
DEPARTMENT OF COMMERCE**International Trade Administration**

(A-580-859, A-201-835, A-489-815, A-570-914)

Initiation of Antidumping Duty Investigations: Light-Walled Rectangular Pipe and Tube from Republic of Korea, Mexico, Turkey, and the People's Republic of China.

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

EFFECTIVE DATE: July 24, 2007.

FOR FURTHER INFORMATION CONTACT: David Cordell (Republic of Korea), John Drury (Mexico), Fred Baker (Turkey), or Jeffrey Pedersen (People's Republic of China), AD/CVD Operations, Office 7 and Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0408, (202) 482-0195, (202) 482-2924, or (202) 482-2769, respectively.

SUPPLEMENTARY INFORMATION:**The Petition**

On June 27, 2007, the Department of Commerce (the Department) received a petition on imports of light-walled rectangular pipe and tube (LWR) from the Republic of Korea (Korea), Mexico, Turkey, and the People's Republic of China (PRC), filed in proper form by Allied Tube and Conduit, Atlas Tube, California Steel and Tube, EXLTUBE, Hannibal Industries, Leavitt Tube Company, Maruichi American Corporation, Searing Industries, Southland Tube, Vest Inc., Welded Tube, and Western Tube and Conduit

(the petitioners). See *Antidumping Duty Petition on Light-Walled Rectangular Pipe and Tube from Korea, Mexico, the People's Republic of China, and Turkey and Countervailing Duty Petition on Light-Walled Rectangular Pipe and Tube from the People's Republic of China* (June 27, 2007) (petition). Bull Moose Tube Company later joined the petitioning firms. See petitioners' letter dated July 9, 2007, at 7. On June 29, 2007, and July 3, 2007, the Department issued requests for additional information and clarification of certain areas of the petition. Petitioners filed their response to our request for information on July 6, 2007. On July 10, 2007, the Department issued another request for information and clarification of certain areas of the petition. We received petitioners' response to our request for information on July 12, 2007.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that imports of light-walled rectangular pipe and tube from Korea, Mexico, Turkey, and the PRC, are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds the petitioners filed this petition on behalf of the domestic industry because the petitioners are interested parties as defined in section 771(9)(C) of the Act, and the petitioners have demonstrated sufficient industry support with respect to the investigations the petitioners are requesting the Department to initiate. (See "Determination of Industry Support for the Petition" below.)

Scope of Investigations

The merchandise that is the subject of these investigations 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 4 mm.

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 these investigations 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 these investigations is dispositive.

Comments on the Scope of the Investigations

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

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed by an interested party described in subparagraph (C), (D), (E), (F) or (G) of section 771(9) of the Act, or on behalf of the domestic industry. In order to determine whether a petition has been filed by or on behalf of the industry, the Department, pursuant to section 732(c)(4)(A) of the Act, determines whether a minimum percentage of the relevant industry supports the petition. 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 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 (1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989)).

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that light-walled rectangular pipe and tube constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the

domestic like product analysis in this case, see "Antidumping Investigation Initiation Checklist: Light-Walled Rectangular Pipe and Tube from the Republic of Korea" (*Korea Initiation Checklist*) at Attachment II (Industry Support), "Antidumping Investigation Initiation Checklist: Light-Walled Rectangular Pipe and Tube from Mexico" (*Mexico Initiation Checklist*) at Attachment II (Industry Support), and "Antidumping Investigation Initiation Checklist: Light-Walled Rectangular Pipe and Tube from Turkey" (*Turkey Initiation Checklist*) at Attachment II (Industry Support), "Antidumping Investigation Initiation Checklist: Light-Walled Rectangular Pipe and Tube from the People's Republic of China" (*PRC Initiation Checklist*) at Attachment II (Industry Support), on file in the Central Records Unit, Room B-099 of the main Department of Commerce building.

In determining whether petitioners have standing (*i.e.*, those domestic workers and producers supporting the petitions account for: (1) at least 25 percent of the total production of the domestic like product; and (2) 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 petitions), we considered the industry support data contained in the petition with reference to the domestic like product as defined in Attachment I (Scope of the Petitions) to the *Korea Initiation Checklist*, *Mexico Initiation Checklist*, *Turkey Initiation Checklist*, and *PRC Initiation Checklist*. To establish industry support, petitioners provided their production of the domestic like product for the year 2006, and compared that to production of the domestic like product for the industry. For further discussion see the *Korea Initiation Checklist*, *Mexico Initiation Checklist*, and *Turkey Initiation Checklist*, and *PRC Initiation Checklist* at Attachment II (Industry Support).

