (August 24, 2007).

Petitioners¹ filed a new subsidy allegation on August 29, 2007. The GOC submitted comments responding to petitioners' new subsidy allegation on September 10, 2007. On September 20, 2007, the Department determined to investigate aspects of the newly alleged subsidy relating to currency retention. See Memorandum to Susan Kuhbach, Director, AD/CVD Operations, Office 1, "New Subsidy Allegation" (September 20, 2007). Questions regarding this newly alleged subsidy were sent to the GOC and the respondent companies on September 20, 2007.

We received responses to our CVD questionnaires from ZZPC, the GOC, and a voluntary respondent, Kunshan Lets Win Steel Machinery Co., Ltd. ("Lets Win") on September 27, 2007, September 28, 2007, October 1, 2007, October 2, 2007, and October 3, 2007. Qingdao, however, did not respond to the Department's CVD questionnaire. The petitioners filed comments on the responses from ZZPC and Lets Win on October 9, 2007, and comments on the GOC's responses on October 17, 2007.

On October 15, 2007, the Department accepted Lets Win as a voluntary respondent to the proceeding pursuant to 19 CFR 351.204(d). See Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, "Voluntary Respondent Selection" (October 15, 2007). Then, on October 24, 2007, the Department issued a letter giving Qingdao a final opportunity to respond to the CVD questionnaire issued on August 7, 2007. We never received a CVD questionnaire response from Qingdao. We address the use of facts otherwise available for Qindago below.

We issued supplemental questionnaires as follows: the GOC on October 16, 2007, October 24, 2007, and November 19, 2007; Lets Win on October 17, 2007; and ZZPC on October 17 and October 18, 2007. We received responses to these supplemental questionnaires as follows: the GOC on October 23, 2007, November 7, 2007 and November 21, 2007; ZZPC on November 5, 2007, and November 14, 2007; and Lets Win on October 31, 2007. We received a corrected response from ZZPC on November 23, 2007, but are not considering this submission for the purposes of this preliminary determination. This submission came three days before the preliminary

¹ Allied Tube & Conduit; Atlas Tube; Bull Moose Tube Company; California Steel and Tube; EXLTUBE; Hannibal Industries; Levitt Tube Company LLC; Maruichi American Corporation; Searing Industries; Southland Tube; Vest Inc.; Welded Tube; and Western Tube and Conduit (collectively, petitioners).

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-915]

Light-walled Rectangular Pipe and Tube from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

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

SUMMARY: The Department of Commerce preliminarily determines that countervailable subsidies are being provided to producers and exporters of light-walled rectangular pipe and tube from the People's Republic of China. For information on the estimated subsidy

determination and, thus, the Department was unable to complete the necessary analyses of ZZPC's submission. This data will be considered for the final determination.

The GOC and petitioners filed comments in advance of the preliminary determination on November 13 and 14, 2007, respectively. Finally, Lets Win submitted an updated questionnaire response on November 16, 2007, which was filed after the deadline originally set by the Department.

Scope Comments

In accordance with the preamble to the Department's regulations, we set aside a period of time in our initiation notice for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of that notice. See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323, (May 19, 1997) and *Initiation Notice*, 72 FR at 40281. We did not receive any comments.

Scope of the Investigation

The merchandise that is the subject of this investigation is certain welded carbon-quality light-walled steel pipe and tube, of rectangular (including square) cross section (LWR), having a wall thickness of less than 4mm.

The term carbon-quality steel includes both carbon steel and alloy steel which contains only small amounts of alloying elements. Specifically, the term carbon-quality includes products in which none of the elements listed below exceeds the quantity by weight respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.15 percent vanadium, or 0.15 percent of zirconium. The description of carbon-quality is intended to identify carbon-quality products within the scope. The welded carbon-quality rectangular pipe and tube subject to this investigation is currently classified under the Harmonized Tariff Schedule of the United States ("HTSUS") subheadings 7306.61.50.00 and 7306.61.70.60. While HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Use of Facts Otherwise Available

Sections 776(a)(1) and (2) of the Tariff Act of 1930, as amended (the Act), provide that the Department shall apply "facts otherwise available" if, *inter alia*, necessary information is not on the record or an interested party or any other person: (A) withholds information that has been requested; (B) fails to provide information within the deadlines established, or in the form and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act; (C) significantly impedes a proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department "shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority" if the information is timely, can be verified, is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

In this case, Qingdao did not provide information we requested that is necessary to determine a countervailing duty rate for this preliminary determination. Specifically, Qingdao did not respond to the Department's requests on August 7, 2007, and October 24, 2007, to respond to the CVD questionnaire. Thus, in reaching our preliminary determination, pursuant to sections 776(a)(2)(A) and (C) of the Act, we have based Qingdao's countervailing duty rate on facts otherwise available.

We have also identified one program for which the GOC did not provide the requested information. Specifically, in our questionnaire, we asked the GOC to provide information about the hot-rolled steel industry in the PRC (including a description of the industry,

users of hot-rolled steel in the PRC, and whether hot-rolled steel producers are state-owned enterprises (SOEs)). The GOC limited its response to the "hot-rolled steel narrow strip" industry, claiming that LWRP is produced chiefly from this form of hot-rolled steel. In our supplemental questionnaire, we asked the GOC to provide the requested information for the hot-rolled steel industry as a whole. While some limited information was provided in the GOC's supplemental questionnaire response (November 7, 2007), the GOC did not provide a breakdown of the production accounted for by SOEs or that accounted for by private producers. Thus, in reaching our preliminary determination, pursuant to sections 776(a)(2)(A) and (C) of the Act, we are relying on facts otherwise available to determine the countervailable subsidy conferred by the government's provision of hot-rolled steel for less than adequate remuneration.

