

Y. Law 341/95 Interest Contributions on Debt Consolidation Loans (Formerly Debt Consolidation Law 341/95)

Z. Interest Grants Financed by IRI Bonds

AA. Article 44 of Law 448/01

IV. Programs for Which More Information is Required

A. Social Security Reductions and Exemptions – *Sgravi*

1) *Legislative Decree (“L.D.”) 276/03*
De Matteis, Garofalo, and De Cecco have reported receiving benefits under L.D. 276/03. L.D. 276/03 is aimed at making the labor market more flexible by providing incentives for apprentice contracts. See GOI’s April 1, 2008, SQR. Companies receive benefits for hiring workers under mixed contracts possessing a work component and a training component. See GOI Verification Report, at 14–15. Specifically, three categories of employee contracts recognized under this decree are: (1) working toward completion of compulsory schooling, (2) working toward completion of trade schooling, and (3) high-level training of special skills for a worker. *Id.*

Except for a weekly flat fee paid by the employer on behalf of the employee, the employer receives a total exemption from its social security contribution. See GOI Verification Report, at 14–15. The contributions are applied in equal measure across Italy and the decree may be used in all sectors of activity. See GOI’s May 19, 2008, SQR and Exhibit 1; see also GOI Verification Report, at 14–15.

Based on our review of the record of this administrative review and our verification, we find no basis for *de jure* specificity. Additionally, based on record evidence and our verification, the law does not appear to be regionally specific under section 771(5A)(D)(iv) of the Act. However, at this time, we do not have sufficient information to determine whether this program is *de facto* specific under section 771(5A)(D)(iii) of the Act. Therefore, we intend to seek further information regarding specificity of this program from the GOI and we will provide parties an opportunity to comment on this information before the final results.

Verification

In accordance with 19 CFR 351.222(f)(2)(ii) and 351.307(b)(1)(v), we verified information submitted by the GOI for De Matteis in Rome, Italy on May 26–28, 2008. See GOI Verification Report. We verified information submitted by De Matteis in Flumeri, Italy on May 29–30, 2008. See De Matteis Verification Report.

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated individual subsidy rates for De Matteis, Garofalo, and De Cecco. Felicetti had no countervailable subsidies.

For the period January 1, 2006, through December 31, 2006, we preliminarily determine the net subsidy rates for the producers/exporters under review to be those specified in the chart shown below:

Producer/Exporter	Net Subsidy Rate
De Matteis Agroalimentare S.p.A.	2.65%
Pastificio Lucio Garofalo S.p.A.	1.60%
F.lli De Cecco di Filippo Fara San Martino S.p.A.	0.83%
Pastificio Felicetti SrL	0.00%
All-Others Rate	3.85%

Consequently, if these preliminary results are adopted in our final results of this review, the Department will instruct U.S. Customs and Border Protection (“CBP”) to assess countervailing duties at these net subsidy rates. The Department will issue appropriate instructions directly to CBP 15 days after publication of the final results of this review.

For all other companies that were not reviewed (except Barilla G. e R. F.lli S.p.A. and Gruppo Agricoltura Sana S.r.l., which are excluded from the order, and Pasta Lensi S.r.l. which was revoked from the order), the Department has directed CBP to assess countervailing duties on all entries between January 1, 2006, and December 31, 2006, at the rates in effect at the time of entry.

The Department also intends to instruct CBP to collect cash deposits of estimated countervailing duties in the amounts shown above. No cash deposits of estimated duties will be required for Felicetti. For all non-reviewed firms (except Barilla G. e R. F.lli S.p.A. and Gruppo Agricoltura Sana S.r.l., which are excluded from the order, and Pasta Lensi S.r.l. which was revoked from the order), we will instruct CBP to collect cash deposits of estimated countervailing duties at the most recent company-specific or all-others rate applicable to the company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these

preliminary results within five days after the date of the public announcement of this notice.

Pursuant to 19 CFR 351.309(c)(ii), interested parties may submit written arguments in case briefs within 30 days of the date of publication of this notice. Rebuttal briefs, limited to issues raised in case briefs, may be filed no later than five days after the date of filing the case briefs, in accordance with 19 CFR 351.309(d). Parties who submit briefs in this proceeding should provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f).

Interested parties may request a hearing within 30 days after the date of publication of this notice, pursuant to 19 CFR 351.310(c). Any hearing, if requested, will be held two days after the scheduled date for submission of rebuttal briefs.

The Department will publish a notice of the final results of this administrative review within 120 days from the publication of these preliminary results, in accordance with section 751(a)(3) of the Act.

We are issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Dated: July 30, 2008.

David M. Spooner,
Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–928]

Uncovered Innerspring Units from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: August 6, 2008.

SUMMARY: We preliminarily determine that uncovered innerspring units (“innersprings”) 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. Interested parties are invited to comment on this preliminary determination.

FOR FURTHER INFORMATION CONTACT: Erin Begnal or Susan Pulongbarit, 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) 482-1442 or 482-4031, respectively.

SUPPLEMENTARY INFORMATION:

Initiation

On December 31, 2007, the Department of Commerce (“Department”) received petitions on imports of innersprings from the PRC, South Africa, and the Socialist Republic of Vietnam (“Vietnam”) filed in proper form by Leggett & Platt Incorporated (“Petitioner”). See *Antidumping Duty Petition: Uncovered Innerspring Units from China, South Africa, and Vietnam* (December 31, 2007) (“petition”). These investigations were initiated on January 22, 2008. See *Uncovered Innerspring Units From the People’s Republic of China, South Africa, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 73 FR 4817 (January 28, 2008) (“*Initiation Notice*”).

