

from August 4 to 12, 2008. The mission provides an opportunity for U.S. firms to tap into lucrative, fast growing markets for U.S. medical equipment. The medical equipment sector in these countries is growing at an average 13 percent rate, and the United States remains a major source of medical equipment, with an average 28 percent market share. At each stop, the mission will include country briefings; individual business meetings with prospective agents, distributors, partners, and end-users; site visits; and networking functions with private companies and local government officials.

**Commercial Setting—Philippines:** The Philippines medical industry is almost totally dependent on imports, and medical tourism to the Philippines continues to grow, offering many opportunities for U.S. sellers of medical equipment and instruments. Several hospitals are improving facilities and adapting new technologies to address demand from foreigners and returning residents. The United States claims an estimated 25 percent of the Philippines' \$177 million import market for medical equipment, making it second only to China as the top supplier. U.S.-trained Filipino doctors prefer the high technology of American equipment, which justifies their higher costs. Best prospects include electromedical equipment, ultrasonic scanning machines, X-ray and radiation equipment, dialysis instruments and apparatus, and medical and surgical instruments.

**Thailand:** The market for medical devices in Thailand grew by an estimated 15 percent in 2007. About 75 percent of medical devices in Thailand are imported, and the U.S. share is about 29 percent. Market growth in the next few years (2008 to 2010) will continue to derive mainly from the need to upgrade health care facilities and replace medical devices. Hospitals are promoting high-end equipment and specializations to attract more patients. Hospital equipment is imported and distributed by independent agents and/or distributors who also handle marketing, customs clearance, and product registration/import authorization. Best prospects include heart valves and artificial blood vessels, disposable diagnostic test kits, quick diagnostic testing devices, respiratory devices and oxygen therapy, rehabilitation equipment and accessories, orthopedic and implant devices and accessories, minimum invasive surgical devices, and neurosurgical and other surgical devices.

**Malaysia:** The \$1.4 billion Malaysian medical devices market is projected to grow at a rate of 10 percent in 2008. Ninety percent of medical devices are imported, and the U.S. import market share is 22 percent. An increasing patient population and focus on health care cost containment and preventative therapies influence demand for medical devices for cardiovascular, orthopedic, respiratory, ophthalmic, neurological, disposable, and infection control applications. The increasing senior population and modern lifestyle diseases are expected to boost demand for more affordable quality drugs and equipment. Plans for constructing new and replacement hospitals are under way. Promotion of health tourism is robust and includes developing health services in areas where Malaysia offers a comparative advantage, such as spas and cosmetic services. The Ministry of Tourism has unveiled a health tourism portal, and the government's ninth Malaysia Plan, for 2006–2010, includes proposals for four significant new health care programs. Best prospects include electromedical equipment, orthopedic appliances, and diagnostic and therapeutic radiation devices.

**Mission Goals:** The mission will showcase U.S. medical equipment and technology to improve health care delivery in each country. The objective of the mission is to facilitate market entry and/or increase sales for U.S. suppliers of medical devices, as well as provide firsthand market information and access to potential business partners.

**Mission Scenario:** The Commercial Service in Manila, Bangkok, and Kuala Lumpur will provide country briefings; customized, pre-arranged appointments with prospective partners, distributors, and end-users; meetings with appropriate host government agencies; and networking events with local officials and company representatives. The focus of the mission will be to match U.S. companies with pre-screened agents, distributors, buyers, and representatives in these markets.

#### Criteria for Participation

- Relevance of a company's business to mission goals.
- Potential for business in the selected markets for the company.
- Company must supply adequate information on its products/services, and on its market objectives, in order to facilitate appropriate matching with potential business partners.
- Company's product or service must be either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent

U.S. content of the value of the finished product or service.

- Timeliness of a company's signed application and participation agreement, including a participation fee of \$3,500. This fee does not include travel, lodging, and most meals.

Recruitment will be conducted on a first come-first served basis and will close July 11, 2008. Applications received after July 11 will be considered only if space and scheduling permit.

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A–570–918]

#### Preliminary Determination of Sales at Less Than Fair Value: Steel Wire Garment Hangers from the People's Republic of China

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

**EFFECTIVE DATE:** March 25, 2008.

**SUMMARY:** We preliminarily determine that steel wire garment hangers (“hangers”) from the People's Republic of China (“PRC”) are being, or are likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 733 of the Tariff Act of 1930, as amended (“the Act”). The estimated margins of sales at LTFV are shown in the “Preliminary Determination” section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Irene Gorelik or Julia Hancock, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone: (202) 482–6905 or 482–1394, respectively.

#### SUPPLEMENTAL INFORMATION:

##### Initiation

On July 31, 2007, the Department of Commerce (“Department”) received a petition on imports of hangers from the PRC filed in proper form by M&B Metal Products (“Petitioner”) on behalf of the domestic industry and workers producing hangers. This investigation

was initiated on September 10, 2007. *See Steel Wire Garment Hangers from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 72 FR 52855 (September 17, 2007) ("Initiation Notice"). Additionally, in the *Initiation Notice*, the Department notified parties of the application process by which exporters and producers may obtain separate-rate status in non-market economy ("NME") investigations. *See Id.* 72 FR 52858–59. The process requires exporters and producers to submit a separate-rate status application. *See id.*; *Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries*, (April 5, 2005), ("Policy Bulletin 05.1") available at <http://ia.ita.doc.gov>. However, the standard for eligibility for a separate rate (which requires a firm to demonstrate an absence of both *de jure* and *de facto* governmental control over its export activities) has not changed.

On October 5, 2007, the United States International Trade Commission ("ITC") issued its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from the PRC of steel wire garment hangers. The ITC's determination was published in the **Federal Register** on October 18, 2007. *See Investigation No. 731-TA-1123 (Preliminary), Steel Wire Garment Hangers from China*, 72 FR 59112 (October 18, 2007).

#### Period of Investigation

The period of investigation ("POI") is January 1, 2007, through June 30, 2007. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (July 31, 2007). *See* 19 CFR 351.204(b)(1).

#### Scope Comments

The Department also set aside a 20-day period from the publication of the initiation for all interested parties to raise issues regarding product coverage. *See Initiation Notice*, 72 FR at 52855. The Department did not receive any comments from interested parties regarding product coverage during the 20-day period and subsequently, has not changed the scope as set forth in the *Initiation Notice*.