Section 776(b) of the Act further provides that the Department may use an adverse inference in applying the facts otherwise available when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Section 776(b) of the Act also authorizes the Department to use as adverse facts available (AFA) information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation or review, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as "[i]nformation derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise." See *Statement of Administrative Action* (SAA) accompanying the Uruguay Round Agreements Act, H. Doc. No. 316, 103d Cong., 2d Session (1994) at 870. Corroborate means that the Department will satisfy itself that the secondary information to be used has probative value. See SAA at 870. To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. The SAA emphasizes, however, that the Department need not prove that the

selected facts available are the best alternative information. See SAA at 869.

In selecting from among the facts available for Qingdao, the Department has determined that an adverse inference is warranted, pursuant to section 776(b) of the Act. By failing to submit a response to the Department's CVD questionnaire, Qingdao did not cooperate to the best of its ability in this investigation. Accordingly, we find that an adverse inference is warranted to ensure that Qingdao will not obtain a more favorable result than had it fully complied with our request in this investigation.

Similarly, we are applying an adverse inference in selecting among the facts available for valuing the benefit conferred by the GOC's provision of hot-rolled steel for less than adequate remuneration. In its response, the GOC stated, "it is difficult to provide a definitive assessment" of the share of hot-rolled production accounted for by SOEs and private suppliers because there are so many producers in China. See GOC supplemental questionnaire response (November 7, 2007) at 9. The failure to provide this information within the established deadlines has impeded our investigation. Moreover, the GOC has not provided us with any plausible explanation as to why it cannot provide us with the information within the established deadlines. Thus, we preliminarily conclude that the GOC has failed to act to the best of its ability.

Selection of the Adverse Facts Available Rate

In deciding which facts to use as AFA, section 776(b) of the Act and 19 CFR 351.308(c)(1) authorize the Department to rely on information derived from (1) the petition, (2) a final determination in the investigation, (3) any previous review or determination, or (4) any information placed on the record. It is the Department's practice to select, as AFA, the highest calculated rate in any segment of the proceeding. See, e.g., *Certain In-shell Roasted Pistachios from the Islamic Republic of Iran: Final Results of Countervailing Duty Administrative Review*, 71 FR 66165 (November 13, 2006), and accompanying Issues and Decision Memorandum at "Analysis of Programs."

The Department's practice when selecting an adverse margin from among the possible sources of information is to ensure that the margin is sufficiently adverse "as to effectuate the purpose of the facts available role to induce respondents to provide the Department with complete and accurate information in a timely manner." See *Notice of Final*

Determination of Sales at Less than Fair Value: Static Random Access Memory Semiconductors From Taiwan; 63 FR 8909, 8932 (February 23, 1998). The Department's practice also ensures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully." See SAA at 870. In choosing the appropriate balance between providing a respondent with an incentive to respond accurately and imposing a rate that is reasonably related to the respondent's prior commercial activity, selecting the highest prior margin "reflects a common sense inference that the highest prior margin is the most probative evidence of current margins, because, if it were not so, the importer, knowing of the rule, would have produced current information showing the margin to be less." See *Rhone Poulenc, Inc. v. United States*, 899 F. 2d 1185, 1190 (Fed. Cir. 1990).

Because Qingdao failed to act to the best of its ability, as discussed above, for each program examined, we made the adverse inference that Qingdao benefitted from the program unless the record evidence made it clear that Qingdao could not have received benefits from the program because, for example, we have preliminarily found the program not countervailable. See, e.g., *Certain Cold-Rolled Carbon Steel Flat Products From Korea: Final Affirmative CVD Determination*, 67 FR 62102 (October 3, 2002) and accompanying Issues and Decision Memorandum at "Methodology and Background Information." To calculate the program rates, we have generally relied upon the highest program rate calculated for any responding company in this investigation as adverse facts available. See *Certain In-shell Roasted Pistachios from the Islamic Republic of Iran: Final Results of Countervailing Duty Administrative Review*, 71 FR 66165 (November 13, 2006) and accompanying Issues and Decision Memorandum at "Analysis of Programs."

Thus, for programs based on the provision of goods at less than adequate remuneration, we have used the ZZPC rate for the provision of hot-rolled steel for less than adequate remuneration. For value added tax (VAT) and grant programs, we are unable to utilize company-specific rates from this proceeding because neither Lets Win nor ZZPC received any countervailable subsidies from these subsidy programs. Therefore, for VAT and grant programs we are applying the highest subsidy rate for any program otherwise listed, which in this instance is ZZPC's rate for the

provision of hot-rolled steel for less than adequate remuneration.

Finally, for the seven alleged income tax programs pertaining to either the reduction of the income tax rates or the payment of no income tax, we have applied an adverse inference that Qingdao paid no income tax during the period of investigation (*i.e.*, calendar year 2006). The standard income tax rate for corporations in the PRC is 30 percent, plus a 3 percent provincial income tax rate. Therefore, the highest possible benefit for these seven income tax rate programs is 33 percent. We are applying the 33 percent AFA rate on a combined basis (*i.e.*, the seven programs combined provided a 33 percent benefit). This 33 percent AFA rate does not apply to income tax deduction or credit programs. For income tax deduction or credit programs we are applying the highest subsidy rate for any program otherwise listed, which in this instance is ZZPC's rate for the provision of hot-rolled steel at less than adequate remuneration. See Memorandum to the File, entitled *Selection of the Adverse Facts Available Rate for Qingdao Xiangxing Steel Pipe Co., Ltd.* (November 26, 2007) (this memorandum is on file in the Department's CRU).