On February 14, 2008, 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, South Africa, and Vietnam of innersprings. The ITC’s determination was published in the **Federal Register** on November 30, 2007. See *Uncovered Innerspring Units From China, South Africa, and Vietnam*, 73 FR 13567 (March 13, 2008); see also *Uncovered Innerspring Units from China, South Africa, and Vietnam: Investigation Nos. 731-TA-1140-1142 (Preliminary)*, USITC Publication 3983 (February 2008).

Scope Comments

In accordance with the preamble to our regulations, we set aside a period of time for parties to raise issues regarding product coverage and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice*. See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997). See also *Initiation Notice*, 73 FR at 4818. We received no comments from

interested parties on issues related to the scope.

Respondent Selection

In the *Initiation Notice*, the Department stated that it intended to select respondents based on U.S. Customs and Border Protection (“CBP”) data of U.S. imports of innersprings. See *Initiation Notice*, 73 FR at 4822. On January 28, 2008, the Department placed the CBP information on the record of the investigation, and set aside a period for interested parties to submit comments on the CBP information. On February 4, 2008, the Department received comments on respondent selection from Petitioner. After receiving comments from interested parties, the Department determined to seek quantity and value (“Q&V”) data from all known producers/exporters of the subject merchandise from the PRC. On February 22, 2008, the Department requested Q&V information from 17 companies that petitioner identified with sufficient address information as potential exporters or producers of innersprings from the PRC. See *Petition at Exhibit I-8*. Additionally, on February 25, 2008, the Department posted the questionnaire requesting Q&V information from potential producers/exporters of innersprings on its website at www.trade.gov/ia. For a complete list of all parties from which the Department requested Q&V information, see Memorandum to the File, from Blaine Wiltse, International Trade Compliance Analyst, regarding “Antidumping Duty Investigation of Uncovered Innerspring Units from the People’s Republic of China (“PRC”): Delivery of Quantity and Value Questionnaires,” dated March 10, 2008 (“Q&V Delivery Memo”). The Department received timely Q&V responses from twelve interested parties. One of the Q&V responses that the Department received on March 14, 2008, was from High Hope Int’l Group Jiangsu Native Produce Imp. & Exp. Corp. Ltd. (“High Hope”). On March 27, 2008, High Hope submitted a letter to the Department withdrawing its Q&V submission, stating that it would no longer be participating in the investigation.

On April 3, 2008, the Department selected Jiangsu Soho International Group Holding Co., Ltd. (“Jiangsu Soho”) and Nanhai Animal By-Products I&E Co. Ltd. Guangdong (“Nanhai Animal”) as mandatory respondents in this investigation. See Memorandum to Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, through James C. Doyle, Director, Office 9, AD/CVD Operations, and Scot T.

Fullerton, Program Manager, Office 9, AD/CVD Operations, from Erin Begnal, Senior International Trade Analyst, “Selection of Respondents for the Antidumping Investigation of Uncovered Innerspring Units from the People’s Republic of China,” dated April 3, 2008.

Separate Rates Applications

Between March 24, 2008, and March 31, 2008, we received timely separate-rate applications from eight non-mandatory respondent companies: Zibo Senbao Furniture Co., Ltd. (“Senbao”), Hebei Yililan Furniture Co., Ltd. (“Yililan”), Anshan Yuhua Industrial Trade Co., Ltd. (“Yuhua”), Xilinmen Group Co., Ltd. (“Xilinmen”), East Grace Corporation (“East Grace”), Jiangsu Soho Technology Trading Co., Ltd. (“Soho Tech”), Nanjing Meihua I&E Trade Co., Ltd. (“Meihua”), and Zhejiang Sanmen Herod Mattress Co., Ltd. (“Sanmen”).

Product Characteristics & Questionnaires

In the *Initiation Notice*, the Department asked all parties in this investigation and in the concurrent antidumping duty investigations of innersprings from South Africa and Vietnam, for comments on the appropriate product characteristics for defining individual products. We received comments from Petitioner on February 15, 2008, with recommended appropriate product characteristics and proposed model matching criteria and hierarchy.

On April 7, 2008, the Department issued to Jiangsu Soho and Nanhai Animal its sections A, C, D, and E questionnaire,¹ which included product characteristics used in the designation of CONNUMS and assigned to the merchandise under consideration. Between April 29, 2008, and May 29, 2008, the Department received section A, C, and D questionnaire responses from Jiangsu Soho and Nanhai Animal. Jiangsu Soho and Nanhai Animal were not required by the Department to submit a Section E response, because the Department determined that neither company had further manufacturing in the United States. Petitioner submitted deficiency comments on the Section A questionnaire responses of both respondents on May 22, 2008,

¹ Section A of the questionnaire requests general information concerning a company’s corporate structure and business practices, the merchandise under investigation that it sells, and the manner in which it sells that merchandise in all of its markets. Section C requests a complete listing of U.S. sales. Section D requests information on factors of production, and Section E requests information on further manufacturing.

deficiency comments on the questionnaire responses to Sections C & D of both respondents on June 27, 2008, and deficiency comments on Nanhai Animal's response to the supplemental Section A questionnaire on July 10, 2008. The Department issued supplemental questionnaires to Jiangsu Soho and Nanhai Animal and received responses between June 13, 2008, and July 15, 2008.

