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**International Trade Administration**  
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MEMORANDUM TO: Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

FROM: Christian Marsh *CPM*  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of Expedited First Sunset Reviews of the Antidumping Duty Orders on Uncovered Innerspring Units from the People's Republic of China, South Africa, and the Socialist Republic of Vietnam

Summary

We analyzed the substantive responses of a domestic interested party in the first sunset reviews of the antidumping duty orders covering uncovered innerspring units (innersprings) from the People's Republic of China (PRC), South Africa, and the Socialist Republic of Vietnam (Vietnam). We recommend that you approve the positions we developed in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues in these sunset reviews for which we received substantive responses:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margins likely to prevail

Background

On November 1, 2013, the Department of Commerce (the Department) published the *Initiation* of the sunset reviews of the antidumping duty orders on innersprings from the PRC, South Africa, and Vietnam, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act).<sup>1</sup> The Department received a notice of intent to participate from a domestic interested party, Leggett & Platt, Incorporated (domestic interested party), within the deadline specified in 19

<sup>1</sup> See *Initiation of Five-Year ("Sunset") Reviews*, 78 FR 65711 (November 1, 2013) (*Initiation*); see also *Uncovered Innerspring Units from the People's Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (*PRC Antidumping Duty Order*), *Antidumping Duty Order: Uncovered Innerspring Units From South Africa*, 73 FR 75390 (December 11, 2008) (*SA Antidumping Duty Order*), and *Antidumping Duty Order: Uncovered Innerspring Units From the Socialist Republic of Vietnam*, 73 FR 75391 (December 11, 2008) (*Vietnam Antidumping Duty Order*) (collectively *Orders*).



CFR 351.218(d)(1)(i).<sup>2</sup> The domestic interested party claimed interested party status under section 771(9)(C) of the Act as a producer of the domestic like product. On December 2, 2013, the Department received adequate substantive responses from the domestic interested party within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).<sup>3</sup> The Department received no responses from respondent interested parties with respect to the orders covered by these sunset reviews. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted expedited (120-day) sunset reviews of the antidumping duty orders on innersprings from the PRC, South Africa, and Vietnam.

## History of the Orders

### *PRC*

On December 29, 2008, the Department published its final affirmative determination of sales at less than fair value (LTFV) with respect to imports of innersprings from the PRC.<sup>4</sup> The Department found the following *ad valorem* dumping margins:<sup>5</sup>

PRC:	
Foshan Jingxin Steel Wire & Spring Co., Ltd	234.51
Exporters with a separate rate	164.75
PRC-wide Rate	234.51

Following the issuance of the Department's final determination, the International Trade Commission (ITC) found that the U.S. industry was threatened with material injury by reason of subject imports from the PRC pursuant to section 735(b) of the Act.<sup>6</sup> Subsequently, the Department published the antidumping duty order on innersprings from the PRC.<sup>7</sup>

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<sup>2</sup> See letters of intent to participate from the domestic interested party to Secretary Penny Pritzker, entitled "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from the People's Republic of China – Notice of Intent to Participate" dated November 7, 2013, "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from South Africa – Notice of Intent to Participate" dated November 7, 2013, and "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from Vietnam – Notice of Intent to Participate" dated November 7, 2013.

<sup>3</sup> See substantive responses from the domestic interested party to Secretary Penny Pritzker, entitled "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from the People's Republic of China" dated December 2, 2013 (Substantive Response PRC), "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from South Africa" dated December 2, 2013 (Substantive Response SA), and "Sunset Review of the Antidumping Duty Order on Uncovered Innerspring Units from Vietnam" dated December 2, 2013 (Substantive Response Vietnam).

<sup>4</sup> See *Uncovered Innerspring Units from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 79443 (December 29, 2008) (*PRC LTFV*).

<sup>5</sup> *Id.*, at 73 FR 79446.

<sup>6</sup> See *Uncovered Innerspring Units from China*, U.S. Int'l Trade Commission, Inv. No. 731-TA-1140 (Final), ITC Pub. 4061 (February 2009), at 1.

<sup>7</sup> See *PRC Antidumping Duty Order*.