#### Respondent Selection and Quantity and Value

In the *Initiation Notice*, the Department stated that in recent NME investigations, it has been the Department's practice to request

quantity and value information from all known exporters identified in the petition for purposes of mandatory respondent selection. *See Certain Steel Nails from the People's Republic of China and United Arab Emirates: Initiation of Antidumping Duty Investigation*, 72 FR at 38816, 38821 (July 16, 2007); *Initiation of Antidumping Duty Investigation: Certain Pneumatic Off-The-Road Tires from the People's Republic of China*, 72 FR 43591, 43595 (August 6, 2007). However, for this investigation, because the Harmonized Tariff Schedule of the United States ("HTSUS") subheading 7326.20.00.20, as discussed below in the "Scope of the Investigation," provided comprehensive coverage of imports of steel wire garment hangers, the Department selected respondents in this investigation based on U.S. Customs and Border Protection ("CBP") data of U.S. imports under HTSUS subheading 7326.20.0020 from the POI.

On October 16, 2007, the Department selected Shanghai Wells Hanger Co., Ltd., ("Shanghai Wells") and Shaoxing Gangyuan Metal Manufactured Co., Ltd. ("Shaoxing Gangyuan") as mandatory respondents in this investigation. *See Memorandum to James C. Doyle, Director, AD/CVD Operations, Office 9, from Irene Gorelik and Julia Hancock, International Trade Compliance Analysts, AD/CVD Operations, Office 9: Selection of Respondents for the Antidumping Investigation of Steel Wire Garment Hangers from the People's Republic of China*, (October 16, 2007) ("Respondent Selection Memo").

#### Surrogate Country Comments

On October 2, 2007, the Department determined that India, Indonesia, Sri Lanka, the Philippines, and Egypt are countries comparable to the PRC in terms of economic development. *See Memorandum from Ron Lorentzen, Director, Office of Policy, to Alex Villanueva, Program Manager, China/NME Group, Office 9: Antidumping Investigation of Steel Wire Garment Hangers from the People's Republic of China (PRC): Request for a List of Surrogate Countries*, (October 2, 2007) ("Surrogate Country List").

On October 17, 2007, the Department requested comments on the selection of a surrogate country from the interested parties in this investigation. On December 31, 2007, Petitioner filed an extension request to submit surrogate country and factor valuation comments, which the Department extended until January 7, 2008. On January 7, 2008, Petitioner submitted surrogate country comments requesting that India be selected as the appropriate surrogate

country. No other interested parties commented on the selection of a surrogate country. For a detailed discussion of the selection of the surrogate country, *see* "Surrogate Country" section below.

#### Surrogate Value Comments

On January 7, 2008, Petitioner, Shanghai Wells, and Shaoxing Gangyuan submitted surrogate factor valuation comments. On January 17, 2008, Shaoxing Gangyuan submitted a rebuttal to Petitioner's surrogate factor value comments.

#### Separate-Rates Applications

Between October 9, 2007, and November 9, 2007, we received separate-rate applications from sixteen companies.<sup>1</sup> *See* the "Separate Rates" section below for the full discussion of the treatment of the separate-rate applicants.

#### Questionnaires

On September 10, 2007, the Department requested comments from all interested parties on proposed product characteristics and model match criteria to be used in the designation of control numbers ("CONNUMs") to be assigned to the merchandise under consideration. The Department received comments from Petitioner and Shaoxing Gangyuan. On October 16, 2007, the Department issued its section A portion of the NME questionnaire. On October 17, 2007, the Department issued its sections C and D portions of the NME questionnaire with product characteristics and model match criteria used in the designation of CONNUMs and assigned to the merchandise under consideration. The Department issued supplemental questionnaires to Shanghai Wells and Shaoxing Gangyuan between November 2007 and February 2008, and received responses between December 2007 and March 2008.

On November 27, 2007, the Department conducted a domestic plant tour of Petitioner's facility in Leeds,

<sup>1</sup> The following companies filed separate-rate applications: Shaoxing Meideli Metal Hanger Co., Ltd.; Shaoxing Dingli Metal Clotheshorse Co., Ltd.; Shaoxing Liangbao Metal Manufactured Co., Ltd.; Shaoxing Zhongbao Metal Manufactured Co., Ltd.; Shaoxing Tongzhou Metal Manufactured Co., Ltd.; Shaoxing Andrew Metal Manufactured Co., Ltd.; Jiangyin Hongji Metal Products Co., Ltd.; Shangu Baoxiang Metal Manufactured Co., Ltd.; Zhejiang Lucky Cloud Hanger Co., Ltd.; Pu Jiang County Command Metal Products Co.; Shaoxing Shunji Metal Clotheshorse Co., Ltd.; Ningbo Dasheng Hanger Ind. Co., Ltd.; Jiaxing Boyi Medical Device Co., Ltd.; Yiwu Ao-Si Metal Products Co., Ltd.; Shaoxing Guochao Metallic Products Co., Ltd.; and Tianjin Hongtong Metal Manufacture Co., Ltd., (collectively, "SRAs").

Alabama. See *Memorandum to the File from Irene Gorelik, International Trade Compliance Analyst, Office 9, Import Administration*, (November 28, 2007).

#### Postponement of Preliminary Determination

On December 31, 2007, Petitioner filed a request to postpone the issuance of the preliminary determination by 50 days. On January 8, 2008, the Department informed all interested parties of its intent to postpone the preliminary determination pursuant to section 733(c)(1)(B)(i) of the Act by fifty days to March 18, 2008. On January 11, 2008, the Department published a postponement of the preliminary antidumping duty determination on hangers from the PRC. See *Steel Wire Garment Hangers from the People's Republic of China: Notice of Postponement of Preliminary Determination of Antidumping Duty Investigation*, 73 FR 2004 (January 11, 2008) ("Prelim Extension FR").<sup>2</sup>

#### Scope of Investigation

The merchandise that is subject to this investigation is steel wire garment hangers, fabricated from carbon steel wire, whether or not galvanized or painted, whether or not coated with latex or epoxy or similar gripping materials, and/or whether or not fashioned with paper covers or capes (with or without printing) and/or nonslip features such as saddles or tubes. These products may also be referred to by a commercial designation, such as shirt, suit, strut, caped, or latex (industrial) hangers. Specifically excluded from the scope of this investigation are wooden, plastic, and other garment hangers that are classified under separate subheadings of the HTSUS. The products subject to this investigation are currently classified under HTSUS subheading 7326.20.0020. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise is dispositive.

#### Non-Market-Economy Country

For purposes of initiation, Petitioner submitted LTFV analyses for the PRC as an NME country. See *Initiation Notice*, 72 FR at 52857. The Department considers the PRC to be an NME country. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is

an NME country shall remain in effect until revoked by the administering authority. See *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30760 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007). In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. No party has challenged the designation of the PRC as an NME country in this investigation. Therefore, we continue to treat the PRC as an NME country for purposes of this preliminary determination.