Surrogate Country

On April 11, 2008, the Department determined that India, Indonesia, the Philippines, Colombia, and Thailand are countries comparable to the PRC in terms of economic development. See Letter to All Interested Parties, from Scot T. Fullerton, Program Manager, Office 9, AD/CVD Operations, regarding "Antidumping Duty Investigation of Uncovered Innerspring Units from the People's Republic of China," dated April 14, 2008 ("Surrogate Country Letter"), attaching Memorandum to Scot T. Fullerton, Program Manager, Office 9, AD/CVD Operations, from Carole Showers, Acting Director, Office of Policy, regarding "Antidumping Duty Investigation of Uncovered Innerspring Units from the People's Republic of China (PRC): Request for List of Surrogate Countries," dated March 25, 2008.

On April 11, 2008, the Department requested comments on surrogate country selection from the interested parties in this investigation. On June 2, 2008, the Department extended the deadline for interested parties to submit comments on surrogate country selection. Petitioner submitted surrogate country comments on June 16, 2008. 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 June 27, 2008, the Department extended the deadline for interested parties to submit surrogate information with which to value the factors of production in this proceeding. On July 7, 2008, Petitioner submitted surrogate value comments.

Postponement of Preliminary Determination

On May 20, 2008, Petitioner made a request, pursuant to 19 CFR 351.205(b)(2) and (e), for a 50-day postponement of the preliminary determinations with respect to China, South Africa, and Vietnam. The Department published a postponement of the preliminary determination on

May 28, 2008. See *Postponement of Preliminary Determinations of Antidumping Duty Investigations; Uncovered Innerspring Units from the People's Republic of China, South Africa, and the Socialist Republic of Vietnam*, 73 FR 30604 (May 28, 2008).

Period of Investigation

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

Scope of Investigation

The merchandise covered by this investigation is uncovered innerspring units composed of a series of individual metal springs joined together in sizes corresponding to the sizes of adult mattresses (e.g., twin, twin long, full, full long, queen, California king, and king) and units used in smaller constructions, such as crib and youth mattresses. All uncovered innerspring units are included in this scope regardless of width and length. Included within this definition are innersprings typically ranging from 30.5 inches to 76 inches in width and 68 inches to 84 inches in length. Innersprings for crib mattresses typically range from 25 inches to 27 inches in width and 50 inches to 52 inches in length.

Uncovered innerspring units are suitable for use as the innerspring component in the manufacture of innerspring mattresses, including mattresses that incorporate a foam encasement around the innerspring.

Pocketed and non-pocketed innerspring units are included in this definition. Non-pocketed innersprings are typically joined together with helical wire and border rods. Non-pocketed innersprings are included in this definition regardless of whether they have border rods attached to the perimeter of the innerspring. Pocketed innersprings are individual coils covered by a "pocket" or "sock" of a nonwoven synthetic material or woven material and then glued together in a linear fashion.

Uncovered innersprings are classified under subheading 9404.29.9010 and have also been classified under subheadings 9404.10.0000, 7326.20.00.70, 7320.20.5010, or 7320.90.5010 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of these investigations is dispositive.

Non-Market-Economy Country

For purposes of initiation, Petitioner submitted LTFV analyses for the PRC as a non-market economy ("NME"). See *Initiation Notice*, 73 FR at 4819. The Department considers the PRC to be a NME country. See, e.g., *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 is investigating imports from an NME, section 773(c)(1) of the Act directs it to base normal value, 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 factors of production, the Department shall utilize, to the extent possible, the prices or costs of factors of production 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 with respect to determining economic comparability is explained in *Policy Bulletin 04.1*,² which states that "OP {Office of Policy} determines per capita economic comparability on the basis of per capita gross national income, as reported in the most current annual issue of the *World Development Report* (The World Bank)." The Department considers the five countries identified in

² See *Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process*, (March 1, 2004), ("Policy Bulletin 04.1") at Attachment II of the Department's *Surrogate Country Letter*, also available at <http://ia.ita.doc.gov/policy/bull04-1.html>.

its Surrogate Country List as “equally comparable in terms of economic development.” See *Policy Bulletin 04.1* at 2. Thus, we find that India, Indonesia, the Philippines, Colombia, and Thailand are all at an economic level of development equally comparable to that of the PRC.

Second, *Policy Bulletin 04.1* provides some guidance on identifying comparable merchandise and selecting a producer of comparable merchandise. Based on the data provided by Petitioner, we find that India is a producer of identical merchandise. See Petition at 5–6 and Exhibit PRC–6. Additionally, Petitioner submitted information for Indian companies that produce comparable merchandise, such as comparable spring products, and noted that the Department has found India to be a significant producer of related steel wire products. *Id.* See also *Certain Steel Nails from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977 (June 16, 2008). Because the Department was unable to find production data, we are relying on export data as a substitute for overall production data in this case. The Department first attempted to obtain export data for innersprings from the World Trade Atlas (“WTA”) and was unable to find data for any of the countries on the Surrogate Country List. Thus, the Department obtained worldwide export data for steel wire products, which Petitioner also stated were comparable to innersprings. Specifically, we reviewed export data from the WTA for the HTS heading 7326.20, “Other Articles of Iron/Steel Wire,” for 2007. 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 show that, in 2007, worldwide exports for HTS 7326.20 from: India were approximately 7,375,861 kg; Indonesia were approximately 431,376 kg; Colombia were approximately 9,309,295 units; the Philippines were

approximately 271,308 kg; and Thailand were approximately 8,193,889 kg. Although India, Colombia, and Thailand appear to be significant producers of comparable merchandise, no party in this proceeding requested that Colombia or Thailand be selected as the surrogate country.