Since the issuance of the *PRC Antidumping Duty Order*, the Department conducted three administrative reviews and one new-shipper review of the order.<sup>8</sup> There have been no changed-circumstances or duty-absorption reviews of the antidumping duty order. There have been two scope determinations and one circumvention determination on innersprings from the PRC.<sup>9</sup> The order remains in effect for all manufacturers, producers, and exporters of innersprings from the PRC.

### *South Africa*

On October 21, 2008, the Department published its final affirmative determination of sales at LTFV with respect to imports of innersprings from South Africa.<sup>10</sup> The Department found the following *ad valorem* dumping margins:<sup>11</sup>

South Africa:	
Bedding Component Manufacturers (Pty) Ltd.	121.39
All Others	121.39

Following the issuance of the Department's final determination, the ITC found that the U.S. industry was threatened with material injury by reason of subject imports from South Africa pursuant to section 735(b) of the Act.<sup>12</sup> Subsequently, the Department published the antidumping duty order on innersprings from South Africa.<sup>13</sup>

Since the issuance of the *SA Antidumping Duty Order*, the Department has not conducted any administrative reviews of the order. There have not been any new-shipper, changed-circumstances or duty-absorption reviews of the *SA Antidumping Duty Order*. There have been no scope determinations on innersprings from South Africa. The *SA Antidumping Duty Order* remains in effect for all manufacturers, producers, and exporters of innersprings from South Africa.

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<sup>8</sup> See *Uncovered Innerspring Units From the People's Republic of China: Final Results of First Antidumping Duty Administrative Review*, 76 FR 4290 (January 25, 2011); see also *Uncovered Innerspring Units From the People's Republic of China: Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review*, 77 FR 21961 (April 12, 2012) (*Second PRC Review*); see also *Uncovered Innerspring Units From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 17635 (March 22, 2013) (collectively *PRC Administrative Reviews*); see also *Uncovered Innerspring Units From the People's Republic of China: Rescission of Antidumping New Shipper Review*, 76 FR 80337 (December 23, 2011) (*PRC New Shipper Review*).

<sup>9</sup> See Scope Determination section below.

<sup>10</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Uncovered Innerspring Units from the South Africa*, 73 FR 62481 (October 21, 2008) (*SA LTFV*).

<sup>11</sup> *Id.*, 73 FR at 62482.

<sup>12</sup> See *Uncovered Innerspring Units from South Africa, and Vietnam* U.S. Int'l Trade Commission, Inv. No. 731-TA-1141 (Final) and 731-TA-1140 (Final), ITC Pub. 4051 (December 2008), at 1 (*SA and Vietnam ITC Final Determination*).

<sup>13</sup> See *SA Antidumping Duty Order*.

## Vietnam

On October 21, 2008, the Department published its final affirmative determination of sales at LTFV with respect to imports of innersprings from Vietnam.<sup>14</sup> The Department found the following *ad valorem* dumping margins:<sup>15</sup>

Vietnam:	
Vietnam-wide Rate	116.31

Following the issuance of the Department's final determination, the ITC found that the U.S. industry was threatened with material injury by reason of subject imports from Vietnam pursuant to section 735(b) of the Act.<sup>16</sup> Subsequently, the Department published the antidumping duty order on innersprings from Vietnam.<sup>17</sup>

Since the issuance of the *Vietnam Antidumping Duty Order*, the Department has not conducted any administrative reviews of the *Vietnam Antidumping Duty Order*. There have not been any new-shipper, changed-circumstances or duty-absorption reviews of the *Vietnam Antidumping Duty Order*. There have been no scope determinations on innersprings from Vietnam. The *Vietnam Antidumping Duty Order* remains in effect for all manufacturers, producers, and exporters of innersprings from Vietnam.

### Scope and Circumvention Determinations

The Department issued two scope determinations and one circumvention determination since the inception of the *Orders*. The following two scope determinations and circumvention determinations are applicable to the *PRC Antidumping Duty Order*.

On May 31, 2011, the Department issued a scope determination with respect to two models of unfinished bed mattresses at the request of Wickline Bedding Enterprises.<sup>18</sup> We found that Wickline's premium and standard unfinished mattresses are outside the scope of the *PRC Antidumping Duty Order*.