Our review of the data provided in the petitions, supplemental submissions, and other information readily available to the Department indicates petitioners have established industry support. First, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(i) of the Act 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. Second, the domestic producers have met the statutory criteria for industry support under 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the petitions 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 petitions. Because the petitions established 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. Accordingly, the Department determines that the petitions were filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Korea Initiation Checklist*, *Mexico Initiation Checklist*, *Turkey Initiation Checklist*, and the *PRC Initiation Checklist*, at Attachment II (Industry Support).

The Department finds petitioners filed the petitions on behalf of the domestic industry because they are an interested party as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the antidumping investigation they are requesting the Department initiate. See *Korea Initiation Checklist*, *Mexico Initiation Checklist*, *Turkey Initiation Checklist*, and *PRC Initiation Checklist* at Attachment II (Industry Support).

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value (NV). Petitioners contend the industry's injured condition is illustrated by reduced market share, lost sales, reduced production, reduced capacity, and reduced capacity utilization rate, reduced shipments and increased inventories, underselling and price depression or suppression, lost revenue, reduced employment, decline in financial performance and increase in import penetration. In addition, petitioners allege that imports of the subject merchandise exceed the negligibility threshold provided for under section 771(24)(A) of the Act. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See the *Korea Initiation Checklist*, *Mexico Initiation Checklist*, *Turkey Initiation Checklist*, and *PRC Initiation Checklist* at Attachment III (Injury).

Periods of Investigation

In accordance with section 19 C.F.R. 351.204(b) of the Department's regulations, because the petition was filed on June 27, 2007, the period of investigation (POI) for Korea, Mexico, and Turkey, is April 1, 2006, through March 31, 2007, and the POI for the PRC is October 1, 2006, through March 31, 2007.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegations of sales at less than fair value upon which the Department has based its decision to initiate investigations with respect to Korea, Mexico, Turkey, and the PRC. The sources of data for the deductions and adjustments relating to U.S. price and NV are discussed in greater detail in the *Korea Initiation Checklist*, *Mexico Initiation Checklist*, the *Turkey Initiation Checklist*, and the *PRC Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act, we may reexamine the information and revise the margin calculation, if appropriate.

Korea

Export Price

Petitioners calculated EP using prices at which the subject merchandise was offered for sale in the United States, and also on the AUVs for import data for the POI obtained from the U.S. Census Bureau IM-145 data for Korea. Petitioners based one EP on the FAS (Free Alongside Ship) AUV of the appropriate HTSUS numbers under which LWR is imported into the United States and that fall within the scope of the investigations for the period of investigation. These HTSUS numbers contain imports of products which were most similar to the product on which the Petitioners based normal value (NV) in the petition. HTSUS number 7306.60.50.00 was the appropriate number for all of 2006. In 2007, merchandise that previously entered under 7306.60.50.00 in 2006 was divided between two new HTSUS numbers. The appropriate HTSUS for LWR is 7306.61.50.00 in 2007. From both the price quotes and the AUVs petitioners deducted an amount for international freight from the EP for the margin calculation to reflect the proposed delivery terms of sale. International freight was calculated as the difference between the IM-45 FAS and the IM-45 CIF values derived from U.S. Census data. Petitioners also deducted a three percent dealer mark up from the price quotes to reflect the

estimated expenses the U.S. trader/importer incurred in selling the merchandise. *See Korea Initiation Checklist.*

Normal Value

Petitioners stated they were unable to obtain reliable pricing data directly from home market producers or trading companies. Therefore, petitioners based home market prices on a January 2007 edition of the *Korean Metal Journal*. The publication listed the prices at which various metal products, including light-walled rectangular pipe and tube, are sold in Korea. The *Korean Metal Journal* listed a single wholesale price and various consumer prices based on location in South Korea. Petitioners used the lower "wholesale price" as a conservative measure. Petitioners converted prices from Korean won to U.S. dollars and from a per-meter to a per-hundred-weight (cwt) basis because subject merchandise is typically sold on a per-cwt basis in the United States. Petitioners claim the prices in the *Korean Metal Journal* are an actual offering of the subject merchandise for sale in Korea. Petitioners made no deduction for freight in calculating NV, claiming the terms of sale for the wholesale prices were ex-factory.