With respect to data considerations in selecting a surrogate country, it is the Department’s practice that, “. . . if more than one country has survived the selection process to this point, the country with the best factors data is selected as the primary surrogate country.” See *Policy Bulletin 04.1* at 4. Currently, the record contains surrogate value information, including possible surrogate financial statements, only from India.

Thus, the Department is preliminarily selecting India as the surrogate country on the basis that: (1) it is at a similar level of economic development to the PRC, pursuant to 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 factors of production. Thus, we have calculated normal value using Indian prices when available and appropriate to value Foshan Jingxin Steel Wire & Spring Co., Ltd.’s (“Foshan Jingxin”)³ factors of production. See Memorandum to the File through Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9, from Susan Pulongbarit, International Trade Analyst, AD/CVD Operations, Office 9, regarding “Antidumping Duty Investigation of Uncovered Innerspring Units from the People’s Republic of China: Selection of Factor Values,” dated July 30, 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 factors of production within 40 days after the date of publication of the preliminary determination.⁴

³ See section “Determination of Seller” regarding the Department’s determination to treat Foshan Jingxin, Nanhai Animal’s unaffiliated producer, as the mandatory respondent.

⁴ 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 will not 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*

Determination of Seller

For purposes of the preliminary determination, we find that Nanhai Animal should not be considered the mandatory respondent for purposes of calculating a dumping margin because we determine that Nanhai Animal did not make any sales of innersprings to the United States during the POI. In its questionnaire responses, Nanhai Animal stated that all of the sales negotiations for exports of innersprings to the United States take place directly between its producer, Foshan Jingxin, and the U.S. customer. In addition, Nanhai Animal stated that it is solely responsible for PRC customs declaration and receipt of payment from the U.S. customer, which is sent directly to Foshan Jingxin minus a commission. Nanhai Animal also stated in its questionnaire responses that it does not take title to the merchandise, and the merchandise is shipped directly from the producer’s location to the U.S. customer. Therefore, we find that Nanhai Animal acts as an export agent for Foshan Jingxin and that all essential terms of sale are negotiated and executed between Foshan Jingxin and its U.S. customer. Thus, we find that Foshan Jingxin should be considered the seller for purposes of calculating a dumping margin. See, e.g., *Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People’s Republic of China*, 71 FR 29303 (May 22, 2006) and accompanying Issues and Decision Memorandum at Comment 17.

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*, 73 FR at 4822. The process requires exporters and producers to submit a separate-rate status application. The Department’s practice is discussed further in *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/policy/bull05-1.pdf>.⁵ However, the standard

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.

⁵ 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

for eligibility for a separate rate (which is whether a firm can 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. Senbao, Yililan, Yuhua, Xilinmen, East Grace, Meihua, and Sanmen, (hereinafter referred to as "Separate Rate Companies") 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.

We have considered whether each PRC company that submitted a complete application is eligible for a separate rate. The Department's separate-rate test is not concerned, in general, with macroeconomic/border-type controls, e.g., export licenses, quotas, and minimum export prices, particularly if these controls are imposed to prevent dumping. See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Preserved Mushrooms from the People's Republic of China*, 63 FR 72255, 72256 (December 31, 1998). The test focuses, rather, on controls over the investment, pricing, and output decision-making process at the individual firm level. See *Certain Cut-to-Length Carbon Steel Plate from Ukraine: Final Determination of Sales at Less than Fair Value*, 62 FR 61754, 61758 (November 19, 1997), and *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from the People's Republic of China: Final Results of Antidumping Duty*

investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of "combination rates" because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation." See *Policy Bulletin 05.1* at 6.

Administrative Review, 62 FR 61276, 61279 (November 17, 1997).

To establish whether a firm is sufficiently independent from government control of its export activities to be entitled to a separate rate, the Department analyzes each entity exporting the subject merchandise under a test arising from the *Notice of 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*"). In accordance with the separate-rates criteria, the Department assigns separate rates in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* governmental control over export activities.

1. 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 Separate Rate Companies 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 exporter's business and export licenses; (2) the applicable legislative enactments decentralizing control of the companies; and (3) any other formal measures by the government decentralizing control of companies. See, e.g., Yililan's March 28, 2008, Separate Rate Application ("*SRA*") at 6-9; East Grace's March 28, 2008, *SRA* at 5-9; and Yuhua's March 28, 2008, *SRA* at 6-9.

2. 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 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 22586-87; 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 (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.

We determine that, for the Separate Rate Companies, the evidence on the record supports a preliminary finding of *de facto* absence of governmental control based on record statements and supporting documentation showing the following: 1) each exporter sets its own export prices independent of the government and without the approval of a government authority; 2) each exporter retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses; 3) each exporter has the authority to negotiate and sign contracts and other agreements; and 4) each exporter has autonomy from the government regarding the selection of management. See, e.g., Meihua's March 28, 2008, *SRA* at Exhibit 7; Xilinmen's March 28, 2008, *SRA* at Exhibit 8; Sanmen's March 31, 2008, *SRA* at Exhibit 7; and Senbao's March 24, 2008, *SRA* at Exhibit 5.

