



A-570-890

AR: 1/1/12 - 12/31/12

NSR: 1/1/12 - 12/31/12

Public Document

IA/NME/04: PO

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results of Antidumping
Duty Administrative and New Shipper Review: Wooden Bedroom
Furniture from the People's Republic of China

SUMMARY

In response to requests from interested parties, the Department of Commerce ("Department") is conducting an administrative review ("AR") and a new shipper review ("NSR") of the antidumping duty order on wooden bedroom furniture ("WBF") from the People's Republic of China ("PRC") for the period of review ("POR") January 1, 2012, through December 31, 2012. The AR covers 62 exporters of the subject merchandise, including the respondent of the NSR, Dongguan Chengcheng Furniture Co., Ltd. ("Dongguan Chengcheng"), and three mandatory respondents: (1) Marvin Furniture (Shanghai) Co. Ltd. ("Marvin Furniture"); (2) Foliot Furniture Inc./Muebles Foliot Inc., Foliot Furniture Corporation, , Foliot Furniture Pacific Inc., (collectively, "the Foliot Group"); and (3) Hualing Furniture (China) Co., Ltd., Tony House Manufacture (China) Co., Ltd., Buysell Investments Ltd., Tony House Industries Co., Ltd. (collectively, "Tony House Group"). The Department preliminarily finds that 44 companies, in addition to two mandatory respondents, have not established their entitlement to separate rate status and, therefore, they have been treated as part of the PRC-wide entity. The Department preliminarily determines that the Tony House Group and Dongguan Chengcheng established eligibility for separate rate status and sold subject merchandise in the United States at prices below normal value ("NV") during the POR. No other party established its eligibility for separate rate status. The Department also preliminarily determines that 12 companies made no shipments of subject merchandise during the POR.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. We will issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act").



Background

On January 4, 2005, the Department published in the Federal Register the antidumping duty order on wooden bedroom furniture from the PRC.¹ On January 3, 2013, the Department notified interested parties of their opportunity to request an administrative review of orders, findings, or suspended investigations with anniversaries in January 2013, including the antidumping duty order on wooden bedroom furniture from the PRC.² In January 2013, the American Furniture Manufacturers Committee for Legal Trade (“AMFC”) and Vaughan-Bassett Furniture Company, Inc. (collectively, “Petitioners”), and domestic interested parties, Kimball International, Inc., Kimball Furniture Group, Inc. and Kimball Hospitality Inc. (collectively, “Kimball”), and Ashley Furniture Industries, Inc. (“Ashley”), as well as certain foreign exporters, requested that the Department conduct an administrative review of certain exporters covering the period January 1, 2012 through December 31, 2012. Also, in January 2013, Dongguan Chengcheng requested that the Department conduct an antidumping duty NSR of its sales of subject merchandise during the period January 1, 2012 through December 31, 2012.

In total, the Department received review requests covering 200 companies or company groupings. On February 28, 2013, the Department published a notice initiating an antidumping duty AR of wooden bedroom furniture from the PRC covering 200 companies or company groupings and the period January 1, 2012 through December 31, 2012.³ On February 27, 2013, the Department initiated the new shipper review of WBF from the PRC covering the period January 1, 2012 through December 31, 2012 with respect to Dongguan Chengcheng.⁴

For the AR, from March through May 2013, Petitioners withdrew numerous review requests in a timely manner, and Kimball and Ashley withdrew all of their review requests. On October 3, 2013, the Department published a notice rescinding the review with respect to 50 companies or company groupings which had previously established separate rates and for which all review requests had been withdrawn.⁵ In this notice the Department also stated that review requests were withdrawn by all parties for an additional 88 companies or company groupings which did not have separate rates; thus we noted that those companies continue to be subject to the PRC-wide entity rate.⁶

On August 19, 2013, the Department aligned the NSR with the AR.⁷ The Department originally extended the deadline for the preliminary results of the AR and NSR until January 31, 2014.⁸ As

¹ See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture from the People’s Republic of China, 70 FR 329 (January 4, 2005).

² See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 78 FR 288 (January 3, 2013) (“Opportunity to Request Administrative Review”).

³ See Wooden Bedroom Furniture From the People’s Republic of China: Initiation of Administrative Review, 78 FR 13626 (February 28, 2013) (“Initiation Notice”).

⁴ See Wooden Bedroom Furniture From the People’s Republic of China: Initiation of Antidumping Duty New Shipper Review, 78 FR 13322 (February 27, 2013) (“NSR Initiation Notice”).

⁵ See Wooden Bedroom Furniture From the People’s Republic of China: Partial Rescission of Antidumping Duty Administrative Review, 78 FR 60844 (October 2, 2013) (“Partial Rescission Notice”).

⁶ Id.

⁷ See Memorandum from Lori Apodaca to the File, regarding “Alignment of the New Shipper Review of Wooden Bedroom Furniture from the People’s Republic of China with the Administrative Review,” dated August 19, 2013.

explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, because of the shutdown of the Federal Government from October 1, 2013 through October 16, 2013, the Department exercised its discretion to toll deadlines for the duration of the closure. Thus, all deadlines in this segment of the proceeding have been extended by 16 days. The revised deadline for the preliminary results of these reviews was changed to February 18, 2014.⁹

For the AR, between July 2013 and January 2014, the Tony House Group responded to the Department's antidumping questionnaire and supplemental questionnaires. Marvin Furniture responded to the Department's Section A questionnaire in July 2013; however on July 18, 2013, Marvin Furniture notified the Department that it would withdraw from the AR as a mandatory respondent.¹⁰ The Foliot Group responded to the Department's questionnaire and to some of the supplemental questionnaires; however, on September 12, 2013, the Foliot Group notified the Department that it would withdraw from the AR as a mandatory respondent.¹¹ Between July and December 2013, Petitioners commented on the respondents' responses in the AR. On December 11, 2013, Petitioners filed comments regarding entries of subject merchandise made by the Foliot Group and Marvin Furniture.¹²

For the NSR, between March 2013 and January 2014, Dongguan Chengcheng responded to the Department's questionnaire and supplemental questionnaires. Petitioners did not comment on Dongguan Chengcheng's responses in the NSR.

Scope of the Order

The product covered by the order is wooden bedroom furniture. Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, or bedrooms, in which all of the individual pieces are of approximately the same style and approximately the same material and/or finish. The subject merchandise is made substantially of wood products, including both solid wood and also engineered wood products made from wood particles, fibers, or other wooden materials such as plywood, strand board, particle board, and fiberboard, with or without wood veneers, wood overlays, or laminates, with or without non-wood components or trim such as metal, marble, leather, glass, plastic, or other resins, and whether or not assembled, completed, or finished.

⁸ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, regarding "Wooden Bedroom Furniture from the People's Republic of China: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review and New Shipper Review," dated September 16, 2013.

⁹ See Memorandum to the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, regarding "Deadlines Affected by the Shutdown of the Federal Government," dated October 18, 2013.

¹⁰ See Letter from Marvin Furniture to Penny Pritzker, Secretary of Commerce, Re: "Withdrawal as Mandatory Respondent from the Eighth Administrative Review of Wooden Bedroom Furniture from the People's Republic of China," dated July 18, 2013.

¹¹ See Letter from the Foliot Group to Penny Pritzker, Secretary of Commerce, regarding "Withdrawal as a Mandatory Respondent - Foliot Furniture Inc. Wooden Bedroom Furniture from China," dated September 12, 2013.

¹² See Letter from Petitioners to Penny Pritzker, Secretary of Commerce, Re: "Wooden Bedroom Furniture from the People's Republic of China: Pre-Preliminary Results Comments," dated December 11, 2013. Due to the proprietary nature of the facts regarding this issue, we addressed these arguments in a separate memo. See Memo from Patrick O'Connor, International Trade Compliance Analyst to Abdelali Elouaradia, Office Director, Re: "Entries made by Marvin Furniture and the Foliot Group," dated concurrently with this memo.

The subject merchandise includes the following items: (1) wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side rails), wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds; (3) night tables, night stands, dressers, commodes, bureaus, mule chests, gentlemen's chests, bachelor's chests, lingerie chests, wardrobes, vanities, chessers, chifforobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are attached to, incorporated in, sit on, or hang over the dresser; (5) chests-on-chests,¹³ highboys,¹⁴ lowboys,¹⁵ chests of drawers,¹⁶ chests,¹⁷ door chests,¹⁸ chiffoniers,¹⁹ hutches,²⁰ and armoires;²¹ (6) desks, computer stands, filing cabinets, book cases, or writing tables that are attached to or incorporated in the subject merchandise; and (7) other bedroom furniture consistent with the above list.

