

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 332-491

China: Government Policies Affecting U.S. Trade in Selected Sectors

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt of a request dated May 23, 2007 (received May 29, 2007) from the Committee on Ways and Means of the U.S. House of Representatives (Committee) for a series of three reports under section 332(g) of the Tariff Act of 1930 (19 U.S.C. (332(g)) on U.S.-China trade, the U.S. International Trade Commission (Commission) instituted investigation No. 332-491, *China: Government Policies Affecting U.S. Trade in Selected Sectors*, for the purpose of preparing the second report.

DATES:

October 16, 2007: Deadline for filing request to appear at the public hearing.

October 16, 2007: Deadline for filing pre-hearing briefs and statements.

October 30, 2007: Public hearing.

November 13, 2007: Deadline for filing post-hearing briefs and submissions.

February 1, 2008: Deadline for filing all other written statements.

July 29, 2008: Transmittal of Commission report to the Committee on Ways and Means.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT: Project leaders Deborah McNay (202-205-3425 or deborah.mcnay@usitc.gov) or Joanne Guth (202-205-3264 or joanne.guth@usitc.gov) for information specific to this investigation (the second report). For information on the legal aspects of these investigations, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: This notice announces institution of an investigation relating to preparation of the second in a series of three reports, as further described below. In its letter of May 23, 2007, the Committee noted that it had earlier, in a letter dated September 21, 2006, requested that the Commission prepare three reports relating to U.S.-China trade. In its May 23, 2007 letter, the Committee requested that the Commission augment the earlier request by adding two more components to its investigation to provide an in-depth assessment of the causes of the U.S.-China trade imbalance and whether and to what extent China uses various forms of government intervention to promote investment, employment, and exports. The Committee allotted additional time to complete these requests, with the first report to be

delivered 7 months after receipt of the May 23, 2007 letter, and the second and third reports to be delivered 14 and 24 months, respectively, after receipt of the letter. To prepare the first report, the Commission instituted investigation No. 332-492, *China: Description of Selected Government Practices and Policies Affecting Decision-Making in the Economy*, on June 21, 2007; the Commission expects to submit its report to the Committee in that investigation by December 29, 2007. In its letter the Committee also requested that the Commission expand the scope of its ongoing investigation No. 332-478, *U.S.-China Trade: Implications of U.S.-Asia-Pacific Trade and Investment Trends*. The report in that investigation will be the third in the series of three reports, and the Committee has extended the transmittal date to May 29, 2009. The Commission will issue a notice amending the scope and announcing the schedule for that investigation at a later date.

As requested by the Committee in its letter of May 23, 2007, the Commission in its second report will build on the report in its first China investigation under the revised schedule (investigation No. 332-492) by comprehensively cataloguing and where possible, quantifying the government policies and interventions described in the first report in specific sectors. The Commission will include case studies on sectors where leading U.S. exports have not penetrated the Chinese market, and on sectors which are the primary drivers of the U.S.-China trade deficit. The report will also include case studies on sectors where government policies and interventions are prevalent, including the semiconductor, telecommunications, banking, textiles and apparel, steel, automotive parts, and aircraft sectors. Where applicable, the case studies will describe how Chinese policies and actions are exacerbating existing global overcapacity in specific sectors. In addition, consistent with the focus described above, this second report will include the information requested by the Committee for the second report outlined in its letter of September 21, 2006, with respect to the macro-economic and other driving factors behind the rapid growth in U.S.-China trade. The Commission will provide this consolidated second report to the Committee by July 29, 2008.

PUBLIC HEARING: A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on October 30, 2007. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., October 16, 2007, in accordance with the requirements in the "Submissions" section below. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., October 16, 2007; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., November 13, 2007. In the event that, as of the close of business on October 16, 2007, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary to the Commission (202-205-2000) after October 16, 2007, for information concerning whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., February 1, 2008. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures,

http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf).
Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

In its request letter, the Committee stated that it intends to make the Commission's reports available to the public in their entirety, and asked that the Commission not include any confidential business information or national security classified information in the reports that the Commission sends to the Committee. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

William R. Bishop
Acting Secretary to the Commission

Issued: July 25, 2007

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 332-491

China: Government Policies Affecting U.S. Trade in Selected Sectors

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation and scheduling of hearing.