On July 21, 2011, the Department issued a scope determination with respect to fabric encased upholstery coil units at the request of No Boundaries LLC.<sup>19</sup> We found that No Boundaries' upholstery units are within the scope of the *PRC Antidumping Duty Order*.

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<sup>14</sup> See *Uncovered Innerspring Units from the Socialist Republic of Vietnam: Notice of Final Determination of Sales at Less Than Fair Value*, 73 FR 62479 (October 21, 2008) (*Vietnam LTFV*).

<sup>15</sup> *Id.*, 73 FR at 62480.

<sup>16</sup> See *SA and Vietnam ITC Final Determination*.

<sup>17</sup> See *Vietnam Antidumping Duty Order*.

<sup>18</sup> See Department memorandum entitled, "Uncovered Innerspring Units from the People's Republic of China: Wickline Bedding Enterprises Final Scope Ruling" dated May 31, 2011.

<sup>19</sup> See Department memorandum entitled, "Uncovered Innerspring Units from the People's Republic of China: No Boundaries LLC Final Scope Ruling" dated July 21, 2011.

On January 13, 2014, the Department published a final circumvention determination with respect to innerspring units completed and assembled in Malaysia by Reztec using components from the PRC and exported from Malaysia to the United States. We found that the Reztec innerspring units are circumventing the *PRC Antidumping Duty Order* and thus are subject to the *PRC Antidumping Duty Order*.<sup>20</sup>

### Scope of the Orders

The merchandise covered by these *Orders* 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, 7326.20.0070, 7320.20.5010, or 7320.90.5010 of the Harmonized Tariff Schedule of the United States (HTSUS). On January 11, 2011, the Department included HTSUS classification numbers 9404.29.9005 and 9404.29.9011 to the customs case reference file, pursuant to a request by U.S. Customs and Border Protection (CBP). On January 7, 2013, the Department included the HTSUS classification 7326.20.0071 number to the customs case reference file, pursuant to a request by CBP. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

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<sup>20</sup> See *Uncovered Innerspring Units from the People’s Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 79 FR 3345 (January 21, 2014).

## Discussion of the Issues

### *Legal Framework*

In accordance with section 751(c)(1) of the Act, the Department is conducting these sunset reviews to determine whether revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making these determinations, the Department shall consider both the weighted-average dumping margins determined in the investigations and subsequent reviews, and the volume of imports of the subject merchandise for the period before, and the period after, the issuance of the antidumping duty orders.

As explained in the Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act, the Department normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping when: (a) dumping continued at any level above *de minimis* after issuance of the order; (b) imports of the subject merchandise ceased after issuance of the order; or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly.

Alternatively, the Department normally will determine that revocation of an antidumping duty order is not likely to lead to continuation or recurrence of dumping where dumping was eliminated after issuance of the order and import volumes remained steady or increased.<sup>21</sup> In addition, as a base period for import volume comparison, it is the Department's practice to use the one-year period immediately preceding the initiation of the investigation, rather than the level of pre-order import volumes, as the initiation of an investigation may dampen import volumes and, thus, skew comparison.<sup>22</sup>

Further, section 752(c)(3) of the Act states that the Department shall provide to the ITC the magnitude of the margin of dumping likely to prevail if the order were revoked. Generally, the Department selects the margin(s) from the final determination in the original investigation, as this is the only calculated rate that reflects the behavior of exporters without the discipline of an order in place.<sup>23</sup> However, the Department may use a rate from a more recent review where the dumping margin increased, as this rate may be more representative of a company's behavior in the absence of an order (*e.g.*, where a company increases dumping to maintain or increase market share with an order in place).<sup>24</sup> Finally, pursuant to section 752(c)(4)(A) of the Act, a dumping margin of "zero or *de minimis* shall not by itself require" the Department to determine that revocation of an antidumping duty order would not be likely to lead to a continuation or recurrence of sales at LTFV.

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<sup>21</sup> See SAA, H.R. Doc. 103-316, Vol. 1 (1994), at 889-90.

<sup>22</sup> See, *e.g.*, *Stainless Steel Bar from Germany; Final Results of the Sunset Review of the Antidumping Duty Order*, 72 FR 56985 (October 5, 2007), and accompanying Issues and Decision Memorandum at Comment 1.