Mexico

Export Price

The petitioners calculated a single EP using the AUVs for import data collected by the U.S. Census Bureau for Mexico. The petitioners used the FAS AUV of the appropriate HTSUS numbers under which light-walled rectangular pipe and tube is imported into the United States and that fall within the scope of the investigations. These HTSUS numbers contain imports of products which were most similar to the product on which the petitioner based NV in Mexico. 7306.60.50.00 was the appropriate HTSUS number for subject merchandise during 2006. In 2007 the HTSUS number was changed, and now subject merchandise is imported under HTSUS 7306.61.50.00. These HTSUS numbers account for 100 percent of the volume of imports from Mexico. *See Mexico Initiation Checklist.*

Petitioners made an adjustment to U.S. price for inland freight from the plant to the port of importation, specifically Laredo, Texas. Petitioners based the inland freight charge on a comparison market price quote for inland freight within Mexico, adjusted for differences in distance between Laredo and the quoted destination of the comparison market quote. *See Mexico Initiation Checklist.*

Normal Value

Petitioners stated that, since it does not sell light-walled rectangular pipe and tube in the Mexican market, it does not have specific knowledge of how the subject product is sold, marketed, or packaged in that domestic market. Petitioners were able to determine domestic Mexican prices for light-walled rectangular pipe and tube by obtaining a price quotation, through an economic consultant, from a Mexican manufacturer of the subject product. *See memorandum "Light-walled Rectangular Pipe and Tube: Telephone Call to Market Research Firm" dated July 16, 2007.* The price quotation identified specific terms of sale and payment terms. Petitioner did not make any adjustments to the quoted prices, as the terms of delivery were FOB ("Free on Board") at the manufacturing facility. *See Mexico Initiation Checklist.*

Turkey

Export Price

Petitioners calculated EP based on a price quote from a U.S. seller of subject pipe and tube (U.S. dealer), and also on AUVs obtained from U.S. Census Bureau IM 145 import statistics. For the price quotes, petitioners deducted an amount for international freight. Petitioners also deducted a value of three percent of the U.S. price to cover inland freight from the U.S. port to the U.S. dealer, as well as the U.S. dealer's expenses and profit. *See Turkey Initiation Checklist.*

Petitioners also calculated EP based on AUVs. Petitioners based one EP on the FAS AUV of the appropriate HTSUS numbers under which LWR is imported into the United States and that fall within the scope of the investigations for the period of investigation. These HTSUS numbers contain imports of products which were most similar to the product on which the Petitioners based NV in the petition. HTSUS number 7306.60.50.00 was the appropriate number for all of 2006. In 2007, merchandise that previously entered under 7306.60.50.00 in 2006 was divided between two new HTSUS numbers. The appropriate HTSUS for LWR is 7306.61.50.00 in 2007. Petitioners did not make an adjustment for international freight because they calculated the AUV prices on the FAS value of the merchandise. *See Turkey Initiation Checklist.*

Normal Value

Petitioners based NV on two price quotes from each of two Turkish producers of light-walled rectangular pipe and tube. Petitioners obtained

these prices by engaging a consultant, who hired a research firm with an agent in Turkey. *See memorandum "Light-walled Rectangular Pipe and Tube: Telephone Call to Market Research Firm," dated July 16, 2007.* Except where terms of sale were ex-works, petitioners made a deduction for a three-percent markup representing the distributor's freight, selling expenses, and profit. For one of the producers, petitioners also made a deduction for a discount the producer offered. *See Turkey Initiation Checklist.*

People's Republic of China

Export Price

The dumping margins in the petition are based on 10 different EPs for LWR. Petitioners based one EP on the FAS AUV of the appropriate HTSUS numbers under which LWR is imported into the United States and that fall within the scope of the investigations for the period of investigation. These HTSUS numbers contain imports of products which were most similar to the product on which the Petitioners based NV in the petition. HTSUS number 7306.60.50.00 was the appropriate number for all of 2006. In 2007, merchandise that previously entered under 7306.60.50.00 in 2006 was divided between two new HTSUS numbers. The appropriate HTSUS for LWR is 7306.61.50.00 in 2007. Petitioners made no adjustments to the AUVs in calculating EPs (foreign inland freight charges were not deducted from the AUVs as the distances between the Chinese producers and the nearest ports are not known). *See PRC Initiation Checklist.*

Petitioners calculated nine EPs using price quotes from distributors of subject pipe manufactured in the PRC. Petitioners calculated EPs from the price quotes by deducting foreign brokerage charges, international freight charges, and commission expenses from the prices. *See Exhibit II-1 of the petition and the PRC Initiation Checklist.* Each price quote was for a specific grade and quality of light-walled rectangular pipe and tube that is within the scope of this petition and that was to be delivered to the U.S. customer within the POI.