As the Department has preliminarily determined that Foshan Jingxin is properly considered the seller of the subject merchandise for purposes of calculating a dumping margin, and because we have changed the designation of the appropriate party to serve as the mandatory respondent, we are preliminarily granting Foshan Jingxin a separate rate. Although the information on the record demonstrating Foshan Jingxin's eligibility for a separate rate is not complete, as information regarding separate rate status was submitted by its exporting agent, Nanhai Animal, the Department finds that it cannot preliminarily deny Foshan Jingxin a separate rate because the Department did not specifically ask for additional information to determine Foshan Jingxin's separate rate eligibility. Thus, we intend to request additional information from Foshan Jingxin subsequent to the preliminary determination in order to determine Foshan Jingxin's separate rate status for

the final determination. Moreover, as mentioned above, because we have determined that Nanhai Animal had no sales of subject merchandise during the POI, we preliminarily determine that Nanhai Animal is not eligible to receive a separate rate.

With respect to Soho Tech, we determine that it failed to provide evidence regarding its affiliations, specifically whether any of its affiliates were involved in the export or production of the subject merchandise. The separate rate application requires that the applicant provide specific documentation regarding its affiliation with any entities that exported merchandise to the United States that would fall under the description of the merchandise covered by the scope of the proceeding. Although Soho Tech stated that it was not affiliated with any entities involved in the production or export of the subject merchandise, information submitted on the record by Jiangsu Soho proves otherwise. Specifically, Jiangsu Soho stated that Soho Tech is a subsidiary of Jiangsu Soho, and that Soho Tech is responsible for exporting Jiangsu Soho's sales of innersprings to the United States as well as its own exports of innersprings. See Jiangsu Soho's July 2, 2008, Supplemental Section A response at 13. Therefore, we determine that Soho Tech has failed to provide accurate information with respect to its affiliates and therefore has failed to establish its eligibility for a separate rate. As a result, Soho Tech will be considered a part of the PRC-wide Entity.

The evidence placed on the record of this investigation by the Separate Rate Companies demonstrates an absence of *de jure* and *de facto* government control with respect to each of the exporter's exports of the merchandise under investigation, in accordance with the criteria identified in *Sparklers* and *Silicon Carbide*. As a result, we have granted the Separate Rate Companies a weighted-average margin based on the experience of mandatory respondents and excluding any *de minimis* or zero rates or rates based on total AFA for the purposes of this preliminary determination. In addition, for the reasons outlined above, we have preliminarily granted Foshan Jingxin separate rate status and assigned Foshan Jingxin a rate based on the data submitted by Nanhai Animal.

Use of Total Adverse Facts Available

The PRC-Wide Entity PRC-Wide Rate

The Department has data that indicate there were more exporters of innersprings from the PRC than those

indicated in the response to our request for Q&V information during the POI. See *Respondent Selection Memorandum*. We issued our request for Q&V information to 17 potential Chinese exporters of the subject merchandise, in addition to posting the Q&V questionnaire on the Department's website. See *Q&V Delivery Memo*. While information on the record of this investigation indicates that there are numerous producers/exporters of innersprings in the PRC, we received only twelve timely filed Q&V responses. Although all exporters were given an opportunity to provide Q&V information, not all exporters provided a response to the Department's Q&V letter. Further, we received a Q&V response from High Hope, who subsequently withdrew it and informed the Department that it was not going to participate further in the investigation. Additionally, Jiangsu Soho, the mandatory respondent, did not cooperate to the best of its ability in responding to the Department's requests for information. Therefore, the Department has preliminarily determined that there were exporters/producers of the subject merchandise during the POI from the PRC that did not respond to the Department's request for information. We have treated these PRC producers/exporters as part of the PRC-wide entity because they did not qualify for a separate rate.

Jiangsu Soho

Jiangsu Soho withheld or failed to provide information specifically requested by the Department during the course of this investigation. First, in its response to Sections C and D of the Department's questionnaire, Jiangsu Soho did not submit a sales or cost reconciliation, as required in the Department's questionnaire. The company offered no explanation as to why, but simply stated that it did not complete them. We gave Jiangsu Soho additional time to submit the reconciliations, but the information that Jiangsu Soho submitted was incomplete, and unusable for purposes of reconciling Jiangsu Soho's reported sales and FOP information to its financial statements.

Next, Jiangsu Soho withheld information requested by the Department and provided information that cannot be verified. In its questionnaire responses, Jiangsu Soho reported that its POI sales were sourced from four producers. Of the four producers, only one producer has provided factors of production data. The remaining three producers have been uncooperative and have not responded

to the Department's requests for information. Therefore, the Department has incomplete information with respect to the factors of production for all of Jiangsu Soho's sales during the POI. Additionally, Jiangsu Soho has provided very limited information with regard to its accounting system and that of the one cooperative producer. Moreover, there are a number of data issues that have prevented the Department from being able to calculate a dumping margin.⁶ Due to the proprietary nature of these issues, see the Memorandum to James C. Doyle, Director, AD/CVD Operations, Office 9, through Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9, from Erin Begnal, Senior International Trade Analyst, "Uncovered Innerspring Units from the People's Republic of China: Preliminary Application of Adverse Facts Available to Jiangsu Soho International Group Holding Co., Ltd.," dated July 30, 2008.