The scope of the order excludes the following items: (1) seats, chairs, benches, couches, sofas, sofa beds, stools, and other seating furniture; (2) mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames; (3) office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases; (4) dining room or kitchen furniture such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches; (5) other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems; (6) bedroom furniture made primarily of wicker, cane, osier, bamboo or rattan; (7) side rails for beds made of metal if sold separately from the headboard and footboard; (8) bedroom furniture in which bentwood parts predominate;²² (9) jewelry armories;²³ (10) cheval mirrors;²⁴

¹³ A chest-on-chest is typically a tall chest-of-drawers in two or more sections (or appearing to be in two or more sections), with one or two sections mounted (or appearing to be mounted) on a slightly larger chest; also known as a tallboy.

¹⁴ A highboy is typically a tall chest of drawers usually composed of a base and a top section with drawers, and supported on four legs or a small chest (often 15 inches or more in height).

¹⁵ A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

¹⁶ A chest of drawers is typically a case containing drawers for storing clothing.

¹⁷ A chest is typically a case piece taller than it is wide featuring a series of drawers and with or without one or more doors for storing clothing. The piece can either include drawers or be designed as a large box incorporating a lid.

¹⁸ A door chest is typically a chest with hinged doors to store clothing, whether or not containing drawers. The piece may also include shelves for televisions and other entertainment electronics.

¹⁹ A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

²⁰ A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

²¹ An armoire is typically a tall cabinet or wardrobe (typically 50 inches or taller), with doors, and with one or more drawers (either exterior below or above the doors or interior behind the doors), shelves, and/or garment rods or other apparatus for storing clothes. Bedroom armoires may also be used to hold television receivers and/or other audio-visual entertainment systems.

²² As used herein, bentwood means solid wood made pliable. Bentwood is wood that is brought to a curved shape by bending it while made pliable with moist heat or other agency and then set by cooling or drying. See CBP's Headquarters Ruling Letter 043859, dated May 17, 1976.

²³ Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24 inches in width, 18 inches in depth, and 49 inches in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door (whether or not the door is lined with felt or felt-like material), with necklace hangers, and a flip-top lid with inset mirror. See Issues and Decision Memorandum from Laurel LaCivita to Laurie Parkhill, Office Director, concerning "Jewelry Armoires and Cheval Mirrors in the Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China," dated August 31, 2004. See also Wooden Bedroom Furniture From the People's Republic of China: Final Changed Circumstances Review, and Determination To Revoke Order in Part, 71 FR 38621 (July 7, 2006).

(11) certain metal parts;²⁵ (12) mirrors that do not attach to, incorporate in, sit on, or hang over a dresser if they are not designed and marketed to be sold in conjunction with a dresser as part of a dresser-mirror set; (13) upholstered beds²⁶ and (14) toy boxes.²⁷

Imports of subject merchandise are classified under subheadings 9403.50.9042 and 9403.50.9045 of the U.S. Harmonized Tariff Schedule (“HTSUS”) as “wooden . . . beds” and under subheading 9403.50.9080 of the HTSUS as “other . . . wooden furniture of a kind used in the bedroom.” In addition, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds may also be entered under subheading 9403.50.9042 or 9403.50.9045 of the HTSUS as “parts of wood.” Subject merchandise may also be entered under subheadings 9403.50.9041, 9403.60.8081, 9403.20.0018, or 9403.90.8041. Further, framed glass mirrors may be entered under subheading 7009.92.1000 or 7009.92.5000 of the HTSUS as “glass mirrors . . . framed.” The order covers all wooden bedroom furniture meeting the above description, regardless of tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Respondent Selection

Section 777A(c)(1) of the Act directs the Department to calculate an individual weighted-average dumping margin for each known exporter or producer of the subject merchandise.

²⁴ Cheval mirrors are any framed, tiltable mirror with a height in excess of 50 inches that is mounted on a floor-standing, hinged base. Additionally, the scope of the order excludes combination cheval mirror/jewelry cabinets. The excluded merchandise is an integrated piece consisting of a cheval mirror, *i.e.*, a framed tiltable mirror with a height in excess of 50 inches, mounted on a floor-standing, hinged base, the cheval mirror serving as a door to a cabinet back that is integral to the structure of the mirror and which constitutes a jewelry cabinet line with fabric, having necklace and bracelet hooks, mountings for rings and shelves, with or without a working lock and key to secure the contents of the jewelry cabinet back to the cheval mirror, and no drawers anywhere on the integrated piece. The fully assembled piece must be at least 50 inches in height, 14.5 inches in width, and 3 inches in depth. See Wooden Bedroom Furniture From the People’s Republic of China: Final Changed Circumstances Review and Determination To Revoke Order in Part, 72 FR 948 (January 9, 2007).

²⁵ Metal furniture parts and unfinished furniture parts made of wood products (as defined above) that are not otherwise specifically named in this scope (*i.e.*, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds) and that do not possess the essential character of wooden bedroom furniture in an unassembled, incomplete, or unfinished form. Such parts are usually classified under HTSUS subheadings 9403.90.7005, 9403.90.7010, or 9403.90.7080.

²⁶ Upholstered beds that are completely upholstered, *i.e.*, containing filling material and completely covered in sewn genuine leather, synthetic leather, or natural or synthetic decorative fabric. To be excluded, the entire bed (headboards, footboards, and side rails) must be upholstered except for bed feet, which may be of wood, metal, or any other material and which are no more than nine inches in height from the floor. See Wooden Bedroom Furniture from the People’s Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part, 72 FR 7013 (February 14, 2007).

²⁷ To be excluded the toy box must: (1) be wider than it is tall; (2) have dimensions within 16 inches to 27 inches in height, 15 inches to 18 inches in depth, and 21 inches to 30 inches in width; (3) have a hinged lid that encompasses the entire top of the box; (4) not incorporate any doors or drawers; (5) have slow-closing safety hinges; (6) have air vents; (7) have no locking mechanism; and (8) comply with American Society for Testing and Materials (ASTM) standard F963-03. Toy boxes are boxes generally designed for the purpose of storing children’s items such as toys, books, and playthings. See Wooden Bedroom Furniture from the People’s Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part, 74 FR 8506 (February 25, 2009).

Further, as determined in the scope ruling memorandum “Wooden Bedroom Furniture from the People’s Republic of China: Scope Ruling on a White Toy Box,” dated July 6, 2009, the dimensional ranges used to identify the toy boxes that are excluded from the wooden bedroom furniture order apply to the box itself rather than the lid.

However, section 777A(c)(2) of the Act gives the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted average dumping margin determinations because of the large number of exporters and producers involved in the review.

On December 3, 2012, Petitioners submitted comments in which they requested that the Department amend its respondent selection process and also request additional information from respondents applying for separate-rate status.²⁸ In the Opportunity to Request Administrative Review, the Department stated that if it limited the number of respondents selected for individual examination in the WBF AR, it intended to select respondents based on volume data contained in responses to the quantity and value (“Q&V”) questionnaire. The Department noted that in the past it limited the number of Q&V questionnaires issued in WBF ARs based on CBP data but we received comments concerning this practice and thus were considering the respondent selection process and information that must be submitted by all respondents.²⁹ We asked for parties to comment on Petitioners’ proposed methodology for respondent selection.³⁰ We stated that we would detail all requirements for respondents in the publication of the initiation Federal Register notice. No other parties commented on the proposed methodology.

In the Initiation Notice, the Department notified interested parties that for the purposes of this AR, it would modify the process by which it collects Q&V information for purposes of selecting mandatory respondents. Specifically, the Department stated that in the event that it limited the number of respondents for individual examination in the AR, it would select respondents based on volume data contained in responses to the Q&V questionnaire on the Department’s website.³¹ Further, the Department noted that all parties that wanted to be considered for separate rate status must either file a separate rate application (“SRA”) or separate rate certification (“SRC”), as appropriate, as well as provide both a response to the Q&V questionnaire and a response to certain additional questions that were posted on the Department’s website.³² The Department received SRAs and SRCs containing Q&V information and responses to the additional questions (collectively “the required information”) from 52 companies or company groupings from March 2013 through May 2013. In May 2013, Petitioners, Ashley, and Kimball withdrew review requests for all companies that had provided the required information. Ten companies that had requested a review of themselves and had filed the required information also withdrew their review requests. However, three companies which filed the required information remained under review: the Foliot Group, Marvin Furniture, and the Tony House Group.³³ On May 31, 2013, the Department issued the antidumping questionnaire to the three remaining respondents which had filed SRAs or SRCs, Q&V information, and responses to the additional questions, that is, the Foliot Group, Marvin Furniture, and the Tony House Group.³⁴

²⁸ See Letter from Petitioners to the Honorable Rebecca Blank, Acting Secretary of Commerce, regarding “Wooden bedroom Furniture from the People’s Republic of China: Request that All Eight Review Respondents Be Required To File A Complete Separate-Rate Application Including Quantity And Value Data,” dated December 3, 2012.