We do not need to corroborate the calculated subsidy rates we are using as AFA because they are not considered secondary information as they are based on information obtained in the course of this investigation. See section 776(c) of the Act; see also the SAA at 870.

Regarding the GOC's failure to provide requested information regarding the hot-rolled steel industry in the PRC, the Department is preliminarily rejecting prices in the PRC as possible benchmarks for determining whether hot-rolled steel is being provided for less than adequate remuneration. Instead, as described in the *Programs Preliminarily Determined to be Countervailable/Provision of Inputs for Less than Adequate Remuneration/Hot-rolled Steel* section below, we are using a world market price as the benchmark to value this subsidy.

Because this information is taken from the petition, it is secondary information and must be corroborated to the extent practicable. We have compared the world-market prices being used to the prices of hot-rolled steel imports into the PRC during the POI, and find that the world-market prices are reliable and relevant. See Memorandum from Damian Felton to Susan Kuhbach Re: Preliminary Affirmative Countervailing Duty Determination: Light-walled Rectangular Pipe and Tube from the

People's Republic of China; Preliminary Results Calculation Memorandum for Zhangjiagang Zhongyuan Pipe-Making Co., Ltd.; Jiangsu Qiyuan Group Co., Ltd.; Jiangsu Zhongjia Steel Co., Ltd.; Zhangjiagang Zhongxin Steel Product Co., Ltd.; and Zhangjiagang Baoshuiqu Jiaqi International Business Co., Ltd. (November 26, 2007) (*ZZPC Calculation Memorandum*).

Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

On July 24, 2007, the Department initiated the countervailing duty and antidumping duty investigations of LWRP from the PRC. See *Initiation Notice and Initiation of Antidumping Duty Investigations: Light-Walled Rectangular Pipe and Tube from Republic of Korea, Mexico, Turkey, and the People's Republic of China*, 72 FR 40274 (July 24, 2007). The countervailing duty investigation and the antidumping duty investigation have the same scope with regard to the merchandise covered.

On November 16, 2007, petitioners submitted a letter, in accordance with section 705(a)(1) of the Act, requesting alignment of the final countervailing duty determination with the final determination in the companion antidumping duty investigation of LWRP from the PRC. Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final countervailing duty determination with the final determination in the companion antidumping duty investigation of LWRP from the PRC. The final countervailing duty determination will be issued on the same date as the final antidumping duty determination, which is currently scheduled to be issued on April 7, 2008. See *Notice of Postponement of Preliminary Determination of Antidumping Duty Investigation: Light-Walled Rectangular Pipe and Tube from the People's Republic of China*, 72 FR 65564 (November 21, 2007).

Application of the Countervailing Duty Law to Imports from the PRC

On October 25, 2007, the Department published *Coated Free Sheet Paper from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 72 FR 60645 (October 25, 2007) (*CFS from the PRC*). In that determination, the Department found, "... given the substantial differences between the Soviet-style economies and the PRC's economy in recent years, the Department's previous decision not to apply the CVD law to these Soviet-style

economies does not act as a bar to proceeding with a CVD investigation involving products from China." *CFS from the PRC*, and accompanying Issues and Decision Memorandum at Comment 6; see also Memorandum to David M. Spooner, "Countervailing Duty Investigation of Coated Free Sheet Paper from the People's Republic of China - Whether the Analytical Elements of the Georgetown Steel Opinion are Applicable to China's Present-day Economy," (March 29, 2007) at 2 (Georgetown Steel Memo).

More recently, the Department preliminarily determined that it is appropriate and administratively desirable to identify a uniform date from which the Department will identify and measure subsidies in the PRC for purposes of the CVD law. See *Circular Welded Carbon Quality Steel Pipe from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination; Preliminary Affirmative Determination of Critical Circumstances; and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination*, 72 FR 63875 (November 13, 2007) (*CWP from the PRC*). In *CWP from the PRC*, we preliminarily determined that date to be December 11, 2001, the date on which the PRC became a member of the WTO. Therefore, for the reasons outlined in *CWP from the PRC*, we have limited our analysis to subsidies bestowed after December 11, 2001, for this preliminary determination.

Period of Investigation

The period for which we are measuring subsidies, or the period of investigation (POI), is calendar year 2006.

Subsidies Valuation Information

Allocation Period

The average useful life (AUL) period in this proceeding as described in 19 CFR 351.524(d)(2) is 15 years according to the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System for assets used to manufacture primary steel mill products. No party in this proceeding has disputed this allocation period.

Attribution of Subsidies

The Department's regulations at 19 CFR 351.525(b)(6)(i) state that the Department will normally attribute a subsidy to the products produced by the corporation that received the subsidy. However, 19 CFR 351.525(b)(6)(ii) directs that the Department will attribute subsidies received by certain other companies to the combined sales

of those companies if (1) cross-ownership exists between the companies, and (2) the cross-owned companies produce the subject merchandise, are a holding or parent company of the subject company, produce an input that is primarily dedicated to the production of the downstream product, or transfer a subsidy to a cross-owned company. The Court of International Trade (CIT) has upheld the Department's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits. See *Fabrique de Fer de Charleroi v. United States*, 166 F. Supp. 2d. 593, 604 (CIT 2001).

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This regulation states that this standard will normally be met where there is a majority voting interest between two corporations or through common ownership of two (or more) corporations.

Lets Win: Lets Win responded on behalf of itself, a Taiwanese-owned "productive" foreign invested enterprise. Lets Win also named two affiliates involved in the company's export activities. These companies are located outside of the PRC and are not included in our analysis.

