
DEPARTMENT OF COMMERCE**International Trade Administration**

[A-570-933]

Frontseating Service Valves From the People's Republic of China: Initiation of Antidumping Duty Investigation

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

EFFECTIVE DATE: April 15, 2008.

FOR FURTHER INFORMATION CONTACT: Hallie N. Zink, AD/CVD Operations, China/NME Group, SEC Office, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: 202-482-6907.

Initiation of Investigation**The Petition**

On March 19, 2008, the Department of Commerce ("Department") received a petition concerning imports of frontseating service valves ("FSVs") from the People's Republic of China ("PRC"), filed in proper form by Parker-Hannifin Corporation ("Petitioner"). *See* Petition for the Imposition of Antidumping Duties on Frontseating Service Valves, filed March 19, 2008 ("Petition"). On March 25, 2008, the Department issued a request for

additional information and clarification of certain areas of the Petition. Based on the Department's request, Petitioner filed additional information on March 31, 2008 ("Supplement to the Petition"). The Department requested corrections to data filed in the Supplement to the Petition and the Petitioner filed the corrections on April 4, 2008. See Memorandum to the file dated April 3, 2008, from Meredith A. W. Rutherford, Import Policy Analyst.

In accordance with section 732(b) of the Tariff Act of 1930, as amended ("Act"), Petitioner alleges that imports of FSVs from the PRC are being, or are likely to be, sold in the United States at less-than-fair-value ("LTFV"), within the meaning of section 731 of the Act, and that the domestic industry is materially injured or threatened with material injury by reason of such imports.

The Department finds that Petitioner may file this Petition on behalf of the domestic industry because Petitioner is an interested party as defined in section 771(9)(C) of the Act, and has demonstrated sufficient industry support with respect to the antidumping duty investigation. See Determination of Industry Support for the Petition section, *infra*.

Period of Investigation

The period of investigation ("POI") is July 1, 2007, through December 31, 2007. See 19 CFR 351.204(b)(1).

Scope of Investigation

The merchandise covered by this investigation is frontseating service valves, assembled or unassembled, complete or incomplete, and certain parts thereof. Frontseating service valves contain a sealing surface on the front side of the valve stem that allows the indoor unit or outdoor unit to be isolated from the refrigerant stream when the air conditioning or refrigeration unit is being serviced. Frontseating service valves rely on an elastomer seal when the stem cap is removed for servicing and the stem cap metal to metal seat to create this seal to the atmosphere during normal operation.¹

For purposes of the scope, the term "unassembled" frontseating service valve means a brazed subassembly

requiring any one or more of the following processes: the insertion of a valve core pin, the insertion of a valve stem and/or O ring, the application or installation of a stem cap, charge port cap or tube dust cap. The term "complete" frontseating service valve means a product sold ready for installation into an air conditioning or refrigeration unit. The term "incomplete" frontseating service valve means a product that when sold is in multiple pieces, sections, subassemblies or components and is incapable of being installed into an air conditioning or refrigeration unit as a single, unified valve without further assembly.

The major parts or components of frontseating service valves intended to be covered by the scope under the term "certain parts thereof" are any brazed subassembly consisting of any two or more of the following components: a valve body, field connection tube, factory connection tube or valve charge port. The valve body is a rectangular block, or brass forging, machined to be hollow in the interior, with a generally square shaped seat (bottom of body). The field connection tube and factory connection tube consist of copper or other metallic tubing, cut to length, shaped and brazed to the valve body in order to create two ports, the factory connection tube and the field connection tube, each on opposite sides of the valve assembly body. The valve charge port is a service port via which a hose connection can be used to charge or evacuate the refrigerant medium or to monitor the system pressure for diagnostic purposes.