²⁹ See Opportunity to Request Administrative Review, 78 FR at 288.

³⁰ Id.

³¹ See Initiation Notice, 78 FR at 13626.

³² Id. at 13627-28.

³³ Marvin requested a review of itself and the Foliot Group requested a review on behalf of itself and Tony House. Neither of these parties withdrew from the review before the Department’s 90 day deadline for withdrawals.

³⁴ See Letter from Howard Smith to Foliot Furniture Inc., Foliot Furniture Pacific Inc. and Foliot Furniture Corporation, Re: “Wooden Bedroom Furniture from the People’s Republic of China,” dated May 31, 2013; see also Letter from Howard Smith to Marvin Furniture (Shanghai) Co., Ltd., Re: “Wooden Bedroom Furniture from the

DISCUSSION OF THE METHODOLOGY

Preliminary Determination of No Shipments

Among the companies under review, 12 companies reported that they made no shipments of subject merchandise to the United States during the POR. These twelve companies are: (1) Clearwise Company Limited (“Clearwise”); (2) COE Limited (“COE”); (3) Dongguan Singways Furniture Co., Ltd. (“Singways”); (4) Dongguan Yujia Furniture Co., Ltd. (“Dongguan Yujia”); (5) Eurosa (Kunshan) Co., Ltd. (“Eurosa”); (6) Golden Well International (HK) Limited (“Golden Well”); (7) Hangzhou Cadman Trading Co, Ltd. (“Cadman”); (8) Sen Yeong International Co., Ltd.; Sheh Hau International Trading Ltd. (“Sen Yeong”); (9) Shenyang Shining Dongxing Furniture Co., Ltd. (“Shenyang Shining”); (10) Strongson Furniture Co., Ltd., Strongson (HK) Company and Strongson (HK) Company (“Strongson”); (11) Yeh Brothers World Trade Inc. (“Yeh Brothers”); and (12) Zhejiang Tianyi Scientific & Educational Equipment Co., Ltd. (“Zhejiang Tianyi”). To test these claims, the Department ran a CBP data query, issued a no-shipment inquiry to CBP requesting that it provide any information that contradicted the no-shipment claims, and obtained entry documents from CBP.³⁵

Based on the certifications of all companies and our analysis of CBP information, we preliminarily determine that Clearwise, COE, Singways, Dongguan Yujia, Eurosa, Golden Well, Cadman, Sen Yeong, Shenyang Shining, Strongson, Yeh Brothers, and Zhejiang Tianyi did not have any reviewable transactions during the POR. However, the Department finds that consistent with its announced refinement to its assessment practice in non-market economy (“NME”) cases, it is not appropriate to rescind the review with respect to these companies but, rather, it is appropriate to complete the review with respect to these twelve companies and issue instructions to CBP based on the final results of the review.³⁶ See the “Assessment Rates” section below.

Bona Fides Analysis

Consistent with the Department’s practice, we examined the bona fides of the sales under review in the NSR.³⁷ When evaluating whether a sale in an NSR is commercially reasonable or typical of normal business practices, and therefore bona fide, the Department considers, inter alia, such factors as (a) the timing of the sale, (b) the price and quantity of the sale, (c) the expenses arising from the transaction, (d) whether the goods were resold at a profit, and (e) whether the

People’s Republic of China,” dated May 31, 2013; Letter from Howard Smith to Tony House Industries Co., Ltd., Tony House Manufacture (China) Co., Ltd. and Hualing Furniture (China) Co., Ltd., Re: “Wooden Bedroom Furniture from the People’s Republic of China,” dated May 31, 2013.

³⁵ See Memorandum to the File from Patrick O’Connor, Re: “Release of U.S. Customs and Border Protection Information Relating to No Shipment Claims Made in the 2012 Administrative Review of Wooden Bedroom Furniture from the People’s Republic of China,” dated August 28, 2013.

³⁶ See Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties, 76 FR 65694 (October 24, 2011).

³⁷ See, e.g., Honey from the People’s Republic of China: Rescission and Final Results of Antidumping Duty New Shipper Reviews, 71 FR 58579 (October 4, 2006) and accompanying Issues and Decision Memorandum at Comment 1b.

transaction was made on an arm's-length basis.³⁸ Accordingly, the Department considers a number of factors in its bona fides analysis, "all of which may speak to the commercial realities surrounding an alleged sale of subject merchandise."³⁹ In TTPC, the Court of International Trade ("CIT") also affirmed the Department's decision that any factor which indicates that the sale under consideration is not likely to be typical of those which the producer will make in the future is relevant,⁴⁰ and held that the weight given to each factor investigated will depend on the circumstances surrounding the sale.⁴¹ Finally, in New Donghua, the CIT affirmed the Department's practice of evaluating the circumstances surrounding an NSR sale, so that a respondent does not unfairly benefit from an atypical sale and obtain a lower dumping margin than the respondent's usual commercial practice would dictate.⁴² Where the Department finds that a sale is not bona fide, the Department will exclude the sale from its dumping margin calculations.⁴³

We found that the sale by Dongguan Chengcheng was bona fide. Based on our investigation into the bona fide nature of the sale, the questionnaire responses submitted by Dongguan Chengcheng, and Dongguan Chengcheng's eligibility for a separate rate (see the "Separate Rates" section of this notice, below), we preliminarily determine that Dongguan Chengcheng has met the requirements to qualify as a new shipper during the POR. Because much of the factual information used in our analysis of the bona fides of Dongguan Chengcheng's transaction involves business proprietary information, the full discussion of the basis for our preliminary finding that its sale is bona fide is set forth in a separate memorandum.⁴⁴

Duty Absorption

On April 1, 2013 Petitioners requested that the Department determine whether antidumping duties have been absorbed by exporters and producers subject to the AR.⁴⁵ FAG Italia makes clear that the Department may not conduct a duty absorption inquiry after the first sunset review.⁴⁶ Consistent with FAG Italia, we have not conducted duty absorption because it is not the second or fourth review after the order.

³⁸ See Tianjin Tiancheng Pharmaceutical Co., Ltd. v. United States, 366 F. Supp. 2d 1246, 1249-1250 (CIT 2005) ("TTPC").

³⁹ See Hebei New Donghua Amino Acid Co., Ltd. v. United States, 374 F. Supp. 2d 1333, 1342 (CIT 2005) ("New Donghua") (citing Fresh Garlic from the People's Republic of China: Final Results of Antidumping Administrative Review and Rescission of New Shipper Review, 67 FR 11283 (March 13, 2002), and accompanying Issues and Decision Memorandum: New Shipper Review of Clipper Manufacturing Ltd.).

⁴⁰ See TTPC, 366 F. Supp. 2d at 1250.

⁴¹ Id. at 1263.

⁴² See New Donghua, 374 F. Supp. 2d at 1344.

⁴³ See TTPC, 366 F. Supp. 2d at 1249.

⁴⁴ See Memorandum from Lori Apodaca, International Trade Compliance Analyst, to the Abdelali Elouaradia, Re: "Antidumping Duty New Shipper Review of Wooden Bedroom Furniture from the People's Republic of China: *Bona Fide* Sales Analysis for Dongguan Chengcheng Furniture Co., Ltd.," dated concurrently with this memorandum ("Bona Fide Memorandum").

⁴⁵ See Letter from Petitioners to Rebecca Blank, Acting Secretary of Commerce, Re: "Wooden Bedroom Furniture From the People's Republic of China/ Request for Duty Absorption Determination."

⁴⁶ See FAG Italia S.p.A. v. United States, 291 F.3d 806, 815 n.13 (Fed. Cir. 2002) ("FAG Italia"), FAG Italia S.p.A. v. United States, 291 F.3d 806, 815 n.13 (Fed. Cir. 2002) ("FAG Italia") (rejecting the claim that the Department has the authority to conduct duty absorption inquires every second and fourth year after each successive sunset review because "neither the statute nor its legislative history suggests that Commerce may conduct duty absorption inquiries

NME Country Status

The Department considers the PRC to be an NME country.⁴⁷ 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. The Department has not revoked the PRC's NME status. Therefore, we continue to treat the PRC as an NME country for purposes of these preliminary results.

