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

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

SUBJECT: Decision Memorandum for Preliminary Results of 2012-2013
Antidumping Duty Administrative Review: Uncovered
Innerspring Units from the People's Republic of China

SUMMARY

The Department of Commerce ("the Department") is conducting an administrative review of the antidumping duty order on uncovered innerspring units ("innerspring units") from the People's Republic of China ("PRC"). The review covers two market economy exporters of the subject merchandise: Goldon Bedding Manufacturing (M) Sdn Bhd ("Goldon")¹ and Ta Cheng Coconut Knitting Company Ltd. ("Ta Cheng"). The period of review ("POR") is February 1, 2012, through January 31, 2013. We preliminarily recommend applying adverse facts available ("AFA") to Goldon's and Ta Cheng's PRC-origin merchandise. As AFA, we are assigning to Goldon and Ta Cheng the highest rate from any segment of this proceeding, which in this case is 234.51 percent, as established in the investigation. Consistent with our practice, because Goldon and Ta Cheng are not PRC exporters, we are not treating Goldon and Ta Cheng as part of the PRC-wide entity, but rather assigning to these companies rates as market economy resellers.

¹ Based on Petitioner's February 28, 2013, request for review, the Department initiated this review with respect to Goldon Bedding Manufacturing Sdn. Bhd. See Letter from Petitioner regarding Request for Antidumping Duty Administrative Review Duty Order on Uncovered Innerspring Units from the People's Republic of China dated February 28, 2013; *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 19197, 19209 (March 29, 2013) ("*Initiation Notice*"). However, during the course of this review, Goldon represented that its official company name is Goldon Bedding Manufacturing (M) Sdn Bhd. See Letter from Goldon regarding Uncovered Innerspring Units from the People's Republic of China – Section A Response, dated May 27, 2013 at Attachment #3.



BACKGROUND

On February 19, 2009, the Department published in the *Federal Register* an antidumping duty order on innerspring units from the PRC.² On February 28, 2013, the Department received a request from Petitioner³ to conduct an administrative review of five exporters: Tai Wa Hong,⁴ Macau Commercial and Industrial Spring,⁵ Ta Cheng, Goldon, and Goldon International (Singapore) Pte. Ltd. (“Goldon Singapore”).⁶ Petitioner believes that these companies either directly or through affiliated companies, made sales, shipments, and/or exports of subject merchandise to the United States during the POR, and that these sales, shipments, and/or exports of subject merchandise were made either directly from the PRC or through third countries.⁷ On March 28, 2013, Petitioner withdrew its review requests on the Tai Wa Hong Group and Goldon Singapore.⁸ Petitioner also subsequently withdrew its review request on Macau Commercial and Industrial Spring.⁹ On March 29, 2013, the Department published a notice of initiation of an administrative review of uncovered innerspring units from the PRC covering the period February 1, 2012, through January 31, 2013.¹⁰

On April 16, 2013, the Department issued antidumping duty questionnaires to Goldon and Ta Cheng because these were the only remaining companies for which a review was requested.¹¹ On April 24, 2013, the Department confirmed that Goldon and Ta Cheng received the Department’s questionnaires.¹² After three attempts to submit their questionnaire responses correctly per the instructions provided in the questionnaire, Ta Cheng filed its responses to the Department’s Section A questionnaire on May 16, 2013, and to the Section C and D questionnaires on May 23, 2013. Also after three attempts to submit their questionnaire responses correctly per the instructions provided in the questionnaire, Goldon filed its responses to the Department’s Section A questionnaire on June 10, 2013, Section C questionnaire on July 9, 2013, and Section D questionnaire on July 16, 2013.

² See *Uncovered Innerspring Units from the People’s Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (“Order”).

³ The petitioner is Leggett & Platt, Inc. (hereinafter referred to as “Petitioner”).

⁴ Tai Wa Hong and Macau Commercial and Industrial Spring are known as the (“Tai Wa Hong Group”). See *Uncovered Innerspring Units from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 17635, 17636 (March 22, 2013).

⁵ *Id.*

⁶ See Letter from Petitioner regarding Request for Antidumping Administrative Review of the Antidumping Duty Order on Uncovered Innerspring Units from the People’s Republic of China, dated February 28, 2013.

⁷ *Id.*

⁸ See Letter from Petitioner regarding Partial Withdrawal of Request for Antidumping Duty Administrative Review of the Antidumping Duty Order on Uncovered Innerspring Units from the People’s Republic of China, dated March 28, 2013.

⁹ See Letter from Petitioner regarding Partial Withdrawal of Request for Antidumping Duty Administrative Review of the Antidumping Duty Order on Uncovered Innerspring Units from the People’s Republic of China, dated April 3, 2013.

¹⁰ See *Initiation Notice*, 78 FR at 19208.