<sup>23</sup> See SAA at 890. See, *e.g.*, *Persulfates from the People's Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order*, 73 FR 11868 (March 5, 2008), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>24</sup> See SAA at 890-91.

In the *Final Modification for Reviews*, the Department announced that it was modifying its practice in sunset reviews, such that it will not rely on weighted-average dumping margins that were calculated using the methodology determined by the Appellate Body to be World Trade Organization (WTO)-inconsistent.<sup>25</sup> The Department also noted that “*only in the most extraordinary circumstances* will the Department rely on margins other than those calculated and published in prior determinations.”<sup>26</sup> The Department further noted that it does not anticipate that it will need to recalculate the dumping margins in the vast majority of sunset determinations to avoid WTO inconsistency, apart from the “most extraordinary circumstances” provided for in its regulations.<sup>27</sup>

Below we address the comments submitted by the domestic interested party.

## 1. Likelihood of Continuation or Recurrence of Dumping

### *Interested Party Comments*

The domestic interested party asserts that revocation of the antidumping duty orders would lead to a continuation or recurrence of dumping by producers and exporters of innersprings from the PRC, South Africa, and Vietnam.<sup>28</sup>

For South Africa and Vietnam, the domestic interested party argues that there have been no reviews of the orders, the applicable dumping margins, as established in the investigation, remain above *de minimis* levels, and imports virtually ceased after the issuance of the order. The domestic interested party attributes this dramatic decrease of subject imports to the inability or unwillingness of producers and exporters of subject merchandise from South Africa and Vietnam to participate significantly in the U.S. market at prices that are above or close to normal value.<sup>29</sup> Thus, the domestic interested party argues that the halt in imports of subject merchandise from South Africa and Vietnam after the issuance of the order and the continued existence of dumping margins above *de minimis* support the conclusion that dumping would likely continue or recur if the orders were revoked.

In the domestic interested party’s view, HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 or 9404.29.9011 (for 2011 through 2012)<sup>30</sup> contain the preponderance of subject imports.<sup>31</sup> It argues that, although the scope also identifies four other HTSUS numbers,

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<sup>25</sup> See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101, 8103 (February 14, 2012) (*Final Modification for Reviews*).

<sup>26</sup> See *id.* (emphasis added).

<sup>27</sup> See *id.*

<sup>28</sup> See Substantive Response PRC at 7, Substantive Response SA at 4, and Substantive Response Vietnam at 4.

<sup>29</sup> See Substantive Response SA at 5 and 6, and Substantive Response Vietnam at 5 and 6.

<sup>30</sup> According to the domestic interested party, HTSUS 9404.29.9010 was replaced by HTSUS 9404.29.9005 and HTSUS 9404.29.9011 in 2011. See Substantive Response SA at 6, Substantive Response Vietnam at 6, Substantive Response PRC at 9.

<sup>31</sup> See Substantive Response SA at 6, Substantive Response Vietnam at 6, Substantive Response PRC at 9.

they do not accurately reflect the volume of innersprings as they also cover non-subject merchandise and some are basket categories.

For South Africa, the domestic interested party argues that imports under HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 or 9404.29.9011 (for 2011 through 2012) fell from 58 thousand units in 2008, to 0 units in 2009, 2010, 2011, and 2012.<sup>32</sup> Thus, the lack of recovery to pre-order levels of imports, in the domestic interested party's view, indicates that imports would resume in the absence of the order.<sup>33</sup>

For Vietnam, the domestic interested party argues that imports under HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 or 9404.29.9011 (for 2011 through 2012) fell from 5 thousand units in 2008, to 0 units in 2009, 2010, 2011, and 2012.<sup>34</sup> Thus, the lack of recovery to pre-order levels of imports, in the domestic interested party's view, indicates that imports would resume in the absence of the order.<sup>35</sup>

For the PRC, the domestic party argues that there have been three completed administrative reviews of the antidumping duty order and that all of the producers/exporters examined in the reviews received above *de minimis* margins based on total adverse facts available (AFA).<sup>36</sup> Thus, the domestic party contends that the history of the antidumping duty order and subsequent reviews shows that dumping continued at a level above *de minimis* after the issuance of the order.