ZZPC: In its response, ZZPC identified numerous affiliated companies and responded on behalf of itself, a producer of the subject merchandise, and four of its affiliates: ZZPC's parent company, Jiangsu Qiyuan Group Co., Ltd. (Group); and three input suppliers to ZZPC, Jiangsu Zhongjia Steel Co., Ltd. (JZS), Zhangjiagang Zhongxin Steel Product Co., Ltd. (ZZSP), and Zhangjiagang Baoshuiqu Jiaqi International Business Co., Ltd. (Jiaqi). The remaining affiliates do not produce subject merchandise or otherwise fall within the situations described in 19 CFR 351.525(b)(6)(iii)-(v). Therefore, they are not addressed further here.

The details of the affiliations between ZZPC, Group, JZS, ZZSP, and Jiaqi are proprietary and, hence, addressed separately. See *ZZPC Calculation Memorandum*. Based on the reported information, we preliminarily determine that ZZPC, Group, JZS, ZZSP, and Jiaqi are cross-owned companies within the meaning of 19 CFR 351.525(b)(6)(vi).

Because they are cross-owned and because Group is the parent company of

ZZPC, we preliminarily determine that any subsidies bestowed on Group are properly attributed to Group's consolidated sales under 19 CFR 351.525(b)(6)(iii). With respect to Jiaqi, this company is a trading company and does not produce any merchandise. Instead, it purchased and provided inputs to ZZPC during the POI. Because it is not an input producer, we are not treating Jiaqi as an input supplier as described in 19 CFR 351.525(b)(6)(iv) (which refers to subsidies received by the input producer). Instead, for the preliminary determination, we are treating any subsidies conferred by the government's provision of hot-rolled steel for less than adequate remuneration as having been transferred to ZZPC through Jiaqi's resale of the hot-rolled steel to ZZPC, consistent with 19 CFR 351.525(b)(6)(v).

ZZPC's other input suppliers, JZS and ZZSP, provide ZZPC with steel strip. These companies are not trading companies: both produce cold-rolled steel. The types of inputs they provide to ZZPC are proprietary and are addressed separately. *See ZZPC Calculation Memorandum.*

In its November 13, 2007, submission, the GOC argues, *inter alia*, that any hot-rolled or cold-rolled products sold by JZS and ZZSP cannot be considered "primarily dedicated" to the production of LWRP or any particular downstream products, as that term is used in 19 CFR 351.525(b)(6)(iv). We agree that there is no evidence on the record to support a finding that these cold-rolled products are primarily dedicated to ZZPC's production of the downstream product and, therefore, for purposes of this preliminary determination we are not attributing any subsidies received by these cross-owned cold-rolled steel producers to LWRP produced by ZZPC.

However, for any hot-rolled steel products which ZZPC purchased from JZS or ZZSP, we preliminarily determine that these companies are not input suppliers as described in 19 CFR 351.525(b)(6)(iv). Instead, as with the trading company, Jiaqi, we are treating any subsidies conferred by the government's provision of hot-rolled steel for less than adequate remuneration as having been transferred to ZZPC through JZS' and ZZSP's sale of hot-rolled steel products to ZZPC, consistent with 19 CFR 351.525(b)(6)(v).

Creditworthiness

Petitioners alleged that Baosteel received countervailable loans and that it was uncreditworthy (*see Initiation Notice*, 72 FR at 36671). Because we did not select Baosteel as a mandatory respondent in this investigation, we are

making no finding regarding that company's creditworthiness.

Analysis of Programs

Based upon our analysis of the petition and the responses to our questionnaires, we determine the following:

I. Programs Preliminarily Determined to Be Countervailable

A. Income Tax Subsidies for Foreign Invested Enterprises (FIEs)

Reduced Income Tax Rates for FIEs Based on Location

FIEs are encouraged to locate in designated coastal economic zones, special economic zones, and economic and technical development zones in the PRC through preferential tax rates. This program was originally created in 1988 under the *Provisional Regulations of the Ministry of Finance of the People's Republic of China Concerning the Reduction and Exemption from Enterprise Income Tax and Consolidated Industrial and Commercial Tax for the Encouragement of Foreign Investment in Coastal Open Economic Zones* and is currently administered under the *Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (FIE Tax Law)*. Under Article 7 of the FIE Tax Law, "productive" FIEs located in the designated economic zones pay corporate income tax at a reduced rate of either 15 or 24 percent, depending on the zone. According to the GOC, the *FIE Tax Law* has been repealed effective January 1, 2008, and there are no provisions regarding this program in the new *Income Tax Law of the People's Republic of China for Enterprises*.

Lets Win is located in a coastal economic development zone and paid income tax at the reduced rate of 24 percent during the POI.

We preliminarily determine that the reduced income tax rate paid by "productive" FIEs under this program confers a countervailable subsidy. The reduced rate is a financial contribution in the form of revenue forgone by the GOC and it provides a benefit to the recipient in the amount of the tax savings. *See* section 771(5)(D)(ii) of the Act and 19 CFR 351.509(a)(1). We further determine preliminarily that the reduction afforded by this program is limited to enterprises located in designated geographic regions and, hence, is specific under section 771(5A)(D)(iv) of the Act.

To calculate the benefit, we treated the income tax savings enjoyed by Lets Win as a recurring benefit, consistent

with 19 CFR 351.524(c)(1), and divided the company's tax savings received during the POI by the company's total sales during that period. To compute the amount of the tax savings, we compared the rate Lets Win would have paid in the absence of the program (30 percent) with the rate it paid (24 percent).

On this basis, we preliminarily determine that Lets Win received a countervailable subsidy of 0.27 percent *ad valorem* under this program.