The scope includes frontseating service valves of any size, configuration, material composition or connection type. Frontseating service valves are classified under subheading 8481.80.1095, and also have been classified under subheading 8415.90.80.85 of the Harmonized Tariff Schedule of the United States ("HTSUS"). It is possible for frontseating service valves to be manufactured out of primary materials other than copper and brass, in which case they would be classified under HTSUS subheadings 8481.80.3040, 8481.80.3090, or 8481.80.5090. In addition, if unassembled or incomplete frontseating service valves are imported, the various parts or components would be classified under HTSUS subheadings 8481.90.1000, 8481.90.3000, or 8481.90.5000. The HTSUS numbers are provided for convenience and customs purposes, but the written description of the scope is dispositive.

Comments on Scope of Investigation

During review of the Petition, the Department discussed the scope with Petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. In addition, as discussed in the preamble to the Department's regulations, the Department is setting aside a period of time for interested parties to raise issues regarding product coverage. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). The Department encourages all interested parties to submit such comments to the Department by April 28, 2008. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230, Attention: Hallie N. Zink, room 4003. 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 determination.

Comments on Product Characteristics for Antidumping Duty Questionnaire

The Department is requesting comments from interested parties regarding the appropriate physical characteristics of FSVs to be reported in response to the Department's antidumping questionnaire. This information will be used to identify the key physical characteristics of the subject merchandise in order for any respondents to report more accurately the relevant factors of production, as well as develop appropriate product reporting criteria, in accordance with the Department's non-market economy ("NME") methodology, as described in the "Normal Value" section, *infra*.

Interested parties may provide any information or comments that they believe are relevant to the development of an accurate listing of physical characteristics. Specifically, interested parties may provide comments as to which characteristics are appropriate to use as: (1) General product characteristics; and (2) product reporting criteria. The Department notes that it is not always appropriate to use all product characteristics as product reporting criteria. While there may be some physical product characteristics that manufacturers use to describe FSVs, it may be that only a select few product characteristics take into account meaningful physical characteristics of FSVs.

¹ The frontseating service valve differs from a backseating service valve in that a backseating service valve has two sealing surfaces on the valve stem. This difference typically incorporates a valve stem on a backseating service valve to be machined of steel, where a frontseating service valve has a brass stem. The backseating service valve dual stem seal (on the back side of the stem), creates a metal to metal seal when the valve is in the open position, thus, sealing the stem from the atmosphere.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaire, the Department must receive non-proprietary comments at the above-referenced address by April 28, 2008, and receive rebuttal comments by May 8, 2008.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed 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 subtitle." 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, Petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on the Department's analysis of the information submitted on the record, the Department has determined that FSVs constitutes a single domestic like product and the Department has analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* "Antidumping Duty Investigation Initiation Checklist: Frontseating Service Valves from the People's Republic of China" ("Initiation Checklist"), at Attachment II (Industry Support), on file in the Central Records Unit, Room 1117 of the main Department of Commerce building.

The Department's review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioner has established industry support. First, the Petition establishes support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* Section 732(c)(4)(D) of the Act. Second, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(i) because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(ii) because the domestic producers (or workers) who support the Petition account for 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. Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the

Act. *See* Initiation Checklist, at Attachment II.

The Department finds that 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 antidumping investigation that it is requesting the Department initiate. *See* Initiation Checklist, at Attachment II.

Allegations and Evidence of Material Injury and Causation

Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured by reason of the imports of the subject merchandise sold at less than normal value ("NV"). Petitioner contends that the industry's injured condition is illustrated by the reduced market share, reduced production, and capacity utilization, reduced shipments, underselling and price depressing and suppressing effects, lost revenue and sales, reduced employment, a decline in financial performance, and an increase in import penetration. The Department has assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and the Department determines that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Initiation Checklist, at Attachment III.

Allegation of Sales at Less Than Fair Value

The following is a description of the allegation of sales at LTFV upon which the Department based its decision to initiate this investigation of imports of FSVs from the PRC. The sources of data for the deductions and adjustments relating to the U.S. price and the factors of production are also discussed in the checklist. *See* Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in the preliminary or final determinations, the Department will re-examine the information and revise the margin calculations, if appropriate.