Normal Value

Petitioners stated that the PRC was a non-market economy (NME) and no determination to the contrary has been made by the Department. In previous investigations, the Department has determined that the PRC is an NME. *See Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates From the People's*

Republic of China, 70 FR 24502 (May 10, 2005), *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Magnesium Metal from the People's Republic of China*, 70 FR 9037 (Feb. 24, 2005) and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People's Republic of China*, 70 FR 7475 (Feb. 14, 2005). 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 remains in effect for purposes of the initiation of this investigation. Accordingly, because available information does not permit the NV of the merchandise to be determined under section 773(a) of the Act, 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.

Petitioners identified India as the surrogate country, arguing that India is an appropriate surrogate, pursuant to section 773(c)(4) of the Act, because it is a market economy country that is at a level of economic development comparable to that of the PRC and is a significant producer and exporter of subject pipe and tube. See Volume II of the petition at pages II-1 and II-2. Based on the information provided by petitioners, we believe their use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, the Department will solicit comments regarding surrogate country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i) of the agency's regulations, interested parties 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.

Petitioners provided information to calculate NV as required by 19 CFR 351.202(b)(7)(i)(C). See Volume II of the petition at Exhibits II-1 and 6, as revised in Exhibit 2 of the July 12, 2007 supplement to the petition. Specifically, petitioners provided surrogate values and factors of production information on which they based NV. Petitioners based the amounts and types of inputs used to produce light-walled rectangular pipe and tube on their own

production experience because they claimed that they are not aware of any generally available information regarding the factors of production used, and the factor consumption rates experienced, by PRC producers of subject pipe and tube.

According to petitioners, the cost model provided in Exhibit II-6 of the petition, as revised in Exhibit 2 of the July 12, 2007, supplement to the petition, reflects the cost of producing LWR with the following dimensions: 1"x1"x.063" and 2"x2"x.063." These are the sizes of LWR for which petitioners provided price quotes. Petitioners also claim that these are the sizes of commonly sold LWR models on which the ITC based its determination in a prior LWR antidumping investigation. Thus, petitioners claim that these sizes of LWR will result in representative dumping margins. See pages II-2 and II-3 of the petition and *PRC Initiation Checklist*.

In accordance with section 773(c)(4) of the Act, petitioners valued factors of production, where possible, using reasonably available, public surrogate country data. Specifically, petitioners valued input materials by multiplying the quantity of the input used to produce a metric ton of LWR by a surrogate value. See Exhibit II-6 of the petition. Petitioners valued the hot-rolled steel coil input using prices published online by "Steel Rx Corporation." However, petitioners' steel coil prices are available in only four Indian cities. The Department prefers to use broad market average prices in valuing factors of production. See *Fresh Garlic from the People's Republic of China: Final Results and Partial Rescission of the Eleventh Administrative Review and New Shipper Reviews*, 72 FR 34438 (June 22, 2007). Thus, we recalculated the surrogate value for steel coils using data from the *Monthly Statistics of the Foreign Trade of India*, as compiled by *World Trade Data Atlas* (WTA). WTA data are readily available and represent broad market averages. We used WTA prices for coils of a thickness that would be used to produce the LWR for which petitioners provided U.S. prices. See *PRC Initiation Checklist*. Since the Indian WTA import values are expressed in a foreign currency, petitioners converted these values into U.S. dollars using the exchange rates on Import Administration's website, ia.ita.doc.gov/exchange/india.txt, for the period during which the imports were made. See Exhibit II-6 of the petition.

Petitioners valued labor using the Department's regression-based wage

rate for the PRC (\$0.83 per hour) in accordance with 19 CFR 351.408(c)(3). See the PRC Initiation Checklist.