#### Surrogate Country

When the Department investigates imports from an NME, section 773(c)(1) of the Act directs it to base normal value ("NV"), in most circumstances, on the NME producer's factors of production ("FOP") valued in a surrogate market-economy country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the prices or costs of FOPs in one or more market-economy countries that are at a level of economic development comparable to that of the NME country and are significant producers of comparable merchandise. The sources of the surrogate values we have used in this investigation are discussed under the "Normal Value" section below.

The Department's practice is explained in *Policy Bulletin 04.1*,<sup>3</sup> which states that "Per capita GNI<sup>4</sup> is the primary basis for determining economic comparability." The Department considers the five countries identified in its *Surrogate Country List* as "equally comparable in terms of economic development." *Id.* Thus, we find that India, Sri Lanka, Egypt, Indonesia, and Philippines are all at an economic level of development equally comparable to that of the PRC.

<sup>3</sup> See *Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process*, (March 1, 2004), ("Policy Bulletin 04.1") available at <http://ia.ita.doc.gov>.

<sup>4</sup> GNI stands for gross national income, which comprises GDP plus net receipts of primary income (compensation of employees and property income) from nonresident sources. See, e.g., <http://www.finfacts.com/biz10/globalworldincomepercapita.htm>.

Second, *Policy Bulletin 04.1* provides some guidance on identifying comparable merchandise and selecting a producer of comparable merchandise. Specifically, the *Policy Bulletin 04.1* explains that "in cases where identical merchandise is not produced, the team must determine if other merchandise that is comparable is produced." See *Policy Bulletin 04.1* at 2. The Department obtained export data for steel wire garment hangers from the World Trade Atlas ("WTA") and found that none of the countries on the *Surrogate Country List* produce or export identical merchandise. Thus, the Department determined which countries on the *Surrogate Country List* were producers of comparable merchandise.

The Department obtained worldwide export data for steel wire products.<sup>5</sup> Specifically, we reviewed export data from the WTA for the HTS heading 7326.20, "Other Articles of Iron/Steel Wire," for 2006. The Department found that, of the countries provided in the *Surrogate Country List*, all five countries were exporters of comparable merchandise: steel wire products. Thus, all countries on the *Surrogate Country List* are considered as appropriate surrogates because each exported comparable merchandise.

The *Policy Bulletin 04.1* also provides some guidance on identifying significant producers of comparable merchandise and selecting a producer of comparable merchandise. Further analysis was required to determine whether any of the countries which produce comparable merchandise are significant producers of that comparable merchandise. The data we obtained shows that, in 2006, worldwide exports for HTS 7326.20 from: India were approximately 4,884,412 kg; Indonesia were approximately 1,830,965 kg; Sri Lanka were approximately 244,223 kg; the Philippines were approximately 371,379 kg; and Egypt<sup>6</sup> were approximately 89,850 kg. We note that although Sri Lanka, the Philippines, and Egypt are exporters of steel wire products, the quantities they exported do not qualify them as significant producers of the comparable merchandise.<sup>7</sup> Thus, the Philippines, Sri Lanka, and Egypt are

<sup>5</sup> Because the Department was unable to find production data, we relied on export data as a substitute for overall production data in this case.

<sup>6</sup> The worldwide export data from Egypt was obtained from the Global Trade Atlas since Egyptian export statistics are not available on WTA.

<sup>7</sup> We note that, of the total export quantities obtained from world trade data, the Philippines, Sri Lanka, and Egypt account for five percent, three percent, and one percent, respectively, of the total exports of comparable merchandise of all five countries on the *Surrogate Country List*.

<sup>2</sup> In the *Prelim Extension FR*, the Department incorrectly stated in footnote 2 that "190 days from the initiation date is actually March 17, 2008." The Department intended to state that 190 days from the initiation date of September 10, 2007, is March 18, 2008.

not being considered as appropriate surrogate countries. Additionally, although Indonesia appears to be a significant producer of comparable merchandise, India's percentage of exports of comparable merchandise at 66 percent of the total exports of the five countries far exceeds that of Indonesia's 25 percent. Finally, we have reliable data from India on the record that we can use to value the FOPs. Petitioner and both selected respondents submitted surrogate values using Indian sources, suggesting greater availability of appropriate surrogate value data in India.

As noted above, the Department only received surrogate country comments from Petitioners, who favored selection of India. The Department is preliminarily selecting India as the surrogate country on the basis that: (1) it is at a similar level of economic development pursuant to section 773(c)(4) of the Act; (2) it is a significant producer of comparable merchandise; and (3) we have reliable data from India that we can use to value the FOPs. Thus, we have calculated NV using Indian prices when available and appropriate to value Shanghai Wells' and Shaoxing Gangyuan's FOPs. See *Memorandum to the File from Julia Hancock, through Alex Villanueva, Program Manager, AD/CVD Operations, Office 9, and James C. Doyle, Director, AD/CVD Operations, Office 9: Steel Wire Garment Hangers from the People's Republic of China: Surrogate Values for the Preliminary Determination*, (March 18, 2008) ("Surrogate Value Memorandum"). In accordance with 19 CFR 351.301(c)(3)(i), for the final determination in an antidumping investigation, interested parties may submit publicly available information to value the FOPs within 40 days after the date of publication of the preliminary determination.<sup>8</sup>

### Affiliations

Section 771(33) of the Act, provides that:

<sup>8</sup>In accordance with 19 CFR 351.301(c)(1), for the final determination of this investigation, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by an interested party less than ten days before, on, or after, the applicable deadline for submission of such factual information. However, the Department notes that 19 CFR 351.301(c)(1) permits new information only insofar as it rebuts, clarifies, or corrects information recently placed on the record. The Department generally cannot accept the submission of additional, previously absent-from-the-record alternative surrogate value information pursuant to 19 CFR 351.301(c)(1). See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part*, 72 FR 58809 (October 17, 2007) and accompanying Issues and Decision Memorandum at Comment 2.

The following persons shall be considered to be 'affiliated' or 'affiliated persons':

- (A) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.
- (B) Any officer or director of an organization and such organization.
- (C) Partners.
- (D) Employer and employee.
- (E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization.
- (F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.
- (G) Any person who controls any other person and such other person.

Additionally, section 771(33) of the Act stipulates that: "For purposes of this paragraph, a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person."