Export Price

Petitioner obtained three price quotes for three different sized FSVs produced and exported by Zhejiang Sanhua Co., Ltd. ("Sanhua") in the PRC and offered for sale to one of its U.S. customers during the POI. *See* Petition, at 23-24; Initiation Checklist. Petitioner deducted charges and expenses associated with exporting and delivering the product,

including the affiliated importer, Sanhua International Inc.'s ("Sanhua USA"), U.S. indirect selling expenses, U.S. credit expenses, U.S. inland freight, ocean freight and insurance charges, U.S. duties, U.S. port and wharfage fees, foreign inland freight costs, and foreign brokerage and handling. *See* Petition, at 26; Initiation Checklist. Petitioner calculated the affiliated U.S. importer's indirect selling expenses based on its own industry knowledge and experience. *See* Petition, at 29, 34, 40; Supplement to the Petition, at 15–17, and AD–Supp 6; and Initiation Checklist. Petitioner calculated U.S. inland freight, port to Sanhua USA's warehouse facility, based on its commercial experience and direct quotes for the specific U.S. importer's route. *See* Petition, at 27, 34, 41, and Exhibits AD 2A–AD 2C; Initiation Checklist. Because Petitioner obtained the U.S. inland freight quote after the POI, it provided a period deflator, moving the U.S. inland freight quote to the average of the POI. *See* Supplement to the Petition, at 17; I Exhibits AD–Supp 9, and AD–Supp 15A–15C; and Initiation Checklist.

Normal Value

Petitioner notes that the Department's long-standing treatment of the PRC as an NME country remains in effect until revoked by the Department, and notes that no such revocation determination has been made to date. *See* Petition, at 46–47. The Department has previously examined the PRC's market status and determined that NME status should continue for the PRC. *See* 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 May 15, 2006 (available online at <http://ia.ita.doc.gov/download/prc-nme-status/prc-nme-status-memo.pdf>). In addition, in recent investigations, the Department has continued to determine that the PRC is an NME country. *See 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); *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).

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for 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 appropriately based on factors of production valued in a surrogate market economy country, in accordance with section 773(c) of the Act. In 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.

Petitioner asserts that, of the five countries normally considered as alternative surrogate market economies for the PRC, *i.e.*, India, Egypt, Indonesia, the Philippines and Sri Lanka, India is the appropriate surrogate country for the PRC because it is has a significant brass valve industry, including several producers of FSVs, is at a comparable level of economic development, and surrogate data from India are available and reliable. *See* Petition, at 47–48; Initiation Checklist. Further, Petitioner notes that the four other potential surrogate countries either have no FSVs production, or have FSVs production on a limited scale. *See* Petition, at 49–50, and Exhibit AD 3D; Initiation Checklist. Based on the information provided by Petitioner, the Department believes that the use of India as a surrogate country is appropriate for purposes of initiation. *See* Initiation Checklist. However, after initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioner calculated NVs and dumping margins for each of the three U.S. prices, discussed above, using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioner calculated NVs based on its own consumption rates for producing FSVs in 2007, with adjustments made for known differences, which included adjustments for labor and total material weight per piece. *See* Petition, at 51–56, and Exhibits AD11–AD11C; Supplement to the Petition, at 21–22, 27–28, and Exhibits AD–Supp 17–17C; and Initiation Checklist. Petitioner states that its production experience is representative of the production process used in the PRC because production of FSVs by large Chinese producers is based on similar, partly vertically integrated manufacturing starting with brass bar and copper tubing. *See*

Petition, at 51; Supplement to the Petition, at 21–22; and Initiation Checklist.