Finally, as mentioned above, Jiangsu Soho did not cooperate to the best of its ability to provide the Department with timely information regarding its affiliations with other exporters/producers of the subject merchandise. Jiangsu Soho initially stated that it was not affiliated with any other exporters/producers of the subject merchandise during the POI, but the Department, through deficiency questionnaires, learned that Jiangsu Soho is affiliated with Soho Tech, another exporter of innersprings to the United States during the POI. Because the Department was given this information only a few weeks prior to the preliminary determination, we were unable to sufficiently investigate this matter over the course of the investigation, as the information was initially withheld by Jiangsu Soho. Therefore, because of the number of deficiencies with respect to Jiangsu Soho's questionnaire responses and the amount of misleading and inadequate information, we find that the information provided by Jiangsu Soho to be so deficient that there is insufficient information to analyze and verify. Thus, we find that Jiangsu Soho does not merit a separate rate, and will be subject to the PRC-wide rate. See *Final Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People's Republic of China*, 69 FR 67313 (November 17, 2004) and accompanying

⁶ We note that Jiangsu Soho made an additional submission on July 25, 2008. Because this submission was received so close to the due date for this preliminary determination, the Department did not have sufficient time to analyze its contents and incorporate any findings into this preliminary determination. Thus, we will consider the submission in its entirety for purposes of the final determination.

Issues and Decision Memorandum at Comment 4.

Section 776(a)(2) of the Act provides that, if an interested party (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the antidumping statute, or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

Information on the record of this investigation indicates that the PRC-wide entity was non-responsive. Certain companies did not respond to our request for Q&V information and did not respond to the Department's questionnaire. In addition, Jiangsu Soho withheld information requested by the Department and provided insufficient information to analyze and verify. As a result, pursuant to section 776(a)(2)(A) of the Act, we find that the use of facts available is appropriate to determine the PRC-wide rate. See *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986 (January 31, 2003), unchanged in *Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

Section 776(b) of the Act provides that, in selecting from among the facts otherwise available, the Department may employ an adverse inference if an interested party fails to cooperate by not acting to the best of its ability to comply with requests for information. See *Statement of Administrative Action*, accompanying the Uruguay Round Agreements Act ("URAA"), H.R. Rep. No. 103-316, 870 (1994) ("SAA"); see also *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from the Russian Federation*, 65 FR 5510, 5518 (February 4, 2000). We find that, because the PRC-wide entity did not respond to our requests for information, it has failed to cooperate to the best of its ability. Therefore, the Department preliminarily finds that, in selecting from among the facts available, an adverse inference is appropriate.

When employing an adverse inference, the statute indicates that the

Department may rely upon information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or any other information placed on the record. In selecting a rate for adverse facts available ("AFA"), the Department selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated. See SAA at 870. It is the Department's practice to select, as AFA, the higher of the (a) highest margin alleged in the petition, or (b) the highest calculated rate of any respondent in the investigation. See *Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Carbon Quality Steel Products from the People's Republic of China*, 65 FR 34660 (May 21, 2000) and accompanying Issues and Decision Memorandum, at "Facts Available." As AFA, we have preliminarily assigned to the PRC-wide entity a rate of 234.51 percent, the highest calculated rate from the petition. The Department preliminarily determines that this information is the most appropriate from the available sources to effectuate the purposes of AFA. The Department's reliance on the petition rate to determine an AFA rate is subject to the requirement to corroborate secondary information.⁷

Corroboration

Section 776(c) of the Act provides that, when the Department relies on secondary information rather than on information obtained in the course of an investigation as facts available, it must, to the extent practicable, corroborate that information from independent sources reasonably at its disposal. Secondary information is described in the SAA as "information derived from the petition that gave rise to the investigation or review, the final determination concerning subject merchandise, or any previous review under section 751 concerning the subject merchandise."⁸ The SAA explains that to "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value. *Id.* The SAA also explains that independent sources used to corroborate may include, for example, published price lists, official import statistics and customs data, and information obtained from interested parties during the particular investigation. *Id.* To corroborate secondary information, the

Department will, to the extent practicable, examine the reliability and relevance of the information used.⁹

We corroborated the U.S. price used to calculate the highest calculated rate from the petition listed in the *Initiation Notice* by comparing it to the U.S. prices calculated for Foshan Jingxin. We found that the U.S. price used to calculate the highest petition margin was within the range of net U.S. prices in our margin calculations for Foshan Jingxin in this investigation. See Memorandum to the File, through Scot T. Fullerton, Program Manager, AD/CVD Operations, Office 9, from Susan Pulongbarit, International Trade Analyst, AD/CVD Operations, Office 9, regarding "Program Analysis for the Preliminary Determination of Antidumping Duty Investigation of Uncovered Innerspring Units from the People's Republic of China," dated July 30, 2008 ("Foshan Jingxin Analysis Memorandum").

We then corroborated the normal value used to calculate the highest calculated rate from the petition listed in the *Initiation Notice* with the normal values calculated for Foshan Jingxin based on its reported factors of production. We found that the normal value used to calculate the highest petition margin was within the range of normal values in our margin calculations for Foshan Jingxin in this investigation. See Foshan Jingxin Analysis Memorandum.

