



June 19, 2007

David Spooner
Assistant Secretary for Import Administration
U.S. Department of Commerce
Central Records Unit, Room 1870,
Pennsylvania Avenue and 14th Street NW
Washington, DC, 20230

RE: Antidumping Methodologies in Proceedings Involving Certain Non-Market Economies: Market-Oriented Enterprise

The Cookware Manufacturers Association represents manufacturers and marketers of cookware, bakeware and kitchenware with substantial operations in the United States. We wish to speak specifically to the case of the non market economy of China, of vital interest to our industry. Currently China supplies over half of all these products consumed in the U.S., with a market value in excess of \$1.2 billion annually. Currently there are anti-dumping orders against certain porcelain-on-steel cookware and bakeware products produced in the Peoples Republic of China. We wish to hereby respond to the International Trade Administration's request regarding antidumping methodologies for market-oriented industries contained within non-market economies.

The Department has outlined three conditions that must be met in order for an MOI to exist: (1) that there be virtually no government involvement in production or prices for the industry; (2) that the industry be marked by private or collective ownership that behaves in a manner consistent with market considerations; and (3) that producers be found to pay market-determined prices for all major inputs, and for all but an insignificant proportion of minor inputs.

We are not persuaded that any economic entity, much less an entire industry, can be deemed to be market-oriented when central-planning and government intervention remains a linchpin of the PRC's economic growth. Federal government regulations and policies are, in our direct experience, routinely circumvented and contravened by local and regional authorities.

We are concerned that should an individual industry be deemed a market oriented industry, the possibility exists for a local, regional or national government to utilize such a determination for unfair advantage. We can envision the transshipment of product inputs across industry lines to take advantage of a particular industry which has been "deemed" market oriented to escape U.S. antidumping and countervailing tariffs and duties.

Government authorities still have unbridled control over the levers of finance, controlling directly or indirectly sources of capital for industrial enterprises. Market forces are frequently manipulated to assure full employment in a particular city or region in a certain industry. Many firms are essentially bankrupt, but continue to receive financing through local banking entities at the behest of local government officials. Determination of true financial condition of a business entity is practically impossible since there is no transparency in finance available to the outside observer.

There is also little transparency in connection with ownership of a majority of firms manufacturing in China. In-country partners can be changed by whim. The PRC's military still has a large say in the operation of so-called "strategic" industries, many of which are in the metal trades and all of which could just as easily produce cookware and bakeware as any other simple metal industrial product. This means that it is typically impossible to say with certainty that there is not government involvement in production and/or prices for a particular product. Recent "crackdowns" on captive laborers in factories and mines show that such enterprises are frequently controlled by either government officials or relatives of theirs. These operations seem to operate with impunity until the need for a public display of force is called for.

Additionally, China has with remarkable consistency, delayed promised WTO commitments continually, using obfuscation and "consultation" tactics to essentially ignore previously agreed upon economic transparency and reform.

We therefore believe that it is highly problematic to attempt to determine that a particular industry or even a particular firm is a "market oriented" entity within China.

Sincerely,

A handwritten signature in black ink, appearing to read "Hugh Rushing". The signature is written in a cursive, flowing style with a large, prominent initial "H".

Executive Vice President
Cookware Manufacturers Association