B. Provision of Inputs for Less than Adequate Remuneration

Hot-rolled Steel

Hot-rolled steel suppliers in the PRC have varying ownership structures including state ownership, joint stock companies with state and foreign ownership, collective ownership, and wholly private ownership. According to the GOC, prices for hot-rolled steel are not set by regulation. Instead, Chinese producers set prices taking into account their production costs and supply and demand considerations. The GOC further claims that prices are differentiated in the hot-rolled steel market, with both state-owned and private producers pricing at different levels for the same product and that, at any given point in time, pricing leaders can be private or state-owned producers.

During the POI, the ZZPC companies purchased from state-owned suppliers, collectives, and privately-owned companies. Lets Win provided information that it purchased hot-rolled steel only from privately-owned suppliers.

We preliminarily determine that the GOC provided hot-rolled steel to certain of the ZZPC companies during the POI for less than adequate remuneration through the GOC-owned steel companies. In its response, the GOC listed the industries that use hot-rolled steel: construction, machinery and equipment (including industrial boilers, internal combustion engines, machine tools, electrical tools, smelter equipment, chemical equipment, feedstock processing machinery, packaging machinery, tractors, pollution prevention and remediation equipment, electricity generators and electrical motors, among others), automotive, pipe and tube, shipbuilding, railway industries (including profiled bar for rail construction and locomotive engines), petrochemical (including oil country tubular goods), household appliances, and freight containers. *See* GOC supplemental questionnaire response (November 7, 2007) at 10. We preliminarily find that these industries

are "limited in number" and, hence, that the provision of hot-rolled steel is *de facto* specific under section 771(5A)(D)(iii)(I) of the Act. See also *Notice of Final Affirmative Countervailing Duty: Certain Cold-Rolled Carbon Flat Steel Products from the Republic of Korea*, 67 FR 62102 (October 3, 2002) and accompanying Issues and Decision Memorandum at Comment 1 and Comment 2, where the Department found that Posco's provision of hot-rolled coil was countervailable.

We further determine preliminarily that the GOC's provision of hot-rolled steel through its state-owned producers is a government financial contribution within the meaning of section 771(5)(D)(iii) of the Act and that it confers a benefit on ZZPC because the good is being sold for less than adequate remuneration as described in section 771(5)(E)(iv) of the Act. In determining what constitutes adequate remuneration, the Department is not relying on prices in the PRC, as explained in the *Selection of the Adverse Facts Available Rate* section, above. Instead, in accordance with 19 CFR 351.511(a)(2), we have used a world market price as a benchmark to compare to the respondent's reported purchase prices from state-owned steel suppliers. Specifically, we used the "World Export Price" from *Steel Benchmark*, as provided in Exhibit 173, Attachment 2, Volume IV, of the Petition (July 6, 2007).

We have rejected internal prices in the PRC because we do not know the share of steel produced and sold by SOEs in the PRC. As explained in the preambular language addressing 19 CFR 351.511(a), "While we recognize that government involvement in a market may have some impact on the price of the good or service in that market, such distortion will normally be minimal unless the government provider constitutes a majority, or in certain circumstances, a substantial portion of the market." See *Countervailing Duties; Final Rule*, 63 FR 65348, 65377 (November 25, 1998) (CVD Preamble). Because we are not able to gauge the extent of government involvement in the PRC hot-rolled steel market, we have made the adverse inference that the market is dominated by SOEs and that this distorts the prices for this product in the PRC.

To calculate the benefit, we compared the monthly weighted-average prices paid by the ZZPC companies for hot-rolled steel purchased from SOEs to the average monthly prices reported in *Steel Benchmark*. *Steel Benchmark* does not include prices for January - March

2006; therefore, we have used the April 2006 price as a surrogate. We treated the difference in the amounts that ZZPC would have paid using the *Steel Benchmark* prices to the amounts actually paid as the benefit, and divided the benefit by ZZPC's total sales. On this basis, we preliminarily determine that ZZPC received a countervailable benefit of 2.99 percent *ad valorem*.

In its November 14, 2007 submission, ZZPC reported that the hot-rolled steel strip purchased by JZS from the SOE, Shanghai Baosteel Steel Products Trade Co., Ltd., Wuxi Branch is used to produce electronic pipe, which ZZPC claims is non-subject merchandise. ZZPC provided no evidence to support these claims. Therefore, for the preliminary determination, we are treating this steel as having been used as an input for LWRP.

Water

According to the GOC, water suppliers in the PRC are highly localized. Many suppliers are SOEs, particularly in cities, but there is also private ownership. Water prices generally are regulated by the local governments. See, e.g., the *Regulation on Administration of City Water Supply* (Decree 158 of the State Council, 1994), GOC response (September 28, 2007) at Exhibit 118.

The GOC has provided the water rate schedules in effect during the POI for Zhangjiagang, where ZZPC is located. Rate changes were effected during the POI and both sets of rates were submitted.

The GOC states that all users within a given rate category pay the same fixed rate per ton. However, based on our comparison, the rates actually paid by ZZPC are lower than the published rates for industrial users. In our supplemental questionnaire to ZZPC, we asked about this discrepancy and, while ZZPC claims it did not receive a discount, it did not adequately explain why its rates diverged from the published rates.

Based on this, we preliminarily determine that the GOC's provision of water to ZZPC during the POI confers a countervailable subsidy. The provision of water to this company is *de facto* specific because ZZPC pays a different price from the price paid by all industrial users in this jurisdiction. See section 771(5A)(D)(iii)(I) of the Act.