Consequently, we are applying the 234.51 percent rate from the petition as the AFA antidumping rate to the PRC-wide entity, which includes Jiangsu Soho. The PRC-wide rate applies to all entries of the merchandise under investigation except for entries from Foshan Jingxin, and the Separate Rate Companies.

Margin for the Separate Rate Companies

The Department received timely and complete separate rate applications from the Separate Rate Companies, who are all exporters of innersprings from the PRC, which were not selected as mandatory respondents in this investigation. Through the evidence in their applications, these companies

⁹ See *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan: Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan: Final Results of Antidumping Duty Administrative Reviews and Termination in Part.*, 62 FR 11825 (March 13, 1997).

⁷ See the "Corroboration" section below.

⁸ See SAA at 870.

have demonstrated their eligibility for a separate rate, as discussed above. Consistent with the Department's practice, as the separate rate, we have established a margin for the Separate Rate Companies based on the rate we calculated for the cooperating mandatory respondent, Foshan Jingxin.¹⁰ 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, "{i}n identifying the date of sale of the subject merchandise 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 ordinary 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 and Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090–1093 (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. In *Allied Tube*, the Court of International Trade ("CIT") noted that a "party seeking to establish a date of sale other than invoice date bears the burden of producing sufficient evidence to satisf{y} 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 1090 (quoting 19 CFR 351.401(i)). In order to simplify the determination of date of sale for both the respondent 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 satisfactory evidence is presented that the exporter or producer establishes the material terms of sale on some other date. In other words, the date of the invoice is the presumptive date of sale, although this presumption may be

overcome. For instance, in *Notice of Preliminary Results of Antidumping Duty Administrative Review, Intent to Rescind and Partial Rescission of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 72 FR 10151 (March 7, 2007), unchanged in *Notice of Final Results and Final Partial Rescission of Antidumping Duty Administrative Review: Stainless Steel Bar from India*, 72 FR 51595 (September 10, 2007), the Department used the date of the purchase order as the date of sale because the terms of sale were established at that point.

We note that Nanhai Animal reported that Foshan Jingxin did not issue any commercial invoices because the U.S. customer did not require Foshan Jingxin to do so. However, after examining the questionnaire responses and the sales documentation that Foshan Jingxin placed on the record, we preliminarily determine that the factory delivery note date, otherwise known as the date of loading and date of exit of factory, is the most appropriate date of sale for all EP sales made by Foshan Jingxin, as it is the date on which the seller's obligation of delivery has been fulfilled and the exact sales quantity and unit price are confirmed and finalized. See Nanhai Animal May 29, 2008, Section C questionnaire response at C–13 and July 8, 2008, supplemental response at A–13.

Fair Value Comparisons

To determine whether sales of innersprings to the United States by Foshan Jingxin were made at less than fair value, we compared EP to NV, as described in the "U.S. Price" and "Normal Value" sections of this notice.

U.S. Price

For Foshan Jingxin, we based U.S. price on EP in accordance with section 772(a) of the Act, because the first sale to an unaffiliated purchaser was made prior to importation, and CEP was not otherwise warranted by the facts on the record. We calculated EP based on the packed price from Foshan Jingxin to the first unaffiliated customer in the United States. Where applicable, we deducted a commission from the starting price (gross unit price), in accordance with section 772(c) of the Act.

For a complete discussion of the calculation of the U.S. price for Foshan Jingxin, see *Foshan Jingxin 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 comparisons and the calculation of production costs invalid under the Department's normal methodologies.

Factor Valuation Methodology

In accordance with section 773(c) of the Act, we calculated NV based on FOP data reported by Foshan Jingxin. 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. A detailed description of all surrogate values used for Foshan Jingxin can be found in the Surrogate Value Memorandum and Foshan Jingxin Analysis Memorandum.

For this preliminary determination, in accordance with the Department's practice, we used data from the Indian Import Statistics and other publicly available Indian sources in order to calculate surrogate values for Foshan Jingxin FOPs (direct materials, energy, and packing materials) and certain movement expenses. 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 those from the other Indian sources, are contemporaneous with the POI, product–specific, and tax–exclusive. 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

¹⁰ 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), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

Index (“WPI”) as published in the International Financial Statistics of the International Monetary Fund.

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. We have found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies and, 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 (“CTVs from the PRC”). 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 H.R. Rep. 100–576 at 590 (1988). 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 in calculating the Indian import-based surrogate values. Additionally, we disregarded prices from NME countries. Finally, imports that were labeled as originating from an “unspecified” country were excluded from the average value, because the

Department could not be certain that they were not from either an NME country or a country with general export subsidies.

The Department used the Indian Import Statistics to value the raw material and packing material inputs that Foshan Jingxin used to produce the subject merchandise during the POI, except where listed below.

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 May 2008, see *Corrected 2007 Calculation of Expected Non-Market Economy Wages*, 73 FR 27795 (May 14, 2008), and <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 2005, ILO (Geneva: 2007), 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.

We used Indian transport information in order to value the freight-in cost of the raw materials. Due to the proprietary nature of this information, see Surrogate Value Memorandum.

To value electricity, the Department used rates from *Key World Energy Statistics 2003*, published by the International Energy Agency (“IEA”). Because the data were not

contemporaneous to the POI, we adjusted for inflation using WPI. See Surrogate Value Memorandum.