SUMMARY: Following receipt of a request dated May 23, 2007 (received May 29, 2007) from the Committee on Ways and Means of the U.S. House of Representatives (Committee) for a series of three reports under section 332(g) of the Tariff Act of 1930 (19 U.S.C. (332(g)) on U.S.-China trade, the U.S. International Trade Commission (Commission) instituted investigation No. 332-491, *China: Government Policies Affecting U.S. Trade in Selected Sectors*, for the purpose of preparing the second report.

DATES:

October 16, 2007: Deadline for filing request to appear at the public hearing.

October 16, 2007: Deadline for filing pre-hearing briefs and statements.

October 30, 2007: Public hearing.

November 13, 2007: Deadline for filing post-hearing briefs and submissions.

February 1, 2008: Deadline for filing all other written statements.

July 29, 2008: Transmittal of Commission report to the Committee on Ways and Means.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT: Project leaders Deborah McNay (202-205-3425 or deborah.mcnay@usitc.gov) or Joanne Guth (202-205-3264 or joanne.guth@usitc.gov) for information specific to this investigation (the second report). For information on the legal aspects of these investigations, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: This notice announces institution of an investigation relating to preparation of the second in a series of three reports, as further described below. In its letter of May 23, 2007, the Committee noted that it had earlier, in a letter dated September 21, 2006, requested that the Commission prepare three reports relating to U.S.-China trade. In its May 23, 2007 letter, the Committee requested that the Commission augment the earlier request by adding two more components to its investigation to provide an in-depth assessment of the causes of the U.S.-China trade imbalance and whether and to what extent China uses various forms of government intervention to promote investment, employment, and exports. The Committee allotted additional time to complete these requests, with the first report to be

delivered 7 months after receipt of the May 23, 2007 letter, and the second and third reports to be delivered 14 and 24 months, respectively, after receipt of the letter. To prepare the first report, the Commission instituted investigation No. 332-492, *China: Description of Selected Government Practices and Policies Affecting Decision-Making in the Economy*, on June 21, 2007; the Commission expects to submit its report to the Committee in that investigation by December 29, 2007. In its letter the Committee also requested that the Commission expand the scope of its ongoing investigation No. 332-478, *U.S.-China Trade: Implications of U.S.-Asia-Pacific Trade and Investment Trends*. The report in that investigation will be the third in the series of three reports, and the Committee has extended the transmittal date to May 29, 2009. The Commission will issue a notice amending the scope and announcing the schedule for that investigation at a later date.

As requested by the Committee in its letter of May 23, 2007, the Commission in its second report will build on the report in its first China investigation under the revised schedule (investigation No. 332-492) by comprehensively cataloguing and where possible, quantifying the government policies and interventions described in the first report in specific sectors. The Commission will include case studies on sectors where leading U.S. exports have not penetrated the Chinese market, and on sectors which are the primary drivers of the U.S.-China trade deficit. The report will also include case studies on sectors where government policies and interventions are prevalent, including the semiconductor, telecommunications, banking, textiles and apparel, steel, automotive parts, and aircraft sectors. Where applicable, the case studies will describe how Chinese policies and actions are exacerbating existing global overcapacity in specific sectors. In addition, consistent with the focus described above, this second report will include the information requested by the Committee for the second report outlined in its letter of September 21, 2006, with respect to the macro-economic and other driving factors behind the rapid growth in U.S.-China trade. The Commission will provide this consolidated second report to the Committee by July 29, 2008.

PUBLIC HEARING: A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on October 30, 2007. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., October 16, 2007, in accordance with the requirements in the "Submissions" section below. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., October 16, 2007; and all post-hearing briefs and statements should be filed not later than 5:15 p.m., November 13, 2007. In the event that, as of the close of business on October 16, 2007, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant may call the Secretary to the Commission (202-205-2000) after October 16, 2007, for information concerning whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements concerning this investigation. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., February 1, 2008. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 requires that a signed original (or a copy so designated) and fourteen (14) copies of each document be filed. In the event that confidential treatment of a document is requested, at least four (4) additional copies must be filed, in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures,

http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf).
Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information must also conform with the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information be clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

In its request letter, the Committee stated that it intends to make the Commission's reports available to the public in their entirety, and asked that the Commission not include any confidential business information or national security classified information in the reports that the Commission sends to the Committee. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

William R. Bishop
Acting Secretary to the Commission

Issued: July 25, 2007