We further determine preliminarily that the GOC's provision of water is a financial contribution within the meaning of section 771(5)(D)(iii) of the Act and that it confers a benefit on ZZPC because the good is being sold for less than adequate remuneration as described in section 771(5)(E)(iv) of the

Act. In determining what constitutes adequate remuneration, the Department is relying on the schedules of prices paid by other industrial users in Zhangjiagang City during the POI. We are using this benchmark because no market-determined prices for water have been provided for this jurisdiction and we have no information indicating that there is a world-market price for water. See 19 CFR 351.511(a)(i) and (ii). Consequently, we are selecting a benchmark under 19 CFR 351.511(a)(iii). As stated in the preambular language discussing that section of our regulations, where the government is the sole provider of a good or service, including in the case of water, the Department may assess whether the government price was set in accordance with market principles, which may include an analysis of whether there is price discrimination among the users of the good or service that is provided and that "{w}e would only rely on a price discrimination analysis if the government good or service is provided to more than a specific enterprise or industry, or group thereof." See CVD Preamble at 63 FR 65378. In the case of Zhangjiagang City, the GOC has reported that there are over 1,000 industrial users paying the published schedule rates for water. Therefore, we preliminarily determine that the published rate for industrial users of water in Zhangjiagang City is an appropriate benchmark for determining whether the GOC provided water to ZZPC for less than adequate remuneration.

To calculate the benefit, we compared the monthly weighted-average prices paid by ZZPC for water with the published rates for industrial users of water in Zhangjiagang City. We treated the difference in the amounts that ZZPC would have paid using the published rates to the amounts actually paid as the benefit, and divided the benefit by ZZPC's total sales. On this basis, we preliminarily determine that ZZPC received a countervailable benefit of less than 0.005 percent *ad valorem*.

Where the countervailable subsidy rate for a program is less than .005 percent, the program is not included in the total countervailing duty rate. See, e.g., *Final Results of Countervailing Duty Administrative Review: Low Enriched Uranium from France*, 70 FR 39998 (July 12, 2005), and the accompanying Issues and Decision Memorandum, at "Purchases at Prices that Constitute 'More than Adequate Remuneration'" (citing *Final Results of Administrative Review: Certain Softwood Lumber Products from Canada*, 69 FR 75917 (December 20,

2004), and the accompanying Issues and Decision Memorandum, "Other Programs Determined to Confer Subsidies").

Regarding Lets Win, the GOC provided the rate schedule that came into effect on September 10, 2006, for the water authority in Kunshan. Subsequent to that date, the rates actually paid by Lets Win were less than, equal to, or in excess of the newly established rates for industrial water users, suggesting that it took some time for the new rates to be reflected in the bills and payments. We intend to request an explanation from Lets Win and to request the rate schedule for the period prior to September 10, 2006, and will address whether the GOC provided water to Lets Win for less than adequate remuneration in our final determination.

II. Programs Preliminarily Determined to Be Not Countervailable

A. Government Policy Lending Program

In *CFS from the PRC*, the Department found Government Policy Lending to provide a countervailable subsidy because record evidence indicated that: (i) the GOC had a policy in place to encourage and support the growth and development of the forestry and paper industry through preferential financing initiatives as illustrated in the GOC's five-year plans and industrial policies; and (ii) the GOC's policy toward the paper industry was carried out by the central and local governments through the provision of loans extended by GOC Policy Banks and state-owned commercial banks. See *CFS from the PRC* and accompanying Issues and Decision Memorandum at Comment 8.

In this investigation, the evidence submitted to date does not support a finding that the LWRP industry in the PRC received preferential financing pursuant to the GOC's Iron and Steel Policy. Therefore, we preliminarily determine that producers and exporters of LWRP in the PRC did not receive government policy loans. We will, however, continue to investigate whether the GOC's Iron and Steel Policy or other plans apply to the LWRP industry, and, if so, the purpose of those policies and whether preferential lending was provided to the LWRP industry pursuant to those policies.

B. Provision of Inputs for Less than Adequate Remuneration

Electricity: According to the GOC, electricity in the PRC is produced by numerous power plants and it is transmitted for local distribution by two state-owned transmission companies,

State Grid and China South Power Grid. Generally, prices for uploading electricity to the grid and transmitting it are regulated by the GOC, as are the final sales prices. See, e.g., *Circular on Implementation Measures Regarding Reform of Electricity Prices*, (FAGAIJLAGE {2005} No. 514, National Development and Reform Commission) at Appendix 3, *Provisional Measures on Prices for Sales of Electricity* at Article 29 ("Government departments in charge of pricing at various levels shall be responsible for the administration and supervision of electricity sales prices."), GOC response (September 28, 2007) at Exhibit 114.

Electricity consumers are divided into broad categories such as residential, commercial, large-scale industry and agriculture. The rates charged vary across customer categories and within customer categories based on the amount of electricity consumed. Moreover, among industrial users, certain industries are specifically broken out and these industries receive special, discounted rates. Based on our review of the rate schedules submitted for Jiangsu Province (where both Lets Win and ZZPC are located), discounted rates are established for producers of calcium carbide, electrolyte caustic soda, synthetic ammonia, yellow phosphorus with electric furnace, chlorine alkali, electrolyzed aluminum, and fertilizer. Thus, there is not a discounted rate for LWRP producers and, according to the GOC, the types of industries in Jiangsu province that fall into the large-scale industry category (which includes the LWRP producers) cover virtually all economic sectors outside of agriculture and services.

Based on the record evidence, we preliminarily determine that the provision of electricity to large-scale enterprises in the PRC is neither *de jure* nor *de facto* specific. Although producers in a few particular industries are eligible for discounts under the law, all other large-scale enterprises within a locality pay the same rate for their electricity. Moreover, the absence of price discrimination among most users may also support a preliminary finding that electricity is not being provided to LWRP producers for less than adequate remuneration. See *Programs Preliminarily Determined to Be Countervailable/Provision of Goods for Less Than Adequate Remuneration/Water*, above.