Petitioners valued the various forms of energy used to produce LWR using the following surrogates: (1) the Indian electricity rate as reported by the International Energy Agency for the year 2000, inflated to a POI value using the Wholesale Price Index (WPI) published by the International Monetary Fund (IMF) (see Volume II of the petition at page 9 and Exhibit II-9); and (2) Indian natural gas prices charged to industrial users during a period overlapping the POI, as reported by CRISIL Research India. See Volume II of the petition at Exhibit II-10. We revalued natural gas using February 2005 Indian natural gas rates published by GAIL. These rates were recently used in the initiation of the antidumping duty investigation of circular pipe from the PRC. See *Initiation of Antidumping Duty Investigation: Circular Welded Carbon-Quality Steel Pipe from the People's Republic of China*, 72 FR 36663, 36666 (July 5, 2007). We inflated the natural gas price to a POI value using the WPI published by the IMF.

Petitioners calculated surrogate financial ratios (*i.e.*, the overhead, selling, general, and administrative (SG&A), and profit ratios) using the 2005-2006 Annual Report of the Indian LWR producer Zenith Birla (India) Limited. See Volume II of the petition at page II-4 and Exhibit II-4. We revised petitioners' financial ratios by including in the denominator of the overhead and SG&A ratios certain financial statement line items that were omitted from those denominators. We also revised the denominator of the profit ratio. See PRC Initiation Checklist.

Fair Value Comparisons

Based on a comparison of EP to NV, we find that a dumping margin of 11.50 percent exists for Mexico, that dumping margins exist for Korea ranging from 11.74 percent to 30.66 percent; for Turkey ranging from 15.28 percent to 41.71 percent; and for the PRC ranging from 6.30 percent to 40.52 percent. Therefore, in accordance with section 773(a) of the Act, there is reason to believe that imports of light-walled rectangular pipe and tube from Mexico, Korea, Turkey, and the PRC, are being, or are likely to be, sold in the United States at less than fair value.

Initiation of Antidumping Investigations

Based upon the examination of the petition on light-walled rectangular pipe and tube from Korea, Mexico, Turkey, and the PRC, and other

information reasonably available to the Department, the Department finds that the petition meets the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of light-walled rectangular pipe and tube from Korea, Mexico, Turkey, and the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act, unless postponed, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Separate Rates and Quantity and Value Questionnaire

The Department recently modified the process by which exporters and producers may obtain separate-rate status in NME investigations. See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries (*Separate Rates and Combination Rates Bulletin*), (April 5, 2005), available on the Department's website at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. The process requires the submission of a separate-rate status application. Based on our experience in processing the separate-rate applications in the following antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete: *Initiation of Antidumping Duty Investigations: Certain Lined Paper Products from India, Indonesia, and the People's Republic of China*, 70 FR 58374, 58379 (October 6, 2005), *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005) (*Artist Canvas from the PRC*) and *Initiation of Antidumping Duty Investigations: Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea*, 70 FR 35625, 35629 (June 21, 2005) (*Sawblades from the PRC and Korea*). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department's website at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application is due no later than September 21, 2007.

NME Respondent Selection and Quantity and Value Questionnaire

For NME investigations, it is the Department's practice to request quantity and value information from all known exporters identified in the petition. In addition, the Department typically requests the assistance of the NME government in transmitting the Department's quantity and value questionnaire to all companies that manufacture and export subject merchandise to the United States, as well as to manufacturers that produce the subject merchandise for companies that were engaged in exporting subject merchandise to the United States during the POI. The quantity and value data received from NME exporters are used as the basis to select the mandatory respondents. Although many NME exporters respond to the quantity and value information request, at times some exporters may not have received the quantity and value questionnaire or may not have received it in time to respond by the specified deadline.

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. This procedure will be applied to this and all future NME investigations. See *Artist Canvas from the PRC*, 70 FR at 21999, *Sawblades from the PRC and Korea*, 70 FR at 35629, and *Initiation of Antidumping Duty Investigation: Certain Activated Carbon from the People's Republic of China*, 71 FR 16757, 16760 (April 4, 2006). Appendix I of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters no later than August 7, 2007. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the IA website: <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 Exhibit I-10 of Volume I of the petition, and to the NME government.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The *Separate Rates and Combination Rates Bulletin*, 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.

Separate Rates and Combination Rates Bulletin, at page 6.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Governments of Korea, Mexico, Turkey, and the PRC. We will attempt to provide a copy of the public version of the petition to the foreign producers/exporters named in the petition.