The domestic interested party asserts that U.S. imports of innersprings from the PRC declined significantly after the issuance of the *PRC Antidumping Duty Order*. The domestic interested party attributes this significant decrease of subject imports to the inability or unwillingness of producers and exporters of subject merchandise from the PRC to participate significantly in the U.S. market at prices that are above or close to normal value.<sup>37</sup>

The domestic party argues that the significant decline in the volume of subject merchandise from the PRC after the imposition of the *PRC Antidumping Duty Order* and the continued existence of dumping margins above *de minimis* support the conclusion that dumping would likely continue or recur if the *PRC Antidumping Duty Order* was revoked.

For the PRC, the domestic interested party argues that imports under HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 or 9404.29.9011 (for 2011 through 2012) fell from 723 thousand units in 2008, to 36 thousand units in 2009, to 16 thousand units in 2010, to seven thousand units in 2011, and further to six thousand units in 2012.<sup>38</sup> Thus, the lack of recovery to pre-order levels of imports, in the domestic interested party's view, indicates that imports would resume in the absence of the order.<sup>39</sup>

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<sup>32</sup> See Substantive Response SA at 6.

<sup>33</sup> See *id.*

<sup>34</sup> See Substantive Response Vietnam at 6.

<sup>35</sup> See *id.*

<sup>36</sup> See Substantive Response PRC at 8.

<sup>37</sup> See *id.*, at 8 and 9.

<sup>38</sup> See *id.*

<sup>39</sup> See *id.*

### *Department's Position*

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act (URAA), specifically the SAA, the House Report, H. Rep. No. 103-826, pt. 1 (1994) (House Report), and the Senate Report, S. Rep. No. 103-412 (1994) (Senate Report), the Department's determination of likelihood of continuation or recurrence will be made on an order-wide basis for each case.<sup>40</sup> In addition, the Department will normally determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of an order and import volumes for the subject merchandise declined significantly.<sup>41</sup>

In considering import volumes, pursuant to section 752(c)(1)(B) of the Act, the Department will consider the volume of imports of subject merchandise for the period before and after the issuance of an antidumping order. For all three countries, *i.e.*, the PRC, South Africa, and Vietnam, we analyzed import volumes under HTSUS subheadings listed in the scope of the *Orders* (HTSUS 9404.29.9010 for 2005 through 2010 and HTSUS 9404.29.9005 or 9404.29.9011 for 2011 through 2012) using the ITC Interactive Tariff and Trade DataWeb (DataWeb) import data placed on the record by the domestic interested party. We compared the volume of imports for the five years following the issuance of the *Orders* (*i.e.*, 2008 to 2012) to the volume of imports for the year immediately preceding the initiation of the LTFV investigations (*i.e.*, 2007<sup>42</sup>). The Department's determination with respect to each order is explained below.

As stated above, if companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed.<sup>43</sup> The SAA also provides that the existence of dumping margins after the order is highly probative of the likelihood of continuation or recurrence of dumping.<sup>44</sup>

In addition, the SAA also provides that declining import volumes accompanied by the continued existence of dumping margins after the issuance of an order may provide a strong indication that, absent an order, dumping would be likely to continue because the evidence would indicate that the exporter needs to dump to sell at pre-order volumes.<sup>45</sup>

With respect to imports from the PRC, the Department completed three administrative reviews and one new shipper review since the issuance of the *PRC Antidumping Duty Order*. In all completed AR reviews we applied AFA to all companies selected for individual examination

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<sup>40</sup> See SAA at 879 and House Report at 56.

<sup>41</sup> See SAA at 889-890, House Report at 63-64, and Senate Report at 52.

<sup>42</sup> 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 8, 2008).

<sup>43</sup> See SAA at 890.

<sup>44</sup> See *id.*

<sup>45</sup> See *id.*, at 889.

because they did not participate in the reviews, with the exception of one company in the *Second PRC Review* for which we rescinded the review because we found it did not sell subject merchandise.<sup>46</sup> The new shipper review was rescinded because we found the sale to be non *bona fides*.<sup>47</sup> Therefore, in all completed proceedings since the imposition of the order we calculated no new margins. Thus, the separate rate margins have not changed and the AFA rate that was established in the investigation is the same AFA rate applied in subsequent reviews. As noted above, these rates range from 164.75 to 234.51 percent. Therefore, we find that dumping continued at levels above *de minimis* during the period of this sunset review.