¹¹ See Letter to Ta Cheng regarding Uncovered Innerspring Units from the People’s Republic of China, dated April 16, 2013, and Letter to Goldon regarding Uncovered Innerspring Units from the People’s Republic of China, dated April 16, 2013.

¹² See Memorandum to the File through Scot T. Fullerton, Program Manager, Office 9, Import Administration, from Steven Hampton, International Trade Compliance Analyst regarding Uncovered Innerspring Units from the People’s Republic of China: Documentation to Confirmation Receipt of Questionnaire, dated April 24, 2013.

Goldon's and Ta Cheng's questionnaire responses indicated that both companies sourced inputs from the PRC during the POR and assembled subject merchandise in their respective countries (*i.e.*, Taiwan and Malaysia). Specifically, Goldon indicated that it sources *most* of its innerspring unit components from the PRC,¹³ while Ta Cheng indicated that it sources *one* of its innerspring unit components from the PRC.¹⁴ On July 29, 2013, the Department issued supplemental questionnaires to Goldon and Ta Cheng.¹⁵ The Department asked Goldon and Ta Cheng to clarify statements they made in their questionnaire responses regarding the sources of their PRC inputs and their assembly of subject merchandise in their respective countries (*i.e.*, Malaysia and Taiwan).¹⁶ On August 7, 2013, Ta Cheng submitted its response to the Department's supplemental questionnaire.¹⁷ On August 19, 2013, Goldon submitted its response to the Department's supplemental questionnaire.¹⁸

On September 10, 2013, the Department sent a second supplemental questionnaire to Goldon and Ta Cheng to clarify whether Goldon and/or Ta Cheng exported subject merchandise to the U.S. during the POR that was produced in the PRC, or whether all of Goldon's and/or Ta Cheng's exports were comprised of innerspring units produced in their respective countries (*i.e.*, Malaysia and Taiwan).¹⁹ The Department did not receive a response to this second supplemental questionnaire or an extension request from either Goldon or Ta Cheng.

As explained in the memorandum from the Assistant Secretary for Enforcement and Compliance, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.²⁰ Thus, all deadlines in this segment of the proceeding were extended by 16 days. On November 1, 2013, the Department partially extended the deadline for the preliminary results by 60 days to January 15, 2014.²¹ On January 2, 2014, the Department fully extended the deadline for issuing the

¹³ See Letter from Goldon regarding Uncovered Innerspring Units from the People's Republic of China – Section A {sic} Response dated July 16, 2013, at Attachment #2 (emphasis added).

¹⁴ See Letter from Ta Cheng regarding Response to questionnaire – Response to Section C and D dated May 23, 2013, at Appendix X (emphasis added).

¹⁵ See Letter to Goldon regarding 2012-2013 Antidumping Administrative Review of Uncovered Innerspring Units from the People's Republic of China: Supplemental Section A, C, & D Questionnaire, dated July 29, 2013 (“Goldon First Supplemental Questionnaire”), and Letter to Ta Cheng regarding 2012-2013 Antidumping Administrative Review of Uncovered Innerspring Units from the People's Republic of China: Supplemental Section A, C, & D Questionnaire, dated July 29, 2013 (“Ta Cheng First Supplemental Questionnaire”).

¹⁶ See Goldon First Supplemental Questionnaire at 3 and Ta Cheng First Supplemental Questionnaire at 3.

¹⁷ See Letter from Ta Cheng regarding Response to Supplemental Questionnaire, dated August 7, 2013.

¹⁸ See Letter from Goldon regarding Supplemental Questionnaire, dated August 19, 2013.

¹⁹ See Letter to Goldon regarding 2012-2013 Antidumping Administrative Review of Uncovered Innerspring Units from the People's Republic of China: Second Supplemental Questionnaire (“Goldon Second Supplemental Questionnaire”), and Letter to Ta Cheng regarding 2012-2013 Antidumping Administrative Review of Uncovered Innerspring Units from the People's Republic of China: Second Supplemental Questionnaire (“Ta Cheng Second Supplemental Questionnaire”).

²⁰ See Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Shutdown of the Federal Government” (October 18, 2013).

²¹ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations through James C. Doyle, Director, Office V, Antidumping and Countervailing Duty Operations, from Steven Hampton, International Trade Compliance Analyst regarding Uncovered Innerspring Units from the People's Republic of China: Extension of Deadline for the Preliminary Results of the Fourth Antidumping Duty Administrative Review, dated November 1, 2013.

preliminary results to March 18, 2014.²² On January 7, 2014, the Department partially rescinded this review with respect to the Tai Wa Hong Group and Goldon Singapore.²³

SCOPE OF THE ORDER

The merchandise subject to the order 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 the 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, 9404.29.9005, 9404.29.9011, 7326.20.0070, 7320.20.5010, 7320.90.5010, or 7326.20.0071 of the Harmonized Tariff Schedule of the United States (“HTSUS”). The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of the order is dispositive.