International Trade Commission Notification

We have notified the ITC of our 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 August 13, 2007, whether there is a reasonable indication that imports of light-walled rectangular pipe and tube from Korea, Mexico, Turkey, and the PRC, are materially injuring, or threatening material injury to a U.S. industry. A negative ITC determination will result in the investigations being terminated; otherwise, these investigations will proceed according to statutory and regulatory time limits.

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

Dated: July 17, 2007.
Joseph A. Spetrini,
Deputy Assistant Secretary for Import Administration.

Appendix I

Where it is not practicable to examine all known producers/exporters 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 section of this notice), produced in the PRC, and exported/shipped to the United States during the period October 1, 2006, through March 31, 2007.

Market	Total Quantity	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).

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 person 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 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 person occurs after importation. However, if the first sale to the unaffiliated person 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 merchandise manufactured in Hong Kong in your figures.

Further Manufactured:

- 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.

DEPARTMENT OF COMMERCE**International Trade Administration**

(C-570-915)

Notice of Initiation of Countervailing Duty Investigation: Light-Walled Rectangular Pipe and Tube from the People's Republic of China

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

EFFECTIVE DATE: July 24, 2007.

FOR FURTHER INFORMATION CONTACT:

Damian Felton, Shane Subler or Brandon Farlander, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0133, (202) 482-0189 and (202) 482-0182, respectively.

SUPPLEMENTARY INFORMATION:**The Petition**

On June 27, 2007, the Department of Commerce ("the Department") received a petition filed in proper form by 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"). The Department received timely information from petitioners supplementing the petition on July 6, July 9 and July 12, 2007.

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

The Department finds that petitioners filed the petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and (D) of the Act and petitioners have demonstrated sufficient industry support with respect to the countervailing duty investigation (see "Determination of Industry Support for the Petition" section below).

Scope of 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 these investigations is dispositive.

Comments on Scope of Investigation

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

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department invited representatives of the Government of the

PRC for consultations with respect to the countervailing duty petition. The Department held these consultations in Beijing, China with representatives of the Government of the PRC on July 16, 2007. See the Memoranda to The File, entitled, "Consultations with Officials from the Government of the People's Republic of China" (July 16, 2007) (public documents on file in the CRU of the Department of Commerce, Room B-099).

Determination of Industry Support for the Petition

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

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

2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (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, petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that LWR pipe and tube constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see Countervailing Duty Investigation Initiation Checklist: Light-Walled Rectangular Pipe and Tube from the People's Republic of China, (*China Initiation Checklist*) at Attachment II, (Analysis of Industry Support), on file in the Central Records Unit, Room B-099 of the main Department of Commerce building.

In determining whether petitioners have standing (*i.e.*, those domestic workers and producers supporting the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) 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), we considered the industry support data contained in the petition with reference to the domestic like product as defined in Attachment I, (Scope of the Petition), to the *China Initiation Checklist*. To establish industry support, petitioners provided their production of the domestic like product for the year 2006, and compared that to production of the domestic like product for the industry. For further discussion see the *China Initiation Checklist* at Attachment II (Analysis of Industry Support).

Our review of the data provided in the petition, supplemental submissions, and other information readily available to the Department indicates that petitioners have established industry support. First, the domestic producers have met the statutory criteria for industry support under section

702(c)(4)(A)(i) of the Act 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. Second, the domestic producers have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act 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. Because the petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). See section 702(c)(4)(D) of the Act. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. See the *China Initiation Checklist* at Attachment II (Analysis of Industry Support).

The Department finds that petitioners filed the petition on behalf of the domestic industry because they are an interested party as defined in sections 771(9)(C) and (D) of the Act and they have demonstrated sufficient industry support with respect to the countervailing duty investigation that they are requesting the Department initiate. See *China Initiation Checklist* at Attachment II (Analysis of Industry Support).

Injury Test

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

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of LWR pipe and tube from the PRC are benefitting from countervailable subsidies and that such imports are causing or threatening to cause, material injury to the domestic industry producing LWR pipe and tube. In addition, petitioners allege that subsidized imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by

reduced market share, lost sales, reduced production, reduced capacity and capacity utilization rate, reduced shipments and increased inventories, underselling and price depression or suppression, lost revenue, reduced employment, decline in financial performance and increase in import penetration. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See *China Initiation Checklist* at Attachment III (Injury).