Separate Rates

In proceedings involving NMEs, the Department begins with the rebuttable presumption that all companies within the PRC are subject to government control and, thus, should be assessed a single antidumping duty rate.⁴⁸ In the Initiation Notice, the Department notified parties of the application process by which exporters may obtain separate rate status in NME proceedings.⁴⁹ It is the Department's policy to assign all exporters of the merchandise subject to review in NME countries a single rate unless an exporter can affirmatively demonstrate an absence of government control, both in law (de jure) and in fact (de facto), with respect to exports. To establish whether a company is sufficiently independent to be entitled to a separate, company-specific rate, the Department analyzes each exporting company in an NME country under the test established in Sparklers,⁵⁰ as amplified by Silicon Carbide.⁵¹ However, if the Department determines that a company is wholly foreign-owned or located in a market economy ("ME") country, then a separate rate analysis is not necessary to determine whether it is independent from government control.⁵²

In this administrative review, 52 companies submitted separate rate information. Of these companies, only three companies/company groupings remain under review. These three companies/company groupings are: (1) Marvin Furniture; (2) the Foliot Group; and (3) the Tony House Group. Although Dongguan Chengcheng did not submit a separate rate application in the

beyond the initial sunset review, and the plain language of the statute provides that duty absorption inquiries be conducted '2 years or 4 years after the publication of an antidumping duty order.'")"

⁴⁷ See Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Preliminary Results of the First Administrative Review, Preliminary Rescission, in Part, and Extension of Time Limits for the Final Results, 76 FR 62765, 62767-68 (October 11, 2011) unchanged in Certain Kitchen Appliance Shelving and Racks From the People's Republic of China: Final Results and Partial Rescission of First Antidumping Duty Administrative Review, 77 FR 21734 (April 11, 2012).

⁴⁸ See Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079, 53082 (September 8, 2006); 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, 29307 (May 22, 2006).

⁴⁹ See Initiation Notice, 78 FR at 136277.

⁵⁰ See Final Determination of Sales at Less Than Fair Value: Sparklers From the People's Republic of China, 56 FR 20588 (May 6, 1991) ("Sparklers").

⁵¹ See 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").

⁵² See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People's Republic of China, 72 FR 52355, 52356 (September 13, 2007).

AR, it provided separate rate information in the NSR which covers the same POR as the AR.⁵³ Because the AR and NSR are aligned and Dongguan Chengcheng provided a separate rate application for the same POR, we are granting Dongguan Chengcheng a separate rate for both proceedings.

Separate Rate Recipients

1) *Wholly Foreign-Owned*

Tony House Group

The Tony House Group reported that it is wholly owned by individuals or companies located in a ME country.⁵⁴ The record indicates that the Tony House Group is wholly foreign-owned and contains no evidence indicating that it is under the control of the PRC government. Therefore, the Department preliminarily determines that there is no PRC ownership of the Tony House Group and, because the record contains no evidence indicating that it is under the control of the PRC government, a separate rate analysis is not necessary.⁵⁵ Accordingly, the Department preliminarily granted separate rate status to the Tony House Group.

2) *Wholly Chinese-Owned*

Dongguan Chengcheng reported that it is a wholly Chinese-owned company.⁵⁶ According to Dongguan Chengcheng's business license, it has an "Enterprise Legal Person Business License" with a business scope to sell and produce furniture including the legal right to "import and export merchandise."⁵⁷ Therefore, the Department must analyze whether this respondent can demonstrate the absence of both de jure and de facto governmental control over export activities.

a) Absence of De Jure Control

The Department considers the following de jure criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) any legislative enactments

⁵³ See Letter from Dongguan Chengcheng to Rebecca Blank, Acting Secretary of Commerce, Re: "Wooden Bedroom Furniture from the People's Republic of China - Section A Questionnaire Response," dated March 25, 2013 ("Dongguan Chengcheng Section A Response").

⁵⁴ See Letter from the Tony House Group to Cameron Kerry, Acting Secretary of Commerce, Re: "Wooden Bedroom Furniture from the People's Republic of China: Section A Questionnaire Response," dated June 24, 2013, at 3-4.

⁵⁵ See, e.g., Final Results of Antidumping Duty Administrative Review: Petroleum Wax Candles From the People's Republic of China, 72 FR 52355, 52356 (September 13, 2007); Brake Rotors From the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review, 66 FR 1303, 1306 (January 8, 2001), unchanged in Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review, 66 FR 27063 (May 16, 2001); Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate From the People's Republic of China, 64 FR 71104 (December 20, 1999).

⁵⁶ See Dongguan Chengcheng's Section A Response at Exhibit A-2.

⁵⁷ Id.

decentralizing control of companies; and (3) other formal measures by the government decentralizing control of companies.⁵⁸

The evidence provided by Dongguan Chengcheng supports a preliminary finding of an absence of de jure government control based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses;⁵⁹ (2) there are applicable legislative enactments decentralizing control of companies;⁶⁰ and (3) there are formal measures by the government decentralizing control of companies.⁶¹

b) Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether each respondent is subject to de facto government control of its export functions: (1) whether the export prices are set by or are subject to the approval of a government 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 the disposition of profits or financing of losses.⁶² 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 government control over export activities which would preclude the Department from assigning separate rates.

For Dongguan Chengcheng, we determine that the evidence on the record supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing the following: (1) the respondent sets its own export prices independent of the government and without the approval of a government authority;⁶³ (2) the respondent has the authority to negotiate and sign contracts and other agreements;⁶⁴ (3) the respondent has autonomy from the government regarding the selection of management;⁶⁵ and (4) the respondent retains the proceeds from its sales and makes independent decisions regarding disposition of profits or financing of losses.⁶⁶

Thus, the evidence placed on the record by Dongguan Chengcheng demonstrates an absence of both de jure and de facto government control with respect the company's exports of the merchandise under consideration, in accordance with the criteria identified in Sparklers and Silicon Carbide. Therefore, we are preliminarily granting Dongguan Chengcheng separate-rate status.

⁵⁸ See Sparklers, 56 FR at 20589.

⁵⁹ See Dongguan Chengcheng's Section A Response at questions 2(d) through 2(f).

⁶⁰ See Dongguan Chengcheng's Section A Response at Exhibit A-1 at Chapter 1, Articles 3, 4, 15 and Chapter 2, Articles 27, 38, 47.

⁶¹ Id.

⁶² 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).

⁶³ See Dongguan Chengcheng's Section A Response at 9-10.

⁶⁴ Id. at questions 2(a)(iii)-(v).

⁶⁵ Id. at questions 2(b)-(c).

⁶⁶ Id. at questions 2(g)-(q).

Companies that Failed to Establish Their Eligibility for Separate Rate Status

i) Marvin Furniture

Marvin Furniture filed a separate rate application and indicated that it was wholly owned by individuals or companies located in ME countries. However, after the Department selected Marvin Furniture as a mandatory respondent, Marvin Furniture failed to respond to all sections of the antidumping questionnaire, failed to respond to a supplemental Section A questionnaire, and withdrew from participating in the AR.⁶⁷ In the Initiation Notice, we stated that “for exporters and producers who submit a separate rate application or separate rate certification and subsequently are selected as mandatory respondents; these exporters and producers will no longer be eligible for separate-rate status unless they respond to all parts of the questionnaire as mandatory respondents.”⁶⁸ Although Marvin Furniture provided an SRA, it did not fully answer the Department’s antidumping questionnaire and supplemental questionnaire. Therefore, the Department preliminarily determines that Marvin Furniture has not met the above requirement for separate rate eligibility. As a result, the Department is treating Marvin Furniture as part of the PRC-wide entity.⁶⁹

ii) The Foliot Group

The Foliot Group submitted an SRA on behalf of Foliot/Meubles and its U.S. affiliates, Foliot Corporation and Foliot Furniture Pacific Inc. The Foliot Group indicated in its SRA that it was wholly owned by individuals or companies located in ME countries. As noted above, however, the Foliot Group did not respond to all supplemental questionnaires issued by the Department and withdrew from participating in the AR.⁷⁰ Therefore, the Department preliminarily determines that the Foliot Group has not met the above requirement for separate rate eligibility. As a result, the Department is treating the Foliot Group as part of the PRC-wide entity.

iii) Companies that did not provide separate rate applications or separate rate certifications

In addition, the 44 companies listed below, which remain under review, failed to provide SRAs or SRCs necessary to establish their eligibility for a separate rate. Hence, the Department preliminarily determines to treat the following companies as part of the PRC-wide entity:

- (1) Chuan Fa Furniture Factory;
- (2) Dalian Guangming Furniture Co., Ltd.;
- (3) Dalian Pretty Home Furniture a.k.a. Dalian Pretty Home Furniture Co., Ltd.;

⁶⁷ See Letter from Marvin Furniture to Penny Pritzker, Secretary of Commerce, Re: “Withdrawal as Mandatory Respondent from the Eight Administrative Review of Wooden Bedroom Furniture from the People’s Republic of China,” dated July 1, 2013.