On this basis, we preliminarily determine that the GOC's provision of electricity does not confer a countervailable subsidy.

C. VAT Rebates (originally referred to as "Export Incentive Payments Characterized as VAT Rebates")

According to the GOC, the "exemption, deduction and refund" of VAT applies if a manufacturer exports its self-produced goods by itself or via a trading company. See Article 1 of the *Circular on Further Promotion of Methodology of "Exemption, Deduction, and Refund" of Tax for Exported Goods* (CAISHUI (2002) No. 7), GOC response (September 28, 2007) at Exhibit 98. Under the "VAT refund system," when a producer/exporter purchases inputs (e.g., raw materials, components, fuel and power) it pays a VAT based on the purchase price of inputs. The GOC reported the VAT rates paid by LWRP producers/exports for inputs are as follows: raw materials and electricity - 17 percent; and, fuel and water - 13 percent. Once the exporter/producer exports subject merchandise, a VAT payment and tax exemption form is prepared and filed with the relevant state tax authority. LWRP exporters received a VAT refund of 13 percent of the export price during the POI.

The Department's regulations state that in the case of an exemption upon export of indirect taxes, a benefit exists only to the extent that the Department determines that the amount exempted "exceeds the amount levied with respect to the production and distribution of like products when sold for domestic consumption." 19 CFR 351.517(a); see also 19 CFR 351.102 (for a definition of "indirect tax"). Information in the companies' responses shows that Lets Win and ZZPC paid the VAT on their inputs, and applied for and received a VAT refund on their export sales.

To determine whether a benefit was provided under this program, the Department analyzed whether the amount of VAT exempted during the POI exceeded the amount levied with respect to the production and distribution of like products when sold for domestic consumption. Because the VAT rate levied on LWRP in the domestic market (17 percent) exceeded the amount of VAT exempted upon the export of LWRP (13 percent), the Department preliminarily determines that, for the purposes of this investigation, the VAT refund received upon the export of LWRP does not confer a countervailable benefit.

The GOC has additionally reported that effective July 1, 2007, the VAT refund rate for exports of LWRP was set at zero percent.

III. Post-POI Programs

E. Government Restraints on Exports

Hot-rolled Steel and Zinc: Petitioners alleged that the GOC restrains exports of hot-rolled steel and zinc by means of export taxes, which artificially suppress the price a producer in the PRC can charge for these inputs into LWRP.

In its response, the GOC provided the *Announcement on Adjustment of Provisional Import or Export Duty for Certain Merchandises* (PRC Customs Announcement No. 22, 2007) See GOC questionnaire response (September 28, 2007) at Exhibit 122. This document shows that on May 30, 2007, the GOC announced a provisional export duty rate for hot-rolled steel of five percent and an increase in the provisional export duty rate for zinc from five percent to ten percent. These changes were implemented retroactively to begin on July 1, 2006.

The POI for this investigation is January 1, 2006, through December 31, 2006, and the export restraints allegedly giving rise to a subsidy were announced on May 30, 2007, *i.e.*, after the POI. Although the export duties were implemented retroactively, there is no basis to conclude that the export duties affected the prices paid by the respondents for hot-rolled steel and zinc prior to May 30, 2007, because those purchases had already been made. Therefore, any subsidy conferred by the export duties on hot-rolled steel and zinc would properly be addressed under our Program-wide Change regulation, 19 CFR 351.526(a). That regulation states that the Department may take a program-wide change into account in establishing the estimated countervailing duty cash deposit rate if: (1) the Department determines that subsequent to the period of investigation or review, but before a preliminary determination in an investigation, a program-wide change has occurred; and (2) the Department is able to measure the change in the amount of countervailable subsidies provided under the program in question.

In this investigation, Lets Win submitted its monthly purchase prices for hot-rolled steel and zinc for periods prior to and following the May 30, 2007 announcement. ZZPC did not purchase zinc, but ZZPC submitted its purchase prices for hot-rolled steel. The data show fluctuations in the prices of these inputs both before and after the announcement of the export duties. Moreover, the data available for the months after the announcement are limited. For these reasons, we cannot measure the subsidy, if any, arising from

the imposition of the export duties, and we are not including these alleged subsidy programs in our cash-deposit rates.

IV. Programs Determined To Be Terminated

A. Exemption from Payment of Staff and Worker Benefits for Export-oriented Industries

The Department has determined that this program was terminated on January 1, 2002, with no residual benefits. See *CFS from the PRC* and accompanying Issues and Decision Memorandum at "Programs Determined to be Terminated."

V. Programs Preliminarily Determined To Be Not Used By Lets Win and ZZPC

We preliminarily determine that Lets Win and ZZPC did not apply for or receive benefits during the POI under the programs listed below.

- A. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
- B. The "Two Free, Three Half" Program
- C. Local Income Tax Exemption and Reduction Program for "Productive" FIEs
- D. Income Tax Exemption Program for Export-oriented FIEs
- E. Corporate Income Tax Refund Program for Reinvestment of FIE Profits in Export-oriented Enterprises
- F. Reduced Income Tax Rate for Technology and Knowledge Intensive FIEs
- G. Reduced Income Tax Rate for High or New Technology FIEs
- H. Preferential Tax Policies for Research and Development at FIEs
- I. Income Tax Credits on Purchases of Domestically Produced Equipment by Domestically Owned Companies
- J. Income Tax Credits on Purchases of Domestically Produced Equipment by FIEs
- K. Program to Rebate Antidumping Legal Fees in Shenzhen and Zhejiang Provinces
- L. Funds for "Outward Expansion" of Industries in Guangdong Province
- M. Export Interest Subsidy Funds for Enterprises Located in Shenzhen and Zhejiang Provinces
- N. Loans Pursuant to Liaoning Province's Five-year Framework
- O. VAT and Tariff Exemptions on Imported Equipment
- P. VAT Rebates on Domestically Produced Equipment
- Q. The State Key Technologies Renovation Project Fund
- R. Grants to Loss-making State-owned Enterprises
- S. Provision of Inputs for Less Than Adequate Remuneration: Natural Gas

T. Foreign Currency Retention Program

For purposes of this preliminary determination, we have relied on the GOC's and responding companies' responses to preliminarily determine non-use of the programs listed above. During the course of verification, the Department will further investigate whether these programs were used by respondent companies during the POI.