Initiation of Countervailing Duty Investigation

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition on behalf of an industry that; (1) alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioners supporting the allegations. The Department has examined the countervailing duty petition on LWR pipe and tube from the PRC and found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters of LWR pipe and tube in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, see *China Initiation Checklist*.

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

Preferential Lending

1. Government Policy Lending Program
2. Loans and interest subsidies provided pursuant to the Northeast Revitalization Program

Income Tax Programs

3. "Two Free, Three Half" program
4. Income tax exemption program for export-oriented foreign investment enterprises ("FIEs")
5. Corporate income tax refund program for reinvestment of FIE profits in export-oriented enterprises
6. Local income tax exemption and reduction program for "productive" FIEs
7. Reduced income tax rates for FIEs

8. Reduced income tax rate for knowledge or technology intensive FIEs
9. Reduced income tax rate for high or new technology FIEs
10. Preferential tax policies for research and development at FIEs
11. Income tax credits on purchases of domestically produced equipment by domestically-owned companies
12. Income tax credits on purchases of domestically produced equipment by FIEs

Provincial Subsidy Programs

13. Program to rebate antidumping legal fees in Zhejiang province
14. Export interest subsidy funds for enterprises located in Zhejiang province
15. Loans pursuant to the Liaoning Province's five-year framework

Indirect Tax Programs and Import Tariff Program

16. Export payments characterized as VAT rebates
17. VAT and tariff exemptions on imported equipment
18. VAT rebates on domestically produced equipment
19. Exemption from payment of staff and worker benefits for export-oriented enterprises

Grant Programs

20. State Key Technology Renovation Program Fund
21. Grants to loss-making state owned enterprises

Provision Of Goods Or Services For Less Than Adequate Remuneration

22. Hot-rolled steel
23. Electricity and natural gas
24. Water
25. Land

Government Restraints on Exports

26. Zinc
27. Hot-rolled steel

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

We are postponing our investigation of the following program until such time as we select our respondents because the allegation is company-specific:

1. Loans to uncreditworthy companies

For further information explaining why the Department is postponing investigation of this program, see *China Initiation Checklist*.

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

1. Currency manipulation

Petitioners allege that the Government of China's ("GOC") policy of maintaining an undervalued RMB is an

export subsidy that provides either a direct transfer of funds or the provision of a good or service at less than adequate remuneration. Petitioners have not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Therefore, we do not plan to investigate the currency manipulation program.

2. Tax incentives for companies engaging in research and development

Petitioners allege that "domestic" companies (i.e., companies that are not FIEs) are a *de jure* specific group. Petitioners have not established with reasonably available evidence that this program is *de jure* specific pursuant to section 771(5A)(D)(i) of the Act. Therefore, we do not plan to investigate tax incentives for "domestic" companies engaging in research and development.

3. Exemption of LWR pipe and tube from export taxes

Petitioners allege that LWR pipe and tube producers have been exempted from the export taxes that were imposed on 142 steel products effective June 1, 2007. Petitioners have not sufficiently alleged, on the basis of reasonably available information, that LWR pipe and tube producers have been relieved from paying export taxes that would otherwise have been due. Consequently, we do not plan to investigate the exemption of LWR pipe and tube producers from export taxes.

4. Funds for technology and research

Petitioners allege that because the GOC did not provide the criteria for awarding funds under this program when they notified it to the World Trade Organization, funds are awarded on a discretionary basis and, hence, specific. Petitioners have not adequately explained how this program is specific pursuant to section 771(5A)(D)(i) of the Act. Therefore, we do not plan to investigate funds for technology and research.

5. Provision of goods or services for less than adequate remuneration - other companies

Petitioners allege that the GOC's policy of combining steel companies results in the provision of productive assets to the combined companies at less than adequate remuneration. Petitioners have not sufficiently alleged the elements necessary for the imposition of a countervailing duty and did not support the allegation with reasonably available information. Consequently, we do not plan to investigate this program.

6. Loan guarantees from government-

owned banks

As part of their Government Policy Lending allegation, petitioners include loan guarantees. To support this allegation, they point to a provincial guarantee program. However, the supporting evidence indicates that this program is for small and medium size enterprises, a non-specific group under our regulations. See 19 C.F.R. 351.502(e). Accordingly, we do not plan to investigate loan guarantees from government-owned banks.