⁶⁸ See Initiation Notice, 78 FR at 13628.

⁶⁹ See, e.g., Steel Wire Garment Hangers From the People’s Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Second Antidumping Duty Administrative Review, 76 FR 66903, 66906 (October 28, 2011) (where the Department assigned certain unresponsive mandatory respondents to the PRC-wide entity because they failed to demonstrate their separate rate eligibility) unchanged in Steel Wire Garment Hangers From the People’s Republic of China: Final Results and Final Partial Rescission of Second Antidumping Duty Administrative Review, 77 FR 12553 (March 1, 2012).

⁷⁰ See Letter from the Foliot Group to Penny Pritzker, Secretary of Commerce, Re: “Withdrawal as a Mandatory Respondent – Foliot Furniture Inc.,” dated September 13, 2013.

- (4) Dongguan Cambridge Furniture Co., Ltd., Glory Oceanic Co., Ltd.;
- (5) Dongguan Dihao Furniture Co., Ltd.;
- (6) Dongguan Great Reputation Furniture Co., Ltd.;
- (7) Dongguan Kin Feng Furniture Co., Ltd.;
- (8) Dongguan Liaobushangdun Huada Furniture Factory, Great Rich (Hk) Enterprises Co., Ltd.;
- (9) Dongguan Lung Dong Furniture Co., Ltd., Dongguan Dong He Furniture Co., Ltd.;
- (10) Dongguan Mingsheng Furniture Co., Ltd.;
- (11) Dongguan Sunshine Furniture Co., Ltd.;
- (12) Dongguan Yihaiwei Furniture Limited;
- (13) Fleetwood Fine Furniture LP.⁷¹
- (14) Fortune Furniture Ltd., Dongguan Fortune Furniture Ltd.;
- (15) Fujian Lianfu Forestry Co, Ltd. (a.k.a. Fujian Wonder Pacific Inc.), Fuzhou Huan Mei Furniture Co., Ltd., Jiangsu Dare Furniture Co., Ltd.;
- (16) Gaomi Yatai Wooden Ware Co.,Ltd., Team Prospect International Limited, Money Gain International Co.;
- (17) Garri Furniture (Dong Guan) Co., Ltd., Molabile International, Inc., Weei Geo Enterprise Co., Ltd.;
- (18) Guangdong New Four Seas Furniture Manufacturing Ltd.;
- (19) Guangzhou Lucky Furniture Co., Ltd.;
- (20) Jardine Enterprise, Ltd.;
- (21) Langfang Tiancheng Furniture Co., Ltd.;
- (22) Longkou Huangshan Furniture Factory;
- (23) Longrange Furniture Co., Ltd.;
- (24) Macau Youcheng Trading Co./Zhongshan Youcheng Wooden Arts & Crafts Co., Ltd.;
- (25) Nanhai Baiyi Woodwork Co., Ltd.;
- (26) Nanjing Nanmu Furniture Co., Ltd.;
- (27) Po Ying Industrial Co.;
- (28) Qingdao Beiyuan-Shengli Furniture Co., Ltd., Qingdao Beiyuan Industry Trading Co., Ltd.;
- (29) Qingdao Shengchang Wooden Co., Ltd.;
- (30) Red Apple Trading Co., Ltd., Shenzhen Tiancheng Furniture Co., Ltd., Winbuild Industrial Ltd., Red Apple Furniture Co., Ltd.;
- (31) Season Furniture Manufacturing Co., Season Industrial Development Co.;
- (32) Shenzhen Shen Long Hang Industry Co., Ltd.
- (33) Shenzhen Xingli Furniture Co., Ltd.;
- (34) Shun Feng Furniture Co., Ltd.;
- (35) Songgang Jasonwood Furniture Factory, Jasonwood Industrial Co., Ltd. S.A.;
- (36) Teamway Furniture (Dong Guan)Ltd., Brittomart Inc.;
- (37) Tianjin First Wood Co., Ltd.;
- (38) Tianjin Fortune Furniture Co., Ltd.;
- (39) Tianjin Phu Shing Woodwork Enterprise Co., Ltd.;
- (40) Transworld (Zhang Zhou) Furniture Co., Ltd.;

⁷¹ Fleetwood Fine Furniture LP (“Fleetwood”) stated that it was an importer only and requested that the Department remove it from the list of companies to be reviewed (see Letter from Fleetwood to the Department, Re: “Initiation of 2012 Administrative Review- Notice of No Exports,” dated March 28, 2013). However, Fleetwood provided documentation indicating it is a Canadian company, and therefore it could be a reseller of subject merchandise per the Department’s regulations (see Letter from Fleetwood to the Department, Re: “Response to Supplemental Questionnaire,” dated November 26, 2013). Therefore, we have not rescinded the AR of Fleetwood based on its claim that it is an importer.

- (41) Tube-Smith Enterprise (Zhangzhou) Co., Ltd., Tube-Smith Enterprise (Haimen) Co., Ltd., Billionworth Enterprises Ltd.;
- (42) Wanhengtong Nueevder (Furniture) Manufacture Co., Ltd., Dongguan Wanhengtong Industry Co., Ltd.;
- (43) Winmost Enterprises Limited; and
- (44) Xilinmen Furniture Co., Ltd.

Since the Department preliminarily determined that Marvin Furniture, the Foliot Group, and 44 other companies are not eligible for separate rate status, we are treating them as part of the PRC-wide entity. The PRC-wide entity dumping margin is 216.01 percent.

Surrogate Country

When the Department is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer's factors of production ("FOP"). The Act further instructs that valuation of the FOP shall be based on the best available information from a surrogate ME country or countries considered to be appropriate by the Department.⁷² When valuing the FOP, the Department shall utilize, to the extent possible, the prices or costs of the FOP in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise.⁷³ Once the Department has identified the countries that are economically comparable to the PRC and identifies those countries which are significant producers, the Department will select a primary surrogate country based upon whether the data for valuing FOP are both available and reliable. Further, the Department normally values all FOP in a single surrogate country.⁷⁴

In examining which country to select as the primary surrogate country for this proceeding, the Department first determined that Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand are countries at a comparable level of economic development as that of the PRC.⁷⁵

Surrogate Country and Surrogate Values

On April 25, 2013 and July 25, 2013, the Department invited parties to comment on surrogate country selection and provide information regarding FOP valuation in the NSR and the AR, respectively.⁷⁶ On May 9, 2013 and August 18, 2013, Petitioners filed surrogate country comments in the NSR and AR, respectively, stating that the Department should choose the Philippines as the surrogate country in each review because: (1) it is economically comparable to the PRC; (2) it is a significant producer of comparable merchandise; and (3) its data for valuing

⁷² See section 773(c)(1) of the Act.

⁷³ See section 773(c)(4) of the Act.

⁷⁴ See 19 CFR 351.408(c)(2).

⁷⁵ See Letter from Howard Smith to All Interested Parties, Re: "Antidumping Duty Administrative Review of Wooden Bedroom Furniture from the People's Republic of China (PRC)," dated July 25, 2013, ("AR Request for Surrogate Country Comments and SV Data"); see also Letter from Howard Smith to All Interested Parties, re: "Antidumping Duty New Shipper Review of Wooden Bedroom Furniture from the People's Republic of China (PRC)," (April 25, 2013) ("NSR Request for Surrogate Country Comments and SV Data").

⁷⁶ See NSR and AR Request for Surrogate Country and SV Data.

FOPs are readily available and sufficient.⁷⁷ No other parties filed comments or rebuttal comments regarding the selection of a surrogate country.