With respect to South Africa and Vietnam, we have not conducted any reviews of the orders nor have there been any requests from exporters for reviews, to change the applicable rates. Therefore, since the imposition of the *Orders*, we did not calculate a margin, meaning that the rates established in the investigation are still in effect.<sup>48</sup> As noted above, the rate applicable to imports from South Africa is 121.39 percent and the rate applicable to imports from Vietnam is 116.31 percent. Therefore, we find that dumping continued at levels above *de minimis* during the period of this sunset review.

Our review of DataWeb import statistics for innersprings from the PRC under HTSUS subheadings 9404.29.9010 for 2005 through 2010 and 9404.29.9005 or 9404.29.9011 for 2011 through 2012 demonstrates that imports of subject merchandise from the PRC declined since the imposition of the *PRC Antidumping Duty Order* and not returned to the level of pre-order volumes. DataWeb statistics show that imports of innersprings from the PRC under the three subheadings declined at the inception of the *PRC Antidumping Duty Order*.<sup>49</sup> The total volume of imports under the HTSUS subheadings for 2007 was 1,057,488 units per year.<sup>50</sup> During the course of the sunset period, total imports under the subheadings declined from 722,967 units in 2008 to 6,418 in 2012, or from 68.37 percent to 0.61 percent of the 2007 volume.<sup>51</sup> Thus, imports during 2008-2012 were significantly below pre-order volumes.<sup>52</sup>

Our review of DataWeb import statistics for innersprings from South Africa and Vietnam under HTSUS subheadings 9404.29.9010 for 2005 through 2010 and 9404.29.9005 or 9404.29.9011 for 2011 through 2012 demonstrates that imports of subject merchandise from the South Africa and Vietnam ceased since the imposition of the *South Africa and Vietnam Antidumping Duty Orders* and not returned to the level of pre-order volumes. DataWeb statistics show that imports of innersprings from South Africa and Vietnam under the three subheadings ceased at the

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<sup>46</sup> See *PRC Administrative Reviews*.

<sup>47</sup> See *PRC New Shipper Review*.

<sup>48</sup> See *Stainless Steel Butt-Weld Pipe Fittings from Italy, Malaysia, and the Philippines; Final Results of the Expedited Five-year ("Sunset") Reviews of Antidumping Duty Orders*, 71 FR 26748 (May 8, 2006) (*SSB from Italy*) (finding that because there had been no completed administrative reviews of the antidumping duty orders on butt-weld pipe fittings from Italy, Malaysia, or the Philippines since the issuance of these orders, cash deposit rates above *de minimis* remained in effect).

<sup>49</sup> See Substantive Response PRC at 9.

<sup>50</sup> See *id.*

<sup>51</sup> See *id.*

<sup>52</sup> See, e.g., *SSB from Italy*, 71 FR 26748 (In which we found Italian imports at 81 percent of their pre-order volume (for 1999) to be significantly below pre-order volumes).

inception of the order.<sup>53</sup> For South Africa the total volume of imports under the HTSUS subheadings for 2007 was 227,288 units per year.<sup>54</sup> During the course of the sunset period, total imports under the subheadings declined from 58,298 units in 2008 to 0 units from 2009 through 2012, or from 25.65 percent to 0 percent of the 2007 volume.<sup>55</sup> Thus, for South Africa, imports during 2008-2012 were significantly below pre-order volumes.<sup>56</sup> For Vietnam the total volume of imports under the HTSUS subheadings for 2007 was 104,295 units per year.<sup>57</sup> During the course of the sunset period, total imports under the subheadings declined from 4,875 units in 2008 to zero units from 2009 through 2012, or from 4.67 percent to 0 percent of the 2007 volume.<sup>58</sup> Thus, for Vietnam imports during 2008-2012 were significantly below pre-order volumes.<sup>59</sup>

Here, the decreased volumes of innersprings from the PRC and halt of imports of innersprings from South Africa and Vietnam support a conclusion that exporters could not sell in the United States without dumping and that to reenter the United States market they would have to resume dumping.<sup>60</sup> Furthermore, we find that declining import volumes and halt of imports accompanied by the continued existence of dumping margins at above *de minimis* levels after the issuance of an order (as described above) provide a strong indication that, absent the order, dumping would be likely to continue. Therefore, the Department concludes that the significant decrease in import volumes of innersprings from the PRC and halt of imports of innersprings from South Africa and Vietnam, along with the continued existence of dumping margins, support a finding that dumping is likely to continue or recur if the *Orders* were revoked.