Based on the evidence on the record in this investigation and based on the evidence presented in Shaoxing Gangyuan's questionnaire responses, we preliminarily find that Shaoxing Gangyuan is affiliated with Shaoxing Andrew Metal Manufactured Co., Ltd. ("Andrew"), Shaoxing Tongzhou Metal Manufactured Co., Ltd. ("Tongzhou"), and a fourth company,<sup>9</sup> pursuant to sections 771(33)(E), (F), and (G) of the Act, based on ownership and common control. Furthermore, we find that they should be considered as a single entity for purposes of this investigation. See 19 CFR 351.401(f). In addition to being affiliated, they have production facilities for similar or identical products that would not require substantial retooling and there is a significant potential for manipulation of production based on the level of common ownership and control, shared management, and an intertwining of business operations. See 19 CFR 351.401(f)(1) and (2). For a detailed

<sup>9</sup>The identity of this company is business proprietary information; for further discussion of this company, see *Memorandum to Alex Villanueva, Program Manager, AD/CVD Operations, Office 9, from Julia Hancock, Senior Case Analyst, AD/CVD Operations, Office 9: Preliminary Determination in the Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Affiliations Memo of Shaoxing Gangyuan and its Affiliates*, (March 18, 2008) ("Shaoxing Metal Companies Affiliation Memo").

discussion of this issue, see *Shaoxing Metal Companies Affiliation Memo*.

Because the Department finds that Shaoxing Gangyuan and its affiliates are a single entity, the Department is utilizing the integrated FOP database Shaoxing Gangyuan provided for purposes of the preliminary determination, which includes the FOPs from Andrew, Tongzhou, and the fourth company. Hereinafter, Shaoxing Gangyuan and its affiliates will be referred to as the "Shaoxing Metal Companies."

### Separate Rates

Additionally, in the *Initiation Notice*, the Department notified parties of the application process by which exporters and producers may obtain separate-rate status in NME investigations. See *Initiation Notice*. The process requires exporters and producers to submit a separate-rate status application. See also *Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries*, (April 5, 2005), ("Policy Bulletin 05.1") available at <http://ia.ita.doc.gov>.<sup>10</sup> However, the standard for eligibility for a separate rate (which requires a firm to demonstrate an absence of both *de jure* and *de facto* governmental control over its export activities) has not changed.

In proceedings involving NME countries, the Department has a rebuttable presumption that all companies within the country are subject to government control and thus should be assessed a single antidumping duty rate. It is the Department's policy to assign all exporters of merchandise subject to investigation in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. Exporters can demonstrate this independence through

<sup>10</sup>The *Policy Bulletin 05.1*, 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 merchandise under consideration 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 *Policy Bulletin 05.1* at 6.

the absence of both *de jure* and *de facto* governmental control over export activities. As discussed fully below, all but one of the SRAs have provided company-specific information to demonstrate that they operate independently of *de jure* and *de facto* government control and, therefore, satisfy the standards for the assignment of a separate rate.<sup>11</sup>

The Department analyzes each entity exporting the merchandise under consideration under a test arising from the *Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China*, 56 FR 20588 (May 6, 1991) ("Sparklers"), as further developed in *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide From the People's Republic of China*, 59 FR 22585 (May 2, 1994) ("Silicon Carbide"). However, if the Department determines that a company is wholly foreign-owned or located in a market economy, then a separate rate analysis is not necessary to determine whether it is independent from government control.

#### A. Separate Rate Recipients

##### Wholly Foreign-Owned

One separate rate company, Jiangyin Hongji Metal Products Co., Ltd. ("Hongji") reported that it is wholly owned by individuals or companies located in a market economy in its separate-rate application. See "PRELIMINARY DETERMINATION" section below for the company marked with a " ^ " designating this company as wholly foreign-owned. Therefore, because it is wholly foreign-owned, and we have no evidence indicating that it is under the control of the PRC, a separate rates analysis is not necessary to determine whether this company is independent from government control. See *Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China*, 64 FR 71104-71105 (December 20, 1999) (where the respondent was wholly foreign-owned, and thus, qualified for a separate rate). Accordingly, we have preliminarily granted a separate rate to this company.

##### Joint Ventures Between Chinese and Foreign Companies or Wholly Chinese-Owned Companies

Fifteen of the SRAs in this investigation stated that they are either joint ventures between Chinese and foreign companies or are wholly Chinese-owned companies. Therefore,

the Department must analyze whether these companies can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

#### a. Absence of De Jure Control

The Department considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) An absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments decentralizing control of companies; and (3) other formal measures by the government decentralizing control of companies. See *Sparklers*, 56 FR at 20589.

The evidence provided by the PRC SR Recipients supports a preliminary finding of *de jure* absence of governmental control based on the following: (1) an absence of restrictive stipulations associated with the individual exporters' business and export licenses; (2) there are applicable legislative enactments decentralizing control of the companies; and (3) and there are formal measures by the government decentralizing control of companies. See, e.g., *Pu Jiang County Command Metal Products Co., Ltd.*, November 9, 2007, Separate Rate Application.

#### b. Absence of De Facto Control

Typically the Department considers four factors in evaluating whether each respondent is subject to *de facto* governmental control of its export functions: (1) whether the export prices ("EP") are set by or are subject to the approval of a governmental agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. See *Silicon Carbide*, 59 FR at 22587; see also *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, 22545 & n.3 (May 8, 1995). The Department has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of governmental control which would preclude the Department from assigning separate rates. The evidence provided by the PRC SR Recipients supports a preliminary finding of *de facto* absence

of governmental control based on the following: (1) whether the EP is set by or are subject to the approval of a governmental agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding disposition of profits or financing of losses. See, e.g., *Shaoxing Meideli Metal Hanger Co., Ltd.*, October 9, 2007, Separate-Rate Application.

The evidence placed on the record of this investigation by the PRC SR Recipients demonstrate an absence of *de jure* and *de facto* government control with respect to each of the exporters' exports of the merchandise under investigation, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. See "PRELIMINARY DETERMINATION" section below for companies marked with an " \* " designating these companies as joint ventures between Chinese and foreign companies or wholly Chinese-owned companies that have demonstrated their eligibility for a separate rate.

#### Companies Not Receiving a Separate Rate

The Department is not granting a separate rate to the following SRA for the reasons discussed below.

Tianjin Hongtong Metal Manufacture Co., Ltd. ("Hongtong") was unable to demonstrate that it had sales of the merchandise under consideration to the United States. Upon reviewing Hongtong's separate-rates application and supplemental questionnaire response, we noted that Hongtong's reported U.S. sales were in fact sales to another PRC entity, an export agent that invoiced and received payment for merchandise sold to the United States. In NME proceedings, we do not examine sales prices between NME entities (e.g., transaction prices between an NME producer of the merchandise under consideration and the NME exporter of the merchandise under consideration) as NME countries are presumed to "not operate on market principles of cost or pricing structures so that the sales of merchandise in such countr{ies} do not reflect the fair value of the merchandise." See section 771(18) of the Act. Accordingly, non-exporting NME producers of the merchandise under consideration are not eligible for examination as respondents. Based on Hongtong's description of the sales chain for the merchandise it produces,

<sup>11</sup> All separate-rate applicants receiving a separate rate are hereby referred to collectively as the "PRC SR Recipients."