On May 9, 2013, Petitioners filed surrogate value information in the NSR.⁷⁸ On July 30, 2013 Dongguan Chengcheng filed surrogate value information in the NSR.⁷⁹ No parties filed rebuttal surrogate value information in the NSR. On August 29, 2013, and September 5, 2013, Petitioners and the Foliot Group filed surrogate value information and rebuttal surrogate value information, respectively, on the record of the AR.⁸⁰

Economic Comparability

As explained in the AR Request for Surrogate Country Comments and SV Data and the NSR Request for Surrogate Country Comments and SV Data, the Department considers Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand to be comparable to the PRC in terms of economic development.⁸¹ Therefore, we consider all six countries as having satisfied this prong of the surrogate country selection criteria.⁸²

Significant Producer of Comparable Merchandise

Section 773(c)(4)(B) of the Act requires the Department to value FOP in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor the Department's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, the Department looks to other sources, such as Policy Bulletin 04.1, for guidance on defining comparable merchandise.⁸³ Policy Bulletin 04.1 states that “{i}n all cases, if identical merchandise is produced, the country

⁷⁷ See Letter from Petitioners to Penny Pritzker, Secretary of Commerce, Re: “Wooden Bedroom Furniture From The People’s Republic Of China: Comments Concerning Surrogate Country And The June 28, 2013 Office Of Policy Memorandum,” dated August 15, 2013 (“AR Petitioner Surrogate Country Comments”); see also Letter from Petitioners to The Honorable Rebecca M. Blank, Acting Secretary of Commerce, Re “Wooden Bedroom Furniture From The People’s Republic Of China: Surrogate Country Comments And Submission Of Publicly Available Information To Value Factors Of Production,” dated May 9, 2013 (“NSR Petitioner Surrogate Country Comments”).

⁷⁸ See Letter from Petitioners to Rebecca Blank, Acting Secretary of Commerce, Re: “Wooden Bedroom Furniture From the People’s Republic of China: Surrogate Country Comments and Submission of Publicly Available Information to Value Factors of Production,” dated May 9, 2013.

⁷⁹ See Letter from Dongguan Chengcheng to Penny Pritzker, Secretary of Commerce, Re: “Wooden Bedroom Furniture from the People’s Republic of China Comments and Surrogate Values for the NSR Preliminary Results,” dated July 30, 2013.

⁸⁰ See Letter from the Foliot Group to Penny Pritzker, Secretary of Commerce, Re: “Surrogate Value Information Administrative Review - Foliot Furniture, Inc.,” dated August 29, 2013 (“Foliot Group SV Submission”); see also Letter from Petitioners to Penny Pritzker, Secretary of Commerce, Re: “Administrative Review Of The Antidumping Duty Order On Wooden Bedroom Furniture From The People’s Republic Of China: Submission Of Publicly Available Information To Value Factors Of Production,” dated August 29, 2013 (“Petitioners’ SV Submission”); Letter from the Foliot Group to Penny Pritzker, Secretary of Commerce, Re: “Surrogate Value Rebuttal Information Administrative Review — Foliot Furniture, Inc. Wooden Bedroom Furniture from China,” dated September 5, 2013, (“Foliot Group Rebuttal SV Comments”); Letter from Petitioners to Penny Pritzker, Secretary of Commerce, Re: “Wooden Bedroom Furniture From The People’s Republic Of China: Petitioners’ Rebuttal Surrogate Value Information,” dated September 5, 2013 (“Petitioners’ Rebuttal SV Comments”).

⁸¹ See AR Request for Surrogate Country and SV Data; see also NSR Request for Surrogate Country and SV Data.

⁸² See section 773(c)(4)(A) of the Act.

⁸³ See Policy Bulletin 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (“Policy Bulletin 04.1”), available at <http://enforcement.trade.gov/policy/>.

qualifies as a producer of comparable merchandise. In cases where the identical merchandise is not produced, the team must determine if other merchandise that is comparable is produced. How the team does this, depends on the subject merchandise.”⁸⁴

Petitioners provided a report entitled The Furniture Industry in the Philippines published by the international research firm CSIL Milano in October 2007 which states that in 2006 Philippine manufacturers produced furniture valued at \$813 million and the Philippines exported furniture valued at \$279 million.⁸⁵ The Furniture Industry in the Philippines states that wood has replaced rattan as the most commonly used material in furniture production and wooden furniture accounted for 51 percent of all Philippine furniture exports.⁸⁶ Additionally, The Furniture Industry in the Philippines states that the furniture sector was comprised of approximately 15,000 manufacturers and 800,000 workers.⁸⁷ No other parties commented on the selection of a surrogate country. Based on the above, we determined that the Philippines is a significant producer of merchandise that is comparable to the merchandise under review.

Data Availability

When the Department finds that there is more than one country that is at the level of economic development of the NME country and is a significant producer of comparable merchandise, the Department will consider the availability of the surrogate value (“SV”) data.⁸⁸ In assessing SV data and data sources, it is the Department’s practice to consider a number of factors including whether the values represent broad-market averages, are specific to the inputs in question, are net of taxes and import duties, are contemporaneous with the period of investigation or review, and are publicly available.⁸⁹ Further, it is the Department’s preference, consistent with 19 CFR 351.408(c)(2), to value the FOP in a single surrogate country, when possible.⁹⁰

For these reviews, we preliminarily selected the Philippines as the primary surrogate country. With the exception of the Philippines, there are no surrogate financial statements on the record for any of the potential surrogate countries. On the other hand, there are usable financial statements for these reviews from Philippine producers of comparable merchandise.⁹¹ Additionally, there are publicly-available, contemporaneous, tax- and duty-free, broad market average GTA import data for the Philippines for every month of the POR with which to value each and every direct material, packing, and energy input used by the Tony House Group and Dongguan Chengcheng.⁹² Selecting the Philippines as the primary surrogate country is consistent with our regulatory preference to value all FOP in a single surrogate country because

⁸⁴ Id.

⁸⁵ See AR Petitioner Surrogate Country Comments at Attachment, at 18.

⁸⁶ Id. at 24-27.

⁸⁷ Id. at 25.

⁸⁸ Id.

⁸⁹ See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People’s Republic of China, 71 FR 53079 (September 8, 2006) (“CLPP”), and accompanying Issues and Decision Memorandum at Comment 3.

⁹⁰ See, e.g., Certain Frozen Warmwater Shrimp From the People’s Republic of China: Final Results, Partial Rescission of Sixth Antidumping Duty Administrative Review and Determination Not To Revoke in Part, 77 FR 53856 (September 4, 2012) and accompanying Issues and Decision Memorandum at Comment 10.

⁹¹ See Financial Statements section below.

⁹² See AR Surrogate Value Memorandum and NSR Surrogate Value Memorandum.

data for the Philippines are readily available and do not require supplementation, while there are no financial statements from any of the other potential surrogate countries on the record.

Accordingly, based on record evidence, the Department preliminarily selected the Philippines as the primary surrogate country because: (1) it is at a comparable level of economic development as that of 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 the Philippines that the Department can use to value all respondents' FOP.⁹³ In accordance with 19 CFR 351.301(c)(3)(ii), interested parties may submit publicly available information to value FOPs until 20 days after the date of publication of these preliminary results.⁹⁴

Date of Sale

Consistent with our regulation, 19 CFR 351.401(i), Tony House and Dongguan Chengcheng reported the invoice date as the date of sale.⁹⁵ In this case, because the Department found no evidence contrary to the respondents' claims that invoice date was the appropriate date of sale, the Department used invoice date as the date of sale for these preliminary results in accordance with 19 CFR 351.401(i).⁹⁶

Normal Value Comparisons

To determine whether the sales of WBF made by Tony House Group and Dongguan Chengcheng to the United States were at prices below NV, we compared each company's export price ("EP") to NV as described in the "Export Price" and "Normal Value" sections below.

Determination of the Comparison Method

Pursuant to 19 CFR 351.414(c)(1), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices ("CEPs")) (the average-to-average method) unless the Department determines that another method is appropriate in a particular situation. In AD investigations, the Department examines whether to use the average-to-transaction method as an alternative comparison method using an analysis

⁹³ See AR Surrogate Value Memorandum and NSR Surrogate Value Memorandum.

⁹⁴ In accordance with 19 CFR 351.301(c)(1), for the final results of this new shipper review, 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 placed on the record. The Department generally will not accept the submission of additional, previously absent-from-the-record alternative SV information pursuant to 19 CFR 351.301(c)(1). See Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Rescission, in Part, 72 FR 58809 (October 17, 2007), and accompanying Issues and Decision Memorandum at Comment 2.

⁹⁵ See Letter from the Tony House Group to Penny Pritzker, Secretary of Commerce, Re: "Wooden Bedroom Furniture from the People's Republic of China: Section C Questionnaire Response," ("Tony House Section C Response") dated July 1, 2013, at 17-18; see also Letter from Dongguan Chengcheng to the Secretary of Commerce, entitled "Wooden Bedroom Furniture from the People's Republic of China - Section C and D Questionnaire Response," dated April 1, 2013 ("Dongguan Chengcheng's Section C and D Questionnaire Response") at C-16.