Petitioner valued the factors of production on reasonably available, public surrogate country data, including official Indian government import statistics. *See* Petition, at 56; Initiation Checklist. Petitioner sourced the Indian statistics from the World Trade Atlas ("WTA"), excluding values from countries previously determined by the Department to be NME countries, as well as imports into India from Indonesia, the Republic of Korea, and Thailand because they maintain broadly available, non-industry specific, export subsidies. Specifically, Petitioner relied on WTA data for the following production inputs (*i.e.*, raw material metal inputs, semi-finished parts purchased, scrap as a production cost offset, chemical inputs, industrial gasses, and packing materials): Brass bar for valve bodies and valve stems; copper tubing to create a factory connection and field connection; valve stem caps; brass charge ports; check (gauge) valve cores; brass acorn charge port caps; plastic (neoprene) o-rings; copper scrap; brass scrap; coolant; solvent; hydraulic fluid; hydrogen; helium; compressed air; corrugated cartons; corrugated packing pads/cartons dividers; carton labels; wood pallets; and plastic pallet film. *See* Petition, at 59–81; Supplement to the Petition, at AD–Supp 17; and Initiation Checklist.

Petitioner used the US\$ 0.83/hour labor rate for the PRC currently available for 2004 on the Department's Web site. *See* Petition, at 81, and Exhibit AD 22; Initiation Checklist. After noting that the WTA import value for the industrial gas input, nitrogen, appeared particularly high, Petitioner compared it against another source, a domestic Indian gas price. Subsequently, Petitioner determined to apply a more conservative surrogate value for nitrogen obtained from Boruka Gas Limited, an Indian manufacturer of industrial gases,² inflated from the 1997 source material, rather than the WTA value.³ *See* Petition, at 84; Initiation Checklist. Petitioner valued electricity for industrial use in India in the fourth quarter of 2002, as published by the International Energy Agency ("IEA") in its 2005 Key World Energy Statistics online. *See* Petition, at 82; Supplement to

² As previously used in the *Preliminary Determination of the Antidumping Duty Investigation of Carbon and Certain Alloy Steel Wire Rod from Moldova*, 67 FR 17401 (April 2, 2002) ("Steel Wire Rod from Moldova").

³ *See Steel Wire Rod from Moldova*, Factors of Production Valuation/Analysis Memorandum dated, April 2, 2002, at 6.

the Petition, at 30; and Initiation Checklist. Petitioner valued natural gas based on the publication of non-subsidized Indian natural gas prices. Petitioner explains that, as noted in a May 28, 2005, *Financial Express* article, analysis must differentiate between the subsidized GAIL natural gas tariff and the Indian market-determined price for industrial users. See Petition, at 83, and Exhibit AD 23B; Supplement to the Petition, at 30.

Petitioner calculated water prices from publicly available information published by the Maharashtra Industrial Development Corporation on India. See Petition, at 83, and Exhibit AD 23C; Supplement to the Petition, at 30. Where Petitioner was unable to find input prices contemporaneous with the POI, it adjusted for inflation using the wholesale prices index for India, as published in "International Financial Statistics" by the International Monetary Fund. See Petition, at 57; Supplement to the Petition, at 29–30, and Exhibits AD-Supp 13 and 14; and Initiation Checklist. For exchange rates to convert Indian Rupees to U.S. Dollars, Petitioner averaged the foreign currency exchange rates, as provided on the Department's Web site, for each day of the POI. Monetary conversions were applied only after having first applied a Rupee-based inflator to the original source Rupee value, as necessary. See Petition, at 58, and Exhibit AD 5; Supplement to the Petition, at 29–30; and Initiation Checklist.