Hongtong was a producer and not an exporter of the merchandise under consideration during the POI and, therefore, is not eligible to receive a separate rate in this investigation.

#### Companies Receiving a Separate Rate

The Department has determined that PRC SR recipients<sup>12</sup> applying for a separate rate in this segment of the proceeding have demonstrated an absence of government control both in law and in fact and is, therefore, according separate rate status to these applicants. Additionally, because the Department has collapsed Andrew and Tongzhou, two of the SRAs with Shaoxing Gangyuan, their separate rate analysis will be conducted in conjunction with the analysis conducted for Shaoxing Gangyuan.

#### PRC-Wide Entity

Information on the record of this investigation indicates that there are numerous producers/exporters of hangers in the PRC. As stated above, the Department collected CBP data to select respondents based on imports of hangers classified under HTSUS subheading 7326.20.00.20. *See Respondent Selection Memo*. The Department selected Shanghai Wells and the Shaoxing Metal Companies as mandatory respondents. Additionally, as stated above, sixteen companies, including the two companies collapsed with Shaoxing Gangyuan filed separate-rates applications, resulting in eighteen companies that are actively participating in this investigation. Upon receipt of the separate-rates applications, we examined the disaggregated<sup>13</sup> CBP data and determined that a significant number of exporters of hangers from the PRC during the POI were neither selected for review nor filed separate-rate applications, thus not active participants in this investigation. Based

upon our knowledge of the volume of imports of the merchandise under consideration from the PRC from CBP data, the volume of imports of the merchandise under consideration from Shanghai Wells, the Shaoxing Metal Companies, and the SRAs, while accounting for a significant share, do not account for all imports into the United States. Therefore, the Department preliminarily determines that there were PRC producers/exporters of the merchandise under consideration during the POI that did not apply for separate rates, thus establishing that there is a PRC-Wide entity with respect to this product. Therefore, consistent with the presumption of government control, we preliminarily determine that some exports of subject merchandise are from entities under the control of the PRC-Wide entity. The Department's presumption that these entries were subject to government control has not been rebutted, thus we preliminarily determine that these entries should be assessed a single PRC-Wide antidumping duty rate. As the single PRC-Wide rate, we have taken the simple average of: (A) the weighted-average of the calculated rates of Shaoxing Metal Companies and Shanghai Wells and (B) the simple average of the petition rates that fell within the range of Shaoxing Metal Companies' and Shanghai Wells' individual transaction margins. Accordingly, we determine that the single rate applicable to the PRC-Wide entity is 221.05 %. The PRC-Wide rate applies to all entries of the merchandise under investigation with the exception of those entries from Shanghai Wells, the Shaoxing Metal Companies, and the PRC SR Recipients.

#### Separate-Rate Calculation

The Department received timely and complete separate-rates applications from the PRC SR Recipients, who are all exporters of hangers from the PRC, which were not selected as mandatory respondents in this investigation. Through the evidence in their applications, with the exception of Hongtong, these companies have demonstrated their eligibility for a separate rate, as discussed above in the "Separate Rates" section and in the *Memorandum to the File, from Irene Gorelik, Senior Case Analyst, AD/CVD Operations, Office 9: Preliminary Determination in the Antidumping Duty Investigation of Steel Wire Garment Hangers from the People's Republic of China: Calculation of the Separate Rate Weighted-Average Margin*, (March 18, 2008). Consistent with the Department's practice, as the separate rate, we have

established a weighted-average margin for the PRC SR Recipients based on the rates we calculated for Shanghai Wells and the Shaoxing Metal Companies, excluding any rates that are zero, *de minimis*, or based entirely on adverse facts available ("AFA"). *See, e.g., Preliminary 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*, 71 FR 77373, 77377 (December 26, 2006) ("PSF") unchanged in Final Determination. Companies receiving this rate are identified by name in the "Suspension of Liquidation" section of this notice.

#### Date of Sale

Section 351.401(i) of the Department's regulations states that, "in identifying the date of sale of the merchandise under consideration or foreign like product, the Secretary normally will use the date of invoice, as recorded in the exporter or producer's records kept in the normal course of business." However, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale. *See* 19 CFR 351.401(i); *See also Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-1092 (CIT 2001) ("Allied Tube"). The date of sale is generally the date on which the parties agree upon all substantive terms of the sale. This normally includes the price, quantity, delivery terms and payment terms. *See Id.*, at 77377. In order to simplify the determination of date of sale for both the respondents and the Department and in accordance with 19 CFR 351.401(i), the date of sale will normally be the date of the invoice, as recorded in the exporter's or producer's records kept in the ordinary course of business, unless the Department is satisfied that the exporter or producer establishes the material terms of sale on some other date. For instance, in *Notice of Final Determination of Sales at Less Than Fair Value: Polyvinyl Alcohol From Taiwan*, 61 FR 14064, 14067-14068 (March 29, 1996), the Department used the date of the purchase order as the date of sale because the terms of sale were established at that point.

After examining the questionnaire responses and the sales documentation that Shanghai Wells and the Shaoxing Metal Companies placed on the record, we preliminarily determine that the invoice date is the most appropriate date of sale for Shanghai Wells and the Shaoxing Metal Companies.

<sup>12</sup> These companies are: Shaoxing Meideli Metal Hanger Co., Ltd., Shaoxing Dingli Metal Clotheshorse Co., Ltd., Shaoxing Liangbao Metal Manufactured Co., Ltd., Shaoxing Zhongbao Metal Manufactured Co., Ltd., Shangyu Baoxiang Metal Manufactured Co., Ltd., Zhejiang Lucky Cloud Hanger Co., Ltd., Pu Jiang County Command Metal Products Co., Shaoxing Shunji Metal Clotheshorse Co., Ltd., Ningbo Dasheng Hanger Ind. Co., Ltd., Jiaxing Boyi Medical Device Co., Ltd., Yiwu Ao-Si Metal Products Co., Ltd., and Shaoxing Guochao Metallic Products Co., Ltd. The Department also included Hongji in this list, though a separate rate analysis was not required (as stated above).

<sup>13</sup> In this case, disaggregated data refers to exporter names in the CBP data, which appear to be duplicates albeit not combined for purposes of respondent selection. As a result, the CBP data showed many companies exported hangers to the United States during the POI, although the actual number of companies may be lower due to duplicate names in the CBP data.



In *Allied Tube*, the Court of International Trade (“CIT”) found that a “party seeking to establish a date of sale other than invoice date bears the burden of producing sufficient evidence to satisfy” the Department that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.” *Allied Tube* 132 F. Supp. 2d at 1092.