## 2. Magnitude of the Margins Likely to Prevail

### *Interested-Party Comments*

According to the domestic interested party, the *Policy Bulletin* and SAA indicate that, when determining the magnitude of dumping margins likely to prevail if an order were revoked normally, the Department is to select a dumping margin from the original investigation.<sup>61</sup> The domestic interested party cites the rationale provided in the SAA which provides that “{t}he Administration intends that Commerce normally will select the rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters . . . without the discipline of an order or suspension agreement in place.”<sup>62</sup> The domestic interested party asserts

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<sup>53</sup> See Substantive Response SA at 6 and Substantive Response Vietnam at 6.

<sup>54</sup> See Substantive Response SA at 6.

<sup>55</sup> See *id.*

<sup>56</sup> See, e.g., *SSB from Italy*, 71 FR 26748 (In which we found Italian imports at 81 percent of their pre-order volume (for 1999) to be significantly below pre-order volumes).

<sup>57</sup> See Substantive Response Vietnam at 6.

<sup>58</sup> See *id.*

<sup>59</sup> See, e.g., *SSB from Italy*, 71 FR 26748 (In which we found Italian imports at 81 percent of their pre-order volume (for 1999) to be significantly below pre-order volumes).

<sup>60</sup> See SAA at 890.

<sup>61</sup> See Substantive Response PRC at 7, Substantive Response SA at 5, and Substantive Response Vietnam at 5 (all citing SAA and *Policies Regarding the Conduct of Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 18871 (April 16, 1998) (*Policy Bulletin*)).

<sup>62</sup> *Id.* (quoting SAA at 890).

that the *Policy Bulletin* acknowledges that the SAA reflects appropriate policy and provides the following guidance:

{T}he Department normally will provide the company-specific margin from the investigation for each company regardless of whether the margin was calculated using a company's own information or based on best information available or facts available.<sup>63</sup>

The domestic interested party argues that given the lack of administrative reviews of the orders for South Africa and Vietnam, and the lack of a calculated margin in all completed proceedings since the imposition of the order for the PRC, the original antidumping duty investigation rates represent the best evidence of the likely behavior of the PRC, South African, and Vietnamese producers and exporters in the absence of the applicable orders.<sup>64</sup> Thus, the application of the principles set forth in the SAA and *Policy Bulletin* call for the Department to rely on the margins from the original investigations as listed below:

<u>Manufacturers/Producers/Exporters</u>	<u>Weighted-Average Margin (Percent)</u>
PRC:	
Foshan Jingxin Steel Wire & Spring Co., Ltd	234.51
Anshan Yuhua Industrial Trade Co., Ltd.	164.75
East Grace Corporation (exporter) and Wuxi Xihuisheng Commercial Co., Ltd (producer)	164.75
Hebei Yililan Furniture Co., Ltd,	164.75
Nanjing Meihua Import & Export Trade Co., Ltd. (exporter) and Nanjing Dongdai Furniture Co., Ltd (producer)	164.75
Xilinmen Group Co., Ltd. (exporter) and Xilinmen Furniture Co., Ltd. (producer)	164.75
Zhejiang Sanmen Herod Mattress Co., Ltd. (exporter) and Zhejiang Sanmen Herod Mattress Co., Ltd. (producer)	164.75
Zibo Senbao Furniture Co., Ltd. (exporter) and Zibo Senbao Furniture Co., Ltd. (producer)	164.75
PRC-wide Rate	234.51
South Africa:	
All Others	121.39
Vietnam:	
Vietnam-wide Rate	116.31

<sup>63</sup> See *id.* (quoting Policy Bulletin, 63 FR at 18875-76).

<sup>64</sup> See *id.* at 23.