7. Program to rebate antidumping legal fees in Shenzhen province

Petitioners allege that the GOC is reimbursing legal fees to local companies located in the Shenzhen province that are facing antidumping duty investigations abroad. However, petitioners did not demonstrate that producers of LWR pipe and tube are located in the Shenzhen Province or explain why such information is unavailable. Therefore, we do not recommend investigating the program to rebate antidumping legal fees in the Shenzhen province.

8. Export interest subsidy funds for enterprises located in Shenzhen province

Petitioners allege that producers of LWR pipe and tube with specific export volumes are eligible for export interest subsidies for merchandise produced in the Shenzhen province. However, petitioners did not demonstrate that producers of LWR pipe and tube are located in the Shenzhen province, or explain why such information is unavailable. Therefore, we do not recommend investigating the program for export interest subsidy funds for enterprises located in Shenzhen province.

9. Funds for "outward expansion" of industries in Guangdong province

Petitioners allege that eligible LWR pipe and tube producers in the Guangdong province may apply for special funding for the development of export activities. However, Petitioners did not demonstrate that producers of LWR pipe and tube are located in the Guangdong province or explain why such information is unavailable. Therefore, we do not recommend investigating the program of the funds for outward expansion of industries in Guangdong province.

10. Domestic VAT refunds for companies located in the Hainan economic development zone

This program was found to be preliminarily countervailable in CFS Investigation. See *Coated Free Sheet Paper from the People's Republic of China; Amended Preliminary Affirmative Countervailing Duty*

Determination, 72 FR 17484, 17496 (April 9, 2007) ("*CFS Investigation*"). However, petitioners did not demonstrate that producers of LWR pipe and tube are located in the Hainan economic development zone or explain why such information is unavailable. Therefore, we do not recommend investigating the program on domestic VAT refunds for companies located in the Hainan economic development zone.

For further information explaining why the Department is not initiating an investigation of these programs, see *China Initiation Checklist*.

Application of the Countervailing Duty Law to the PRC

Petitioners argue that the Department recently concluded that CVD law may be applied to the present-day Chinese economy and, thus, the Department should continue to find that the countervailing duty law applies to the PRC in this investigation. See Petition, Volume III, at page 2 (citing *CFS Investigation*, 72 FR 17484, 17486; and Memorandum for David M. Spooner, Assistant Secretary for Import Administration, entitled "Countervailing Duty Investigation of Coated Free Sheet Paper from The People's Republic of China - Whether the Analytic Elements of the Georgetown Steel Opinion are Applicable to China's Present-Day Economy," (March 29, 2007) (citing *Georgetown Steel Corp. v. United States*, 801 F.2d 1308 (Fed. Cir. 1986) ("*Georgetown Steel*") ("*Georgetown Steel Memorandum*").

The Department has treated the PRC as a non-market economy ("NME") country in all past antidumping duty investigations and administrative reviews. In accordance with section 771(18)(C)(i) of the Act, any determination that a country is an NME country shall remain in effect until revoked by the administering authority. See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, ("TRBs") From the People's Republic of China: Preliminary Results of 2001-2002 Administrative Review and Partial Rescission of Review*, 68 FR 7500, 7500-1 (February 14, 2003), unchanged in *TRBs from the People's Republic of China: Final Results of 2001-2002 Administrative Review*, 68 FR 70488, 70488-89 (December 18, 2003). In the *CFS Investigation*, the Department preliminarily determined that the current nature of China's economy does not create obstacles to applying the necessary criteria in the CVD law. As such, the Department determined that the policy that gave rise to the

Georgetown Steel litigation does not prevent us from concluding that the PRC government has bestowed a countervailable subsidy upon a Chinese producer. See *Georgetown Steel Memorandum*. Therefore, because petitioners have provided sufficient allegations and support for their allegations to meet the statutory criteria for initiating a countervailing duty investigation of LWR pipe and tube from the PRC, we continue to find that *Georgetown Steel* does not preclude us from initiating this investigation. For further information, see *China Initiation Checklist*.

Distribution of Copies of the Petition

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

ITC Notification

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

Preliminary Determination by the ITC

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

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

Dated: July 17, 2007.

Joseph A. Spetrini,

Deputy Assistant Secretary for Import Administration.

[FR Doc. E7-14277 Filed 7-19-07; 8:45 am]

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