Here, the Department preliminarily determines that based on the information on the record, the invoice date is the appropriate date of sale for Shanghai Wells and the Shaoxing Metal Companies. Each respondent has provided various examples of material changes to their purchase orders during the POI. See Shanghai Wells’ Supplemental Section C Questionnaire Response, dated February 7, 2008 and Shaoxing Metal Companies’s Supplemental Section C Questionnaire Response, dated February 1, 2008.

### Fair Value Comparisons

To determine whether sales of steel wire garment hangers to the United States by Shanghai Wells and the Shaoxing Metal Companies were made at less than fair value, we compared the EP to NV, as described in the “U.S. Price,” and “Normal Value” sections of this notice. We compared NV to weighted-average EPs in accordance with section 777A(d)(1) of the Act.

### U.S. Price

#### A. EP

In accordance with section 772(a) of the Act, we based the U.S. price for the Shaoxing Metal Companies’s sales and certain Shanghai Wells’ sales on EP because the first sale to an unaffiliated purchaser was made prior to importation, and the use of constructed export price (“CEP”) was not otherwise warranted. In accordance with section 772(c) of the Act, we calculated EP by deducting, where applicable, foreign inland freight, foreign brokerage and handling, international freight, and rebates from the gross unit price. We based these movement expenses on surrogate values where a PRC company provided the service and was paid in Renminbi. For details regarding our EP calculation, see *Memorandum to the File from Irene Gorelik, Senior Case Analyst: Program Analysis for the Preliminary Determination of Antidumping Duty Investigation of Steel Wire Garment Hangers from the People’s Republic of China: Shanghai Wells Hanger Co., Ltd.*, (March 18, 2008) (“*Shanghai Wells Analysis Memorandum*”) and *Shaoxing Metal Companies Analysis Memorandum*.

#### B. CEP

In accordance with section 772(b) of the Act, we based the U.S. price for certain Shanghai Wells’ sales on CEP because these sales were made by Shanghai Wells’ U.S. affiliate.<sup>14</sup> In accordance with section 772(c)(2)(A) of the Act, we calculated CEP by deducting, where applicable, the following expenses from the gross unit price charged to the first unaffiliated customer in the United States: marine insurance, discounts, rebates, billing adjustments, foreign movement expenses, and international freight, and United States movement expenses, including brokerage and handling. Further, in accordance with section 772(d)(1) of the Act and 19 CFR 351.402(b), where appropriate, we deducted from the starting price the following selling expenses associated with economic activities occurring in the United States: credit expenses, warranty expenses, other direct selling expenses, and indirect selling expenses. In addition, pursuant to section 772(d)(3) of the Act, we made an adjustment to the starting price for CEP profit. We based movement expenses on either surrogate values, actual expenses, or an average of the two. For details regarding our CEP calculations, see *Shanghai Wells Analysis Memorandum*.

### Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOP because the presence of government controls on various aspects of non-market economies renders price

<sup>14</sup> Shanghai Wells reported these sales as “indirect export price” (“IEP”). However, the Department finds that these IEP sales are, in fact, CEP sales because Shanghai Wells reported that its affiliate in the United States performed sales functions such as: sales negotiation, issuance of invoices and receipt of payment from the ultimate U.S. customer during the POI. Moreover, Shanghai Wells reported expenses incurred in the United States that are normally deducted from the gross unit price. See *Shanghai Wells Questionnaire Responses* dated November 13, 2007, December 7, 2007, and March 4, 2008; see also *Glycine From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Preliminary Rescission, in Part*, 72 FR 18457 (April 12, 2007) unchanged in Final Results (where the Department stated that “we based U.S. price for certain sales on CEP in accordance with section 772(b) of the Act, because sales were made by Nantong Donchang’s U.S. affiliate, Wavort, Inc. {“Wavort”} to unaffiliated purchasers.”); *AK Steel Corp., et al v. United States*, 226 F.3d 1361 (Fed.Cir. 2000).

comparisons and the calculation of production costs invalid under the Department’s normal methodologies. See e.g., *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products from the People’s Republic of China*, 71 FR 19695 (April 17, 2006) (“CLPP”) unchanged in Final Determination.

As the basis for NV, both Shanghai Wells and the Shaoxing Metal Companies provided FOPs used in each stage for processing steel wire garment hangers, i.e., from the drawing of the steel wire to completion of the final product. Additionally, both Shanghai Wells and the Shaoxing Metal Companies reported that they are integrated producers because both respondents draw the steel wire from the steel wire rod and provided the FOP information used in this production stage.

Consistent with section 773(c)(1)(B) of the Act, it is the Department’s practice to value the FOPs that a respondent uses to produce the merchandise under consideration. See *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the People’s Republic of China*, 69 FR 70997 (December 8, 2004) and accompanying Issues and Decision Memorandum at Comment 9(E). If the NME respondent is an integrated producer, we take into account the factors utilized in each stage of the production process. For example, in a previous case, one shrimp respondent was a fully integrated firm, and the Department valued both the farming and processing FOPs because this company bore all the costs related to growing the shrimp. See *id.*

In this case, we are valuing those inputs reported by Shanghai Wells and the Shaoxing Metal Companies that were used to produce the main input to the processing stage (steel wire) when calculating NV, regardless of whether the FOPs were produced or purchased by the respondents.

### Factor Valuation Methodology

In accordance with section 773(c) of the Act, we calculated NV based on FOP data reported by Shanghai Wells and the Shaoxing Metal Companies for the POI. To calculate NV, we multiplied the reported per-unit factor-consumption rates by publicly available surrogate values (except as discussed below). In selecting the surrogate values, we considered the quality, specificity, and contemporaneity of the data. As appropriate, we adjusted input prices by

including freight costs to make them delivered prices. Specifically, we added to Indian import surrogate values a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where appropriate. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F.3d 1401, 1407–08 (Fed. Cir. 1997). A detailed description of all surrogate values used for respondents can be found in the *Surrogate Value Memorandum* and company-specific analysis memoranda.

For this preliminary determination, in accordance with the Department's practice, we used data from the Indian Import Statistics in order to calculate surrogate values for the mandatory respondents' FOPs (direct materials, energy, and packing materials). In selecting the best available information for valuing FOPs in accordance with section 773(c)(1) of the Act, the Department's practice is to select, to the extent practicable, surrogate values which are non-export average values, most contemporaneous with the POI, product-specific, and tax-exclusive. See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp From the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004). The record shows that data in the Indian Import Statistics, as well as that from the other Indian sources, represent data that are contemporaneous with the POI, product-specific, and tax-exclusive. See *Surrogate Value Memorandum*. In those instances where we could not obtain publicly available information contemporaneous to the POI with which to value factors, we adjusted the surrogate values using, where appropriate, the Indian Wholesale Price Index ("WPI") as published in the *International Financial Statistics* of the International Monetary Fund. See, e.g., *PSF* at 77380 and *CLPP* at 19704.