DISCUSSION OF THE METHODOLOGY

Facts Otherwise Available

Section 776(a)(1) of the Tariff Act of 1930, as amended (“the Act”), mandates that the Department use facts otherwise available if necessary information is not available on the record of an antidumping proceeding. In addition, section 776(a)(2) of the Act mandates that the Department use facts otherwise available where an interested party or any other person:

²² See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations through James C. Doyle, Director, Office V, Antidumping and Countervailing Duty Operations, from Steven Hampton, International Trade Compliance Analyst regarding Uncovered Innerspring Units from the People’s Republic of China: Extension of Deadline for the Preliminary Results of the Fourth Antidumping Duty Administrative Review, dated January 2, 2014.

²³ See *Uncovered Innerspring Units from the People’s Republic of China: Partial Rescission of Antidumping Duty Administrative Review; 2012–2013*, 79 FR 804 (January 7, 2014).

(A) withholds information requested by the Department; (B) fails to provide requested information by the requested date or in the form and manner requested; (C) significantly impedes an antidumping proceeding; or (D) provides information that cannot be verified.

As previously noted, Goldon and Ta Cheng did not respond to the second supplemental antidumping duty questionnaire issued by the Department on September 10, 2013. Accordingly, the Department finds that the necessary information is not available on the record of this proceeding. Further, based upon Goldon's and Ta Cheng's failure to submit responses to the Department's second supplemental questionnaire, the Department finds that Goldon and Ta Cheng withheld the requested information, failed to provide the information in a timely manner and in the form requested, and significantly impeded this proceeding, pursuant to sections 776(a)(2)(A), (B), and (C) of the Act. Therefore, the Department must rely on the facts otherwise available in order to determine margins for Goldon and Ta Cheng.²⁴

Adverse Facts Available

Section 776(b) of the Act states that if the Department "finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority . . . , the administering authority . . . may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available."²⁵ Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."²⁶ In selecting an adverse inference, the Department may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.²⁷

As previously stated, Goldon and Ta Cheng failed to cooperate to the best of its abilities in providing the requested information because Goldon and Ta Cheng withheld requested information, failed to provide the information in a timely manner and in the form requested, and significantly impeded this proceeding. Accordingly, pursuant to sections 776(a)(2)(A), (B), and (C) and section 776(b) of the Act, we find it appropriate to resort to adverse facts available. By doing so, we ensure that Goldon and Ta Cheng will not obtain a more favorable result by failing to cooperate than had they cooperated fully in this review. In this respect, we preliminarily determine that we must assign a total AFA margin to Goldon and Ta Cheng because Goldon and Ta Cheng failed to respond to the Department's second supplemental questionnaire.²⁸ The second supplemental questionnaire asked Goldon and Ta Cheng to provide information that is

²⁴ See *Non-Malleable Cast Iron Pipe Fittings from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 69546 (December 1, 2006) ("*Cast Iron Pipe Fittings*"), and accompanying Issues and Decision Memorandum at Comment 1.

²⁵ See also Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 at 870 (1994) ("SAA").

²⁶ *Id.*

²⁷ See section 776(b) of the Act.

²⁸ See *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Preliminary Results of the First Administrative Review and New Shipper Review*, 72 FR 10689, 10692 (March 9, 2007) (decision to apply total AFA to the NME-wide entity), unchanged in *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of the First Antidumping Duty Administrative Review and First New Shipper Review*, 72 FR 52052 (September 12, 2007).

critical to the Department's determinations in this review – namely, whether Goldon and Ta Cheng sold PRC-origin subject merchandise during the period of review.²⁹ Without such information, the Department cannot determine which of Goldon's and Ta Cheng's exports to the United States, if any, are non-PRC-origin. As a consequence, and consistent with section 782(e)(3) of the Act, the Department cannot rely upon any of the information that Goldon and Ta Cheng submitted in this review because, without the critical information on the origin of the exports, the respondents' information is so incomplete that it cannot serve as a reliable basis for reaching a determination.

In selecting an AFA rate, the Department's practice has been to assign non-cooperative respondents the highest margin determined for any party in the less than fair value ("LTFV") investigation or in any administrative review.³⁰ However, because Goldon and Ta Cheng are not PRC exporters and there is not otherwise information demonstrating that they are part of the PRC-entity, we do not consider Goldon and Ta Cheng to be part of the PRC-wide entity. Instead, we are individually assigning them a total AFA rate of 234.51 percent, which is the highest rate in this antidumping proceeding assigned to an exporter separate from the PRC-wide entity.³¹

Corroboration

Section 776(c) of the Act requires that, where the Department relies on secondary information in selecting AFA, the Department corroborate such information to the extent practicable. To be considered corroborated, the Department must find the information has probative value, meaning that the information must be both reliable and relevant.³²

The Department considers the AFA rate calculated for the current review as both reliable and relevant. On the issue of reliability, the Department corroborated the AFA rate in the LTFV investigation.³³ No information has been presented in the current review that calls