### *Department's Position*

Normally, the Department will provide to the ITC the company-specific, weighted-average dumping margins from the investigation for each company.<sup>65</sup> For companies not individually examined, or for companies that did not begin shipping until after the order was issued, the Department normally will provide a rate based on the all-others rate from the investigation.<sup>66</sup> However, for the PRC and Vietnam, which the Department considers to be non-market economies under section 771(18)(A) of the Act, the Department does not have an all-others rate. Thus, in non-market economy cases, instead of an all-others rate, the Department uses separate rates for non-individually examined respondents as well as an established rate which applies to all exporters that have not established their eligibility for a separate rate.<sup>67</sup>

The Department prefers to select a margin from the investigation because it is the only calculated rate that reflects the behavior of producers or exporters without the discipline of an order or suspension agreement in place.<sup>68</sup> Under certain circumstances, however, the Department may select a more recent rate to report to the ITC. As explained above, in accordance with the *Final Modification for Reviews*, the Department will not rely on weighted-average dumping margins that were calculated using the WTO-inconsistent methodology.<sup>69</sup>

In these sunset reviews, the Department relied upon antidumping duty rates that were not affected by the WTO-inconsistent methodology, *i.e.*, zeroing, because the final antidumping duty rates determined in the original LTFV investigations were not affected by the denial of offsets, in accordance with the *Final Modification for Reviews*. In South Africa, the mandatory respondent received the single petition rate and thus also the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act, and the all-others rate was established using the single petition rate pursuant to section 735(c)(5)(B) of the Act.<sup>70</sup> In Vietnam, the country-wide entity received the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act.<sup>71</sup> In the PRC, the mandatory respondent, Foshan Jingxin Steel Wire & Spring Co., Ltd., received the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act; all companies that were not individually examined but established their eligibility for a separate rate received a rate that was a simple average of the petition rates as a “reasonable method” pursuant to section 735(c)(5)(B) of the Act; and the PRC-wide entity received the highest petition rate as AFA, pursuant to section 776(a)(2)(A) and 776(b) of the Act.<sup>72</sup> Thus, the Department finds it

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<sup>65</sup> See *Eveready Battery Co., Inc. v. United States*, 77 F. Supp. 2d 1327, 1333 (Ct. Int'l Trade 1999).

<sup>66</sup> See, *e.g.*, *Certain Hot-Rolled Carbon Steel Flat Products from Argentina, the People's Republic of China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine; Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders*, 71 FR 70506 (December 5, 2006), and accompanying Issues and Decision Memorandum at Comment 2.

<sup>67</sup> See *Bristol Metals L.P. et al. v. United States*, 703 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2010) (citation omitted); see also *Amanda Foods (Vietnam) Lid v. United States*, 647 F. Supp. 2d 1368, 1379 (Ct. Int'l Trade 2009) (citation omitted).

<sup>68</sup> See *Eveready Battery*, 77 F. Supp. 2d at 1333; see also SAA at 890.

<sup>69</sup> See *Final Modification for Reviews*, 77 FR at 8103.

<sup>70</sup> See *SA LTFV*, 73 FR at 62482; see also *SA Antidumping Duty Order*, 73 FR at 75931.

<sup>71</sup> See *Vietnam LTFV*, 73 FR at 62480; see also *Vietnam Antidumping Duty Order*, 73 FR at 75392.

<sup>72</sup> See *PRC LTFV*, 73 FR at 79444 – 79446; see also *PRC Antidumping Duty Order*, 73 FR at 75391.

appropriate to report to the ITC the rates from the original investigation, in accordance with our normal practice, as the magnitudes of the margins of dumping likely to prevail because they are WTO-consistent rates that best reflect the behavior of the producers and exporters subject to the orders without the discipline of the orders in place.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on innersprings from the PRC, South Africa and Vietnam would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

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Manufacturers/Exporters/Producers	Weighted-Average Margin (Percent)
PRC:	
Foshan Jingxin Steel Wire & Spring Co., Ltd	234.51
Exporters with a separate rate	164.75
PRC-wide Rate	234.51
South Africa:	
Bedding Component Manufacturers (Pty) Ltd	121.39
All others	121.39
Vietnam:	
Vietnam-wide Rate	116.31

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Recommendation

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of sunset reviews in the *Federal Register*, and notify the ITC of our determination.

AGREE ✓

DISAGREE \_\_\_\_\_

Paul Piquado  
Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

28 FEBRUARY 2017  
Date