Petitioner was unable to provide a specific Indian Harmonized Tariff Schedule ("HTS") category for brazing rings, one of the raw material inputs it purchased and used in the production of FSVs. Petitioner explains that brazing rings, which are made of copper, silver, zinc, phosphorus and tin, are used to connect various components of the valve assembly. See Petition, at 67; Initiation Checklist. Petitioner argues that because the finished brazing ring is a highly value-added component, the Department should value each element in the alloy composition (silver, zinc, phosphorus, and tin) and then attribute the value of each element to the proportion of each element. See Petition, at 67–68; Supplement to the Petition, at 30–32; and Initiation Checklist. Petitioner notes that it was similarly unable to locate an HTS category specific to brazing rings in one of the four other potential surrogate countries, *i.e.*, Egypt, Indonesia, the Philippines and Sri Lanka. See Supplement to the Petition, at 30–31; Initiation Checklist. While Petitioner did provide an Indian HTS basket subcategory, 8481.90.90 OTHER PARTS

OF THE ITEMS UNDER HDG 8481, for valuing this raw material input, which it concedes would cover brazing rings, it argues that the average unit value ("AUV") for this HTS is far lower than the actual U.S. market price paid by Petitioner. See Supplement to the Petition, at 31–32; Initiation Checklist. For initiation purposes, however, rather than attempting to account for the exact metal formulation in the alloy composition, we have determined to conservatively value brazing rings using the Indian HTS subcategory 8481.90.90. See Initiation Checklist, at Attachment V.

For the surrogate financial expenses for factory overhead, selling, general and administrative expenses ("SG&A"), and profit, Petitioner relied on the financial ratios of Brassomatic Pvt. Ltd. ("Brassomatic"), an Indian brass air-conditioning valve producer and Carbac Holdings Ltd. ("Carbac"), an Indian brass valve producer for the natural gas industry. Brassomatic, however, had no profit before taxes in 2006/2007, while Carbac recorded profits during that time. Therefore, Petitioner calculated factory overhead and SG&A expenses using Brassomatic's 2006/2007 financial statements, while calculating surrogate profit using Carbac's 2006/2007 financial statements. See Petition, at 85–86, and Exhibits AD 24–AD 25; Supplement to the Petition, at 24–26, and Exhibits AD-Supp 17A–17C; Initiation Checklist. Since Brassomatic's financial statement did not report a profit, we have determined not to use any of Brassomatic's data in our calculation of surrogate financial ratios for purposes of this initiation. It is the Department's practice to disregard financial statements with zero profit when there are financial statements of other surrogate companies that have earned profit on the record. See *Notice of Initiation of Antidumping Duty Investigations: Electrolytic Manganese Dioxide from Australia and the People's Republic of China*, 72 FR 52850 (September 17, 2007); *citing Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results of the First Antidumping Administrative Review and First New Shipper Review*, 72 FR 52052 (September 12, 2007) and accompanying Issues and Decision Memorandum at Comment 2, section B. Therefore, we have recalculated factory overhead, SG&A, and profit using Carbac's 2006/2007 reported financial ratios. Although Carbac is not as similar as Brassomatic is to the PRC producer, it is still a producer of comparable merchandise and therefore serves as a viable

alternative source of surrogate financial ratios information. See Initiation Checklist, at Attachment V.

Fair Value Comparisons

Based on the data provided by Petitioner, as adjusted by the Department, there is reason to believe that imports of FSVs from the PRC are being, or are likely to be, sold in the United States at LTFV. Based on comparisons of export price to NV, calculated in accordance with section 773(c) of the Act, the estimated dumping margins for FSVs range from 25.82 percent to 55.62 percent. See Initiation Checklist, at Attachment V.

Initiation of Antidumping Investigations

Based upon the examination of the Petition on FSVs from the PRC, the Department finds that the Petition meets the requirements of section 732 of the Act. Therefore, the Department is initiating an antidumping duty investigation to determine whether imports of FSVs from the PRC are being, or are likely to be, sold in the United States at LTFV. In accordance with section 733(b)(1)(A) of the Act, unless postponed, the Department will make its preliminary determination no later than 140 days after the date of this initiation.

Separate Rates

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application. 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/Combination Rates Bulletin"), available on the Department's Web site at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, available on the Department's Web site 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 will be due sixty (60) days from the date of publication of this initiation notice in the **Federal Register**.