Furthermore, with regard to the Indian import-based surrogate values, we have disregarded import prices that we have reason to believe or suspect may be subsidized. We have reason to believe or suspect that prices of inputs from Indonesia, South Korea, and

Thailand may have been subsidized because we have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies. Therefore, it is reasonable to infer that all exports to all markets from these countries may be subsidized. See *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People's Republic of China*, 69 FR 20594 (April 16, 2004) and accompanying Issues and Decision Memorandum at Comment 7. Further, guided by the legislative history, it is the Department's practice not to conduct a formal investigation to ensure that such prices are not subsidized. See Omnibus Trade and Competitiveness Act of 1988, Conference Report to accompany H.R. Rep. 100–576 at 590 (1988) reprinted in 1988 U.S.C.A.N. 1547, 1623–24; see also *Preliminary Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758 (June 4, 2007) unchanged in final determination. Rather, the Department bases its decision on information that is available to it at the time it makes its determination. Therefore, we have not used prices from these countries either in calculating the Indian import-based surrogate values or in calculating market-economy input values. See *id.*

Additionally, during the POI, both Shanghai Wells and the Shaoxing Metal Companies purchased all or a portion of certain inputs from a market economy supplier and paid for the inputs in a market economy currency. The Department has instituted a rebuttable presumption that market economy input prices are the best available information for valuing an input when the total volume of the input purchased from all market economy sources during the period of investigation or review exceeds 33 percent of the total volume of the input purchased from all sources during the period. In these cases, unless case-specific facts provide adequate grounds to rebut the Department's presumption, the Department will use the weighted-average market economy purchase price to value the input. Alternatively, when the volume of an NME firm's purchases of an input from market economy suppliers during the period is below 33 percent of its total volume of purchases of the input during the period, but where these purchases are otherwise valid and there is no reason to disregard the prices, the Department will weight-average the

weighted-average market economy purchase price with an appropriate SV according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption. When a firm has made market economy input purchases that may have been dumped or subsidized, are not bona fide, or are otherwise not acceptable for use in a dumping calculation, the Department will exclude them from the numerator of the ratio to ensure a fair determination of whether valid market economy purchases meet the 33-percent threshold. See *Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716, 61717–18 (October 19, 2006).

Accordingly, we valued the Shaoxing Metal Companies' inputs using the market economy prices paid for the inputs where the total volume of the input purchased from all market economy sources during the POI exceeded 33 percent of the total volume of the input purchased from all sources during that period. Alternatively, when the volume of the Shaoxing Metal Companies' purchases of an input from market economy suppliers during the POI was below 33 percent of the company's total volume of purchases of the input during the POI, we weight-averaged the weighted-average market economy purchase price with an appropriate surrogate value according to their respective shares of the total volume of purchases, as appropriate. See Shaoxing Metal Companies' Questionnaire Responses dated December 10, 2007, and January 8, 2008. Where appropriate, we increased the market economy prices of inputs by freight and brokerage and handling expenses. See *Surrogate Value Memorandum*. For a detailed description of all actual values used for market-economy inputs, see *Shanghai Wells Analysis Memorandum* and *Shaoxing Metal Companies Analysis Memorandum*.

Additionally, Shanghai Wells reported a market-economy purchase of an input which the Department preliminarily finds that there is reason to believe or suspect the price paid for this input may be subsidized. Therefore, because the Department's practice is to exclude prices that are dumped or subsidized, the Department has calculated the value for this input using a surrogate value derived from Indian Import Statistics, rather than the purchase price paid. See, e.g., *Folding Metal Tables and Chairs From the People's Republic of China: Final*



*Results and Partial Rescission of First Antidumping Duty Administrative Review*, 69 FR 75913 (December 20, 2004) and accompanying Issues and Decision Memorandum at Comment 1; see also *Surrogate Value Memorandum* and *Shanghai Wells Analysis Memorandum*.

The Department used the Indian Import Statistics to value the raw material and packing material inputs that Shanghai Wells and the Shaoxing Metal Companies used to produce the merchandise under consideration during the POI, except where listed below.

To value electricity, the Department used rates from *Key World Energy Statistics 2003*, published by the International Energy Agency ("IEA"). Additionally, to value diesel, the Department used data from *Key World Energy Statistics 2005*, published by IEA. Because the data were not contemporaneous to the POI, we adjusted for inflation using WPI. See *Surrogate Value Memorandum*.

For liquefied petroleum gas, we applied a surrogate value obtained from Bharat Petroleum<sup>15</sup>, published on October 3, 2005. See *Folding Metal Tables and Chairs from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review*, 72 FR 37703, 37710 (July 11, 2007); see also *Folding Metal Tables and Chairs From the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 72 FR 71355 (December 17, 2007). Because the data was not contemporaneous to the POI, we adjusted for inflation using WPI. See *Surrogate Value Memorandum*.

For direct, indirect, and packing labor, consistent with 19 CFR 351.408(c)(3), we used the PRC regression-based wage rate as reported on Import Administration's home page, Import Library, Expected Wages of Selected NME Countries, revised in January 2007, <http://ia.ita.doc.gov/wages/index.html>. The source of these wage-rate data on the Import Administration's web site is the Yearbook of Labour Statistics 2002, ILO (Geneva: 2002), Chapter 5B: Wages in Manufacturing. Because this regression-based wage rate does not separate the labor rates into different skill levels or types of labor, we have applied the same wage rate to all skill levels and types of labor reported by the respondent. See *Surrogate Value Memorandum*.

Because water is essential to the production process of the merchandise under consideration, the Department considers water to be a direct material input, and not as overhead, and valued water with a surrogate value according to our practice. See *Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings From the People's Republic of China*, 68 FR 61395 (October 28, 2003) and, accompanying Issue and Decision Memorandum at Comment 11. The Department valued water using data from the Maharashtra Industrial Development Corporation ([www.midcindia.org](http://www.midcindia.org)) since it includes a wide range of industrial water tariffs. This source provides 386 industrial water rates within the Maharashtra province from June 2003: 193 for the "inside industrial areas" usage category and 193 for the "outside industrial areas" usage category. Because the value was not contemporaneous with the POI, we adjusted the rate for inflation. See *Surrogate Value Memorandum*.