To value factory overhead, selling, general, and administrative expenses, and profit, we used the audited 2006–2007 financial statements from Lakshmi Precision Screws Limited, a producer of merchandise comparable to innersprings in India.

For a detailed discussion of all surrogate values used for this preliminary determination, see Surrogate Values Memorandum.

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 at 60806. This practice is described in *Policy Bulletin 05.1*, available at <http://ia.ita.doc.gov/>.

Preliminary Determination

The weighted-average dumping margins are as follows:

UNCOVERED INNERSPRING UNITS FROM THE PRC

Exporter	Producer	Weighted-Average Margin
Foshan Jingxin Steel Wire & Spring Co., Ltd.	Foshan Jingxin Steel Wire & Spring Co., Ltd.	118.17%
Anshan Yuhua Industrial Trade Co., Ltd.	Anshan Yuhua Industrial Trade Co., Ltd.	118.17%
East Grace Corporation	Wuxi Xihuisheng Commercial Co., Ltd.	118.17%
Hebei Yililan Furniture Co., Ltd.	Hebei Yililan Furniture Co., Ltd.	118.17%
Nanjing Meihua Import & Export Trade Co., Ltd.	Nanjing Dongdai Furniture Co., Ltd.	118.17%
Xilinmen Group Co., Ltd.	Xilinmen Furniture Co., Ltd.	118.17%
Zhejiang Sanmen Herod Mattress Co., Ltd.	Zhejiang Sanmen Herod Mattress Co., Ltd.	118.17%
Zibo Senbao Furniture Co., Ltd.	Zibo Senbao Furniture Co., Ltd.	118.17%
PRC-wide (including Jiangsu Soho International Group Holding Co., Ltd.)	234.51%

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 innersprings

from the PRC as described in the "Scope of Investigation" section, entered, or withdrawn from warehouse, for consumption from Foshan Jingxin, Senbao, Yililan, Yuhua, Xilinmen, East Grace, Meihua, and Sanmen, 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 amount by which the normal value exceeds U.S. price, as indicated above.

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 innersprings, or sales (or the likelihood of sales) for importation, of the subject merchandise 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 of 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 date for case briefs (*see* 19 CFR 351.309(c)(i) and (d)). 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, and if requested, we will hold a public hearing, 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 shortly 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.

Unless the deadline is extended pursuant to section 735(a)(2) of the Act, the Department will make its final determination within 75 days after the date of this preliminary determination, pursuant to section 735(a)(1) of the Act.

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

Dated: July 30, 2008.

David M. Spooner,

Assistant Secretary for Import Administration.

[FR Doc. E8-18031 Filed 8-5-08; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

[A-522-803]

Uncovered Innerspring Units from the Socialist Republic of Vietnam: Notice of Preliminary Determination of Sales at Less Than Fair Value

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

EFFECTIVE DATE: August 6, 2008.

SUMMARY: We preliminarily determine that uncovered innerspring units ("innersprings") from the Socialist Republic of Vietnam ("Vietnam") 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. Interested parties are invited to comment on this preliminary determination. We intend to make our final determination within 75 days after the date of this preliminary determination pursuant to section 735 of the Act.

FOR FURTHER INFORMATION CONTACT: Eugene Degnan or Robert Bolling, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230;

telephone: (202) 482-0414 or 482-3434, respectively.

SUPPLEMENTARY INFORMATION:

Case History

On December 31, 2007, Leggett and Platt, Incorporated ("Petitioner"), filed petitions in proper form on behalf of the domestic industry, concerning imports of innersprings from the People's Republic of China ("the PRC"), South Africa, and Vietnam (collectively, the Petitions). On January 28, 2008, the Department of Commerce ("the Department") published in the **Federal Register** the initiation of an antidumping investigation on innersprings from the PRC, South Africa, and Vietnam. *See Uncovered Innerspring Units From the People's Republic of China, South Africa, and the Socialist Republic of Vietnam: Initiation of Antidumping Duty Investigations*, 73 FR 4817 (January 28, 2008) ("Initiation Notice"). The Department set aside a period for all interested parties to raise issues regarding product coverage. *See Initiation Notice*, 73 FR at 4818. We did not receive comments regarding product coverage from any interested party. Additionally, in the *Initiation Notice*, the Department applied a process by which exporters and producers may obtain separate-rate status in non-market economy ("NME") investigations. The process requires exporters and producers to submit a separate-rate status application ("SRA"),¹ rather than a full response to Section A of the Department's Questionnaire. The standard for eligibility for a separate rate (which is whether a firm can demonstrate an absence of both *de jure* and *de facto* government control over its export activities), however, has not changed. The SRA for this investigation was posted on the Department's website at <http://ia.ita.doc.gov/ia-highlights-and-news.html> on January 28, 2008. The due date for filing an SRA was March 28, 2008. No party filed an SRA in this investigation.

In our *Initiation Notice*, we requested parties to provide comments regarding the physical characteristics of subject merchandise by February 11, 2008, and rebuttal comments by February 21, 2008. On February 8, 2008, we extended the deadline for submission of comments regarding physical characteristics to February 15, 2008, and the deadline for rebuttal comments to

¹ *See* Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries (April 5, 2005), available at <http://ia.ita.doc.gov/policy/bull05-1.pdf>.