VI. Programs for Which More Information is Required

A. Provision of Land for Less than Adequate Remuneration

Citing Article 29 of the *Implementation Rules of the Law on Administration of Land*, land-use rights can be obtained from the government in one of three ways: 1) purchase; 2) lease; and 3) as an equity investment. See GOC response (September 28, 2007) at Exhibit 121. The GOC further states that the price of land-use rights may be determined by means of public bidding, auction, independent appraisal, and negotiation. According to the GOC, no formal appraisal was conducted in connection with the sale of land use rights to Lets Win or ZZPC. Instead, the purchase prices for these companies' land use rights "were determined through arm's length negotiations, taking into consideration the prices of land in the neighboring area, local economic development level, and the specific conditions of the land under consideration." See GOC Supplemental Questionnaire Response (November 7, 2007) at 17.

Lets Win reported that it purchased its land use rights from its local county government in March 2001. ZZPC reported that it owns land use rights for three lots. For two lots, the land use rights were purchased prior to December 11, 2001. Because these purchases occurred prior to December 11, 2001, we preliminarily determine that the GOC's provision of these land use rights does not confer a countervailable subsidy. See *Application of the Countervailing Duty Law to Imports from the PRC* section, above.

ZZPC purchased its third lot from the Zhangjiagang Jingang Town Assets Management Company after December 11, 2001. According to ZZPC and the GOC, no appraisals or valuations of the land use rights were conducted to support this purchase.

It is difficult for the Department to reconcile the GOC's claim that the local land authority took into consideration "the prices of land in the neighboring area, local economic development level, and the specific conditions of the land"

with the fact that no appraisal or valuation was conducted. Neither the GOC nor ZZPC has provided any explanation of the process used by the Zhangjiagang Jingang Town Assets Management Company or ZZPC to establish the value of the land use rights, a description of the negotiation process, or the prices for land use rights for comparable plots. Without this information, we are not able to determine whether the provision of land to ZZPC should be considered specific within the meaning of section 771(5A) of the Act and, if so, how to determine what would constitute adequate remuneration for the land use rights.

We intend to seek further information on these questions and to issue an interim analysis describing our preliminary findings with respect to this program before the final determination so that parties will have the opportunity to comment on our findings before the final determination. In the meantime, we invite parties to submit information and argument on the basis for making a specificity determination with respect to the provision of land and how adequate remuneration should be determined. These submissions should be made no later than December 21, 2007.

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the respondents prior to making our final determination.

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an individual rate for each exporter/manufacturer of the subject merchandise. We preliminarily determine the total estimated net countervailable subsidy rates to be:

Exporter/Manufacturer	Net Subsidy Rate
Kunshan Lets Win Steel Machinery Co., Ltd.	0.27 percent
Qingdao Xiangxing Steel Pipe Co.	
Zhangjiagang Zhongyuan Pipe-making Co., Ltd., Jiangsu Qiyuan Group Co, Ltd.	77.85 percent
All-Others	2.99 percent
	2.99 percent

Sections 703(d) and 705(c)(5)(A) of the Act state that for companies not investigated, we will determine an all-others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of the subject merchandise to the United States. However, the all-others rate may not

include zero and *de minimis* rates or any rates based solely on the facts available. In this investigation, because we have only one rate that can be used to calculate the all-others rate, ZZPC's rate, we have assigned that rate to all-others.

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing CBP to suspend liquidation of all entries of LWRP from the PRC that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of merchandise in the amounts indicated above. Neither the suspension of liquidation nor the requirement for a cash deposit or bond will apply to merchandise produced and exported by Lets Win because the Department has preliminarily determined that Lets Win received *de minimis* subsidies.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Disclosure and Public Comment

In accordance with 19 CFR 351.224(b), we will disclose to the parties the calculations for this preliminary determination within five days of its announcement.

Case briefs for this investigation must be submitted no later than one week after the issuance of the last verification report. See 19 CFR 351.309(c) (for a further discussion of case briefs). Rebuttal briefs must be filed within five days after the deadline for submission of case briefs, pursuant to 19 CFR 351.309(d)(1). A list of authorities relied upon, a table of contents, and an executive summary of issues should accompany any briefs submitted to the Department. Executive summaries should be limited to five pages total, including footnotes.

Section 774 of the Act provides that the Department will hold a public hearing to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs, provided that such a hearing is requested by an interested party. If a request for a hearing is made in this investigation, the hearing will tentatively be held two days after the deadline for submission of the rebuttal briefs, pursuant to 19 CFR 351.310(d), at the U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days of the publication of this notice, pursuant to 19 CFR 351.310(c). Requests should contain: (1) the party's name, address, and telephone; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations will be limited to issues raised in the briefs.

This determination is published pursuant to sections 703(f) and 777(i) of the Act.

Dated: November 26, 2007.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E7-23283 Filed 11-29-07; 8:45 am]

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