NME Respondent Selection and Quantity and Value Questionnaire

The Department will request quantity and value information from all known exporters and producers identified in the Petition and Supplement to the Petition. The quantity and value data

received from NME exporters/producers will be used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. See *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008); and *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005). Appendix I of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters/producers no later than May 8, 2008. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration Web site, at <http://ia.ita.doc.gov/ia-highlights-and-news.html>. The Department will send the quantity and value questionnaire to those PRC companies identified in the Petition, at 9; Supplement to Petition, at 1–2.

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/Combination Rates Bulletin states:

{w}hile 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 period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. 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 period of investigation.

See Separate Rates/Combination Rates Bulletin, at 6.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), copies of the public version of the Petition have been provided to the representatives of the Government of the PRC. The Department considers the service of the public version of the Petition to the foreign exporters/producers satisfied by the delivery of a public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

U.S. International Trade Commission Notification

The Department has notified the ITC of its initiation, as required by section 732(d) of the Act.

Preliminary Determination by the International Trade Commission

The ITC will preliminarily determine, no later than May 5, 2008, whether there is a reasonable indication that the U.S. industry is materially injured or threatened with material injury by imports of FSVs from the PRC. A negative ITC determination with respect to the investigation will result in the investigation being terminated; otherwise, this 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: April 8, 2008.

David M. Spooner,
Assistant Secretary for Import Administration.

Appendix I

Where it is not practicable to examine all known exporters/producers of subject merchandise, section 777A(c)(2) of the Tariff Act of 1930, as amended, permits us to investigate (1) a sample of exporters, producers, or types of products that is statistically valid based on the information available at the time of selection, or (2) exporters and producers accounting for the largest volume and value of the subject merchandise that can reasonably be examined.

In the chart below, please provide the total quantity and total value of all your sales of merchandise covered by the scope of this investigation (see "Scope of Investigation" section of this notice), produced in the PRC, and exported/shipped to the United States during the period July 1, 2007, through December 31, 2007.

Market	Total quantity in pieces	Terms of sale	Total value
United States
1. Export Price Sales
2. a. Exporter Name
b. Address
c. Contact
d. Phone No.
e. Fax No.
3. Constructed Export Price Sales
4. Further Manufactured
Total sales

Total Quantity:

- Please report quantity on a metric ton basis. If any conversions were used, please provide the conversion formula and source.

Terms of Sales:

- Please report all sales on the same terms (e.g., free on board at port of export).

Total Value:

- All sales values should be reported in U.S. dollars. Please indicate any exchange

rates used and their respective dates and sources.

Export Price Sales:

- Generally, a U.S. sale is classified as an export price sale when the first sale to an unaffiliated customer occurs before importation into the United States.
- Please include any sales exported by your company directly to the United States.
- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge

that the merchandise was destined to be resold to the United States.

- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.
- Please do not include any sales of subject merchandise manufactured in Hong Kong in your figures.

Constructed Export Price Sales:

- Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated customer occurs after importation. However, if the first sale to the unaffiliated customer is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation.

- Please include any sales exported by your company directly to the United States;

- Please include any sales exported by your company to a third-country market economy reseller where you had knowledge that the merchandise was destined to be resold to the United States.

- If you are a producer of subject merchandise, please include any sales manufactured by your company that were subsequently exported by an affiliated exporter to the United States.

- Please do not include any sales of subject merchandise manufactured in Hong Kong in your figures.

Further Manufactured:

- Sales of further manufactured or assembled (including re-packaged) merchandise is merchandise that undergoes further manufacture or assembly in the United States before being sold to the first unaffiliated customer.

- Further manufacture or assembly costs include amounts incurred for direct materials, labor and overhead, plus amounts for general and administrative expense, interest expense, and additional packing expense incurred in the country of further manufacture, as well as all costs involved in moving the product from the U.S. port of entry to the further manufacturer.

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