⁹⁶ See, e.g., Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand, 69 FR 76918 (December 23, 2004), and accompanying Issues and Decision Memorandum at Comment 10.

consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations. In recent investigations, the Department applied a "differential pricing" analysis to determine whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act. The Department finds that the differential pricing analysis used in those recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer names. Regions are defined using the reported destination code (i.e., city name, zip code, etc.) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is used to evaluate the extent to which the net prices to a particular purchaser, region or in a time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant, and the sales were considered to have passed the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (i.e., 0.8) threshold.

Next, the “ratio test” assesses the extent of the significant price differences for all sales as measured by the Cohen’s *d* test. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test account for 66 percent or more of the value of total sales, then the identified pattern of EPs that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that pass the Cohen’s *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those sales identified as passing the Cohen’s *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen’s *d* test. If 33 percent or less of the value of total sales passes the Cohen’s *d* test, then the results of the Cohen’s *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (i.e., the Cohen’s *d* test and the ratio test) demonstrate the existence of a pattern of EPs that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen’s *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if: 1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average method and the appropriate alternative method where both rates are above the de minimis threshold, or 2) the resulting weighted-average dumping margin moves across the de minimis threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

Results of the Differential Pricing Analysis

For the AR, based on the results of the differential pricing analysis, the Department finds that 91.7 percent of the Tony House Group’s export sales confirm the existence of a pattern of EPs for comparable merchandise that differs significantly among purchasers, regions or time periods.⁹⁷ As such, the Department finds that these results support consideration of an alternative to the average-to-average method. When comparing the weighted-average dumping margins calculated using the standard average-to-average method for all U.S. sales and the appropriate alternative comparison method, there is a meaningful difference in the results.

⁹⁷ See Memorandum from Patrick O’Connor, International Trade Analyst, to the File, Re: “Calculation Memorandum for the Preliminary Results of the 2012 Administrative Review of Wooden Bedroom Furniture from the People’s Republic of China,” dated concurrently with this memorandum (“AR Calculation Memorandum”).

Accordingly, the Department has determined to use the average-to-transaction method in making comparisons of EP and NV for all of the Tony House Group's sales.

With regard to Dongguan Chengcheng, the Department finds that its sales do not show the existence of a pattern of EPs for comparable merchandise that differ significantly among purchasers, regions, or time periods.⁹⁸ Therefore, the Department has not considered an alternative comparison method, and is using the A-to-A method for all U.S. sales to calculate Dongguan Chengcheng's weighted-average dumping margin.

U.S. Price

In accordance with section 772(a) of the Act, EP is the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under section 772(c) of the Act. In accordance with section 772(a) of the Act, for the AR and NSR, we based U.S. price on EP because the subject merchandise was sold directly to the unaffiliated customers in the United States prior to importation, and because CEP was not otherwise warranted.

For both the AR and the NSR, we based EP on delivered prices to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, we made deductions from the starting price for movement expenses, including expenses for foreign inland freight from the plant to the port of exportation and foreign brokerage and handling.⁹⁹

The Department's practice in NME cases is to adjust EP or CEP for the amount of any unrefunded value added tax ("VAT"), in accordance with section 772(c)(2)(B) of the Act.¹⁰⁰ The Tony House Group and Dongguan Chengcheng reported that they paid 17 percent of VAT on all inputs used to make subject merchandise and are refunded 15 percent of VAT on their exports of merchandise under consideration. Therefore, we are adjusting Dongguan Chengcheng's EP and the Tony House Group's EP to account for the difference in VAT. The Tony House Group and Dongguan Chengcheng did not report or claim any other adjustments to EP.¹⁰¹

Normal Value

⁹⁸ See Memorandum from Lori Apodaca, International Trade Analyst, to the File, Re: "Calculation Memorandum for the Preliminary Results of the 2012 New Shipper Review of Wooden Bedroom Furniture from the People's Republic of China," dated concurrently with this memorandum).

⁹⁹ See Letter from Tony House to Penny Pritzker, Secretary of Commerce, Re: "Wooden Bedroom Furniture from the People's Republic of China: Section C Questionnaire Response" ("Tony House Group Section C Response"), dated July 1, 2013, at 27-28; see also Dongguan Chengcheng's Section C and D Questionnaire Response ("Dongguan Chengcheng's Section C and D Response") at C-22 – C-23.

¹⁰⁰ See Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings, 77 FR 36481, 36483-84 (June 19, 2012). ("Methodological Change").

¹⁰¹ See Tony House Group Section C Response at 17 – 18; see also Dongguan Chengcheng's Section C and D Response at C-23 – C-25.

Section 773(c)(1) of the Act provides that the Department shall determine NV using an FOP methodology if the merchandise is exported from an NME country and the Department finds that the available 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. When determining NV in a NME context, the Department will base NV on FOP because the presence of government controls on various aspects of these economies renders price comparisons and the calculation of production costs invalid under our normal methodologies. This methodology ensures that the Department's calculations are as accurate as possible.¹⁰²

We calculated NV based on FOP in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c). The FOP include but are not limited to: (1) hours of labor required, (2) quantities of raw materials employed, (3) amounts of energy and other utilities consumed, and (4) representative capital costs. In the AR, the Tony House Group reported that Hualing Furniture (China) Co., Ltd. ("Hualing") produced all of the merchandise under consideration that the Tony House Group sold to the United States during the POR. Thus the Department calculated NV using the FOP reported by Hualing for labor, materials (including packing materials), and energy. Specifically, to calculate NV, the Department multiplied the reported per-unit FOP consumption quantities by publicly available SVs. See the "Factor Valuations" section below.

In the NSR, Dongguan Chengcheng reported that it produced all of the merchandise under consideration that it sold to the United States during the POR. Thus, the Department calculated NV using the FOP reported by Dongguan Chengcheng for labor, materials (including packing materials), and energy. Specifically, to calculate NV, the Department multiplied the reported per-unit FOP consumption quantities by publicly available SVs. See the "Factor Valuations" section below.

Factor Valuations

Section 773(c) of the Act provides that the Department will value the FOP in NME cases using the best available information regarding the value of such factors in an ME country or countries considered to be appropriate by the administering authority. As stated above, the Department preliminarily selected the Philippines as the primary surrogate country. In selecting the SVs, the Department considered the quality, specificity, and contemporaneity of the data. Specifically, in selecting the best available information for valuing FOP in accordance with section 773(c)(1) of the Act, the Department's practice is to select, to the extent practicable, SVs which are non-export average values, closest in time with the POR, product-specific, and tax-exclusive.¹⁰³ The Department adjusted input prices by including freight costs to make them delivered prices, as

¹⁰² See, e.g., Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products From the People's Republic of China, 71 FR 19695, 19703 (April 17, 2006), unchanged in Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products From the People's Republic of China, 71 FR 53079 (September 8, 2006).

¹⁰³ 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 Notice of 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).

appropriate. Specifically, the Department added to the Philippine import SVs a surrogate freight cost using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the decision of the CAFC in Sigma Corp. v. United States, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997). A detailed description of all SVs used to value Hualing's and Dongguan Chengcheng's reported FOP may be found in the AR Surrogate Value Memorandum and the NSR Surrogate Value Memorandum, respectively.¹⁰⁴

The Department calculated SVs for the majority of reported FOP purchased from NME sources using the contemporaneous, weighted-average per-unit import value as published by the Philippine National Statistics Office, the official source and primary statistical agency of the Philippine government, published by GTA.¹⁰⁵ More specifically, the Department used GTA Philippine Import Statistics to calculate SVs for raw materials (e.g., wood inputs, MDF, nails) and packing materials (e.g., tape, wrapping film, cartons). GTA Philippine Import Statistics were reported in United States Dollars ("USD") and are contemporaneous with the POR.

Furthermore, with regard to Philippine import-based SVs, in accordance with the Omnibus Trade and Competitiveness Act of 1988 and longstanding agency practice, the Department disregarded prices that it has reason to believe or suspect may be subsidized.¹⁰⁶ The Department previously found that it is appropriate to disregard such prices from India, Indonesia, South Korea, and Thailand because we determined that these countries maintain broadly available, non-industry specific, export subsidies.¹⁰⁷ Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it has reason to believe or suspect that all exporters from India, Indonesia, South Korea, and Thailand may have benefitted from these subsidies and that we should therefore disregard any data from these countries contained in the Philippine import statistics used to calculate SVs. Consistent with our practice, the Department also disregarded imports into the Philippines from NME countries.¹⁰⁸ Finally, we also excluded from SVs imports that were labeled as originating from an "unspecified" country because the Department could not be certain that they were not from either an NME country or a country with generally available export subsidies.¹⁰⁹ We are also guided by the statute's legislative history that explains that it is

¹⁰⁴ See AR Surrogate Value Memorandum and NSR Surrogate Value Memorandum.