We used Indian transport information in order to value the freight-in cost of the raw materials. The Department determined the best available information for valuing truck freight to be from [www.infreight.com](http://www.infreight.com). This source provides daily rates from six major points of origin to five destinations in India using data from October 2005 to March 2006, because data from the POI was unavailable. The Department obtained a price quote from each point of origin to each destination and averaged the data accordingly. Consistent with the calculation of inland truck freight, the Department used the same freight distances used in the calculation of inland truck freight, as reported by [www.infreight.com](http://www.infreight.com) to derive a value in Rupees per kilogram per kilometer. See *Surrogate Value Memorandum*.

The Department used four sources to calculate a surrogate value for domestic brokerage expenses. The sources are from Essar Steel Ltd., Agro Dutch Industries Ltd., Kerjiwal Paper, and Navneet Publication. The Department first derived an average per-unit amount from each source. Then the Department adjusted each average rate for inflation. Finally, the Department averaged the two per-unit amounts to derive an overall average rate for the POI. See *Surrogate Value Memorandum*.

To value factory overhead, selling, general, and administrative expenses, and profit, we used the data from the

audited financial statements from the 2006–2007 Annual Report of Lakshmi Precision Screws, Ltd. ("Lakshmi"). While this company produces comparable rather than identical merchandise, Lakshmi uses an integrated wire-drawing production process with steel wire rod as the main input, which closely mirrors that of the mandatory respondents. Specifically, the straightening, cutting, and forming process of screws is similar to that of hangers. While Petitioner provided an additional source for surrogate financial ratios using the financial statements of Usha Martin Ltd. ("Usha"), and Shanghai Wells provided the surrogate financial statements of Godrej & Boyce Manufacturing Company Ltd. ("G&B"), we find that neither Usha nor G&B use a production process that mirrors the manufacture of hangers as closely as screws.

To value low carbon steel wire rod, we used price data fully contemporaneous with the POI for 6mm and 8mm steel wire rod available on the website of the Indian Joint Plant Committee ("JPC"). The JPC is a joint industry/government board that monitors Indian steel prices. These data are publicly available, specific to the input in question, represent a broad market average, and are tax-exclusive. See 19 CFR 351.408(c)(1).

#### Currency Conversion

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

#### Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information upon which we will rely in making our final determination.

#### Combination Rates

In the *Initiation Notice*, the Department stated that it would calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. See *Initiation Notice*, 72 FR 52859. This change in practice is described in *Policy Bulletin 05.1*, available at <http://ia.ita.doc.gov/rates>.

#### Preliminary Determination

The weighted-average dumping margins are as follows:

<sup>15</sup> [www.bharatpetroleum.com/general/gen\\_petroprices.asp](http://www.bharatpetroleum.com/general/gen_petroprices.asp).

## STEEL WIRE GARMENT HANGERS FROM THE PRC – DUMPING MARGINS

Exporter & Producer	Weighted-Average Deposit Rate
Shanghai Wells Hanger Co., Ltd. ^ .....	33.85 %
Shaoxing Metal Companies: * Shaoxing Gangyuan Metal Manufactured Co., Ltd., Shaoxing Andrew Metal Manufactured Co., Ltd., Shaoxing Tongzhou Metal Manufactured Co., Ltd., Company "X" .....	164.54 %
Jiangyin Hongji Metal Products Co., Ltd ^ .....	83.98 %
Shaoxing Meideli Metal Hanger Co., Ltd. * .....	83.98 %
Shaoxing Dingli Metal Clotheshorse Co., Ltd. * .....	83.98 %
Shaoxing Liangbao Metal Manufactured Co. Ltd. * .....	83.98 %
Shaoxing Zhongbao Metal Manufactured Co. Ltd. * .....	83.98 %
Shangyu Baoxiang Metal Manufactured Co. Ltd. * .....	83.98 %
Zhejiang Lucky Cloud Hanger Co., Ltd. * .....	83.98 %
Pu Jiang County Command Metal Products Co., Ltd. * .....	83.98 %
Shaoxing Shunji Metal Clotheshorse Co., Ltd. * .....	83.98 %
Ningbo Dasheng Hanger Ind. Co., Ltd. * .....	83.98 %
Jiaxing Boyi Medical Device Co., Ltd. * .....	83.98 %
Yiwu Ao-Si Metal Products Co., Ltd. * .....	83.98 %
Shaoxing Guochao Metallic Products Co., Ltd. * .....	83.98 %
PRC-Wide Rate <sup>16</sup> .....	221.05 %

<sup>16</sup> The PRC-Wide entity includes Tianjin Hongtong Metal Manufacture Co. Ltd.

### Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

### Suspension of Liquidation

In accordance with section 733(d) of the Act, we will instruct CBP to suspend liquidation of all entries of steel wire garment hangers from the PRC as described in the "Scope of Investigation" section, entered, or withdrawn from warehouse, for consumption from Shanghai Wells, Shaoxing Metal Companies, the PRC SR Recipients and the PRC-wide entity on or after the date of publication of this notice in the **Federal Register**.

We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average dumping margin amount by which the NV exceeds U.S. price, as indicated in the chart above as follows: (1) The rate for the firms listed in the chart above will be the rate we have determined in this preliminary determination; (2) for all non-PRC exporters of the merchandise under consideration which have not received their own rate, the cash-deposit rate will be the rate applicable to the PRC exporter in the combination listed above, that supplied that non-PRC exporter. These suspension-of-liquidation instructions will remain in effect until further notice.

### International Trade Commission Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our preliminary affirmative determination of sales at less than fair value. Section

735(b)(2) of the Act requires the ITC to make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of steel wire garment hangers, or sales (or the likelihood of sales) for importation, of the merchandise under consideration within 45 days of our final determination.

### Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Import Administration no later than seven days after the date the final verification report is issued in this proceeding and rebuttal briefs, limited to issues raised in case briefs, no later than five days after the deadline for submitting case briefs. *See* 19 CFR 351.309(c)(1)(i) and 19 CFR 351.309(d)(1). A list of authorities used and an executive summary of issues should accompany any briefs submitted to the Department. This summary should be limited to five pages total, including footnotes.

In accordance with section 774 of the Act, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. If a request for a hearing is made, we intend to hold the hearing three days after the deadline of submission of rebuttal briefs at the U.S. Department of Commerce, 14th Street and Constitution Ave, NW., Washington, DC 20230, at a time and location to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within 30 days after the date of publication of this notice. *See* 19 CFR 351.310(c). Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

We will make our final determination no later than 75 days after the date of publication of this preliminary determination, pursuant to section 735(a) of the Act.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act.

Dated: March 18, 2008.

**David M. Spooner,**

*Assistant Secretary for Import Administration.*

[FR Doc. E8-6079 Filed 3-24-08; 8:45 am]

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