¹⁰⁵ Id.

¹⁰⁶ See Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) ("Omnibus Trade and Competitiveness Act of 1988") at 590, reprinted in 1988 U.S.C.C.A.N. 1547, 1623-24.

¹⁰⁷ See, e.g., Carbazole Violet Pigment 23 from India: Final Results of the Expedited Five-year (Sunset) Review of the Countervailing Duty Order, 75 FR 13257 (March 19, 2010) and accompanying Issues and Decision Memorandum at 4-5; see also Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review, 74 FR 2512 (January 15, 2009), and accompanying Issues and Decision Memorandum at 17, 19-20; see also Final Affirmative Countervailing Duty Determination: Hot-Rolled Carbon Steel Flat Products From Thailand, 66 FR 50410 (October 3, 2001), and accompanying Issues and Decision Memorandum at 23.

¹⁰⁸ See Sodium Hexametaphosphate From the People's Republic of China: Preliminary Results of Second Antidumping Duty Administrative Review, 77 FR 17013 (March 23, 2012), unchanged in Sodium Hexametaphosphate From the People's Republic of China: Final Results of Second Antidumping Duty Administrative Review, 77 FR 59375 (September 27, 2012).

¹⁰⁹ See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, 73 FR 24552, 24559 (May 5, 2008), unchanged in Polyethylene

not necessary to conduct a formal investigation to ensure that such prices are not subsidized.¹¹⁰ Rather, this legislative history states that the Department should base its decision on information that is available to it at the time it is making its determination. In accordance with the foregoing, we have not used prices from these countries in calculating the Philippine import-based SVs.

To value labor, consistent with the methodology outlined in Labor Methodologies,¹¹¹ we used a single-country labor cost based on compensation data from Chapter 6A of the International Labor Organization (“ILO”) Yearbook of Labor Statistics (“Yearbook”).¹¹² Data from Chapter 6A of the ILO Yearbook cover all paid manufacturing employees, wage earners and salaried employees, of both sexes. The Philippine ILO Yearbook labor data include annual costs categorized as “labor cost” reported on a per-hour basis for 2002 and annual costs categorized as “compensation of employees” on a per-day and a per-month basis for 2008.¹¹³ While it is the Department’s preference to use the data categorized as “labor cost,” over “compensation of employees,” we determined that the best data available to use in these reviews are the 2008 “compensation for employees” hourly data because they are closer in time to the POR than are the 2002 “labor cost” data.¹¹⁴ Therefore, we relied on the most recent (2008) Philippine labor cost data categorized as “compensation of employees,” that were reported on a daily basis to calculate a single labor rate.¹¹⁵

We valued truck freight expenses using average truck rates from the Confederation of Truckers Association of the Philippines, Inc. (“CTAP”) for 83 destinations within the Philippines and the driving distances to these 83 destinations. In both the AR and NSR, Petitioners provided calculations for truck freight expenses based on World Bank’s 2013 Doing Business in the Philippines. However, the World Bank’s 2013 Doing Business in the Philippines publication provides freight expenses for one destination (i.e., from Quezon City to the Manila Port). On the other hand, the CTAP data represent a broad market average of multiple destinations, specific to the input being valued and contain numerous data points which the Department was able to use to calculate the SV for truck freight.¹¹⁶

We valued foreign brokerage and handling using the World Bank’s 2013 Doing Business in the Philippines. This SV source contains contemporaneous data for brokerage and handling.

For the AR and NSR, we valued electricity using Philippine data from The Cost of Doing Business in Camarines Sur.¹¹⁷ These data pertain to industrial consumption. The end of the transition of the electricity rates for Naga City and Ipira City are January 2012. This indicates that the rates are contemporaneous with the POR. Therefore, we are using the rates without adjusting for inflation or deflation.¹¹⁸

Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 55039 (September 24, 2008).

¹¹⁰ See Omnibus Trade and Competitiveness Act of 1988, at 590.

¹¹¹ See Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor, 76 FR 36092 (June 21, 2011) (“*Labor Methodologies*”).

¹¹² See <http://laborsta.ilo.org/applv8/data/c6e.html>.

¹¹³ See AR Surrogate Value Memorandum and NSR Surrogate Value Memorandum.

¹¹⁴ Id.

¹¹⁵ Id.

¹¹⁶ Id.

¹¹⁷ Id.

¹¹⁸ Id.

According to 19 CFR 351.408(c)(4), the Department is directed to value overhead, general and administrative (“SG&A”) expenses and profit using non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country. The record for the AR contains the audited financial statements for the year ending December 2012 of five Philippine companies: (1) Heritage Muebles Mirabile Export, Inc. (“Heritage Muebles”); (2) Interior Crafts Of The Islands, Inc. (“Interior Crafts”); (3) Stonesets Intl., Inc. (“Stonesets”); (4) Mega Plywood Corp. (“Mega Plywood”); and (5) Winlex Marketing Corp. (“Winlex”).¹¹⁹ The Department determined that Heritage Muebles, Interior Crafts, and Stonesets are producers of identical merchandise, and will rely on these financial statements to value factory overhead, SG&A and profit. There is no evidence on the record that Mega Plywood or Winlex produce merchandise under consideration, therefore, we will not rely on their financial statements to value factory overhead, SG&A and profit. The Department may consider other publicly available financial statements for the final results, as appropriate.

The record for the NSR contains financial statements for following Philippine companies: (1) Diretso Design Furnitures, Inc. (“Diretso”); (2) JLQ International Inc. (“JLQ”); (3) Las Palmas Furniture Incorporated (“Las Palmas”); (4) APY Cane Inc. (“APY”); (5) Stonesets; (6) Mega Plywood; (7) Novawood Forest Industries (“Novawood”); (8) Winlex; (9) Arkane International Corp. (“Arkane”); (10) Betis Crafts Inc. (“Betis Crafts”); (11) Insular Rattan and Native Products Corporation (“Insular Rattan”); and (12) Republic Wooden Commodities Mfg (“Republic”); and (13) Furniture Specialists, Inc. (“Furniture Specialists”).¹²⁰ The Department determined that JLQ, Las Palmas, APY Cane, and Stonesets are producers of identical merchandise, and will rely on these financial statements to value factory overhead, SG&A and profit. However, Mega Plywood, Novawood, and Winlex do not make wooden bedroom furniture or any other type of furniture. With regard to Furniture Specialists, the financial statement does not establish that the company manufactures wooden bedroom furniture, and it did not earn a before-tax profit in 2011. The financial statements on the record for Arkane, Betis Crafts, Insular Rattan and Native Products Corporation are from 2009, three years prior to the POR. Therefore, the Department has not relied on the financial statements of Mega Plywood, Novawood, Winlex, Arkane Crafts, or Betis Crafts. The Department also did not rely on the financial statement of Diretso because the evidence on the record of this review is consistent with the information considered on remand following Lifestyle Enterprise, Inc. v. United States,¹²¹ i.e., the evidence does not establish that the company identified on the website printouts is the same company as the one identified in Diretso’s financial statements. In Lifestyle II, the U.S. Court of International Trade affirmed the Department’s remand determination not to rely on Diretso’s financial statements because record evidence did not substantiate that the company identified on the website printouts was the same company as the one identified in Diretso’s financial statements.¹²² In addition, Diretso’s financial statements do not establish that the company manufactures wooden bedroom

¹¹⁹ See AR Surrogate Value Memorandum.

¹²⁰ See NSR Surrogate Value Memorandum.

¹²¹ See Lifestyle Enterprise, Inc. v. United States, 768 F. Supp. 2d 1286, 1308, 1314-15 (CIT 2011) (“Lifestyle I”).

¹²² See Lifestyle Enterprise, Inc. v. United States, 844 F. Supp. 2d 1283, 1297-98 (CIT 2012) (“Lifestyle II”) (affirming the Department’s determination not to rely on Diretso’s financial statements), *remanded on other matters* Lifestyle Enterprise, Inc. v. United States, 865 F.Supp.2d 1284 (CIT 2012), *affirmed in* Lifestyle Enterprise, Inc. v. United States, 896 F.Supp.2d 1297 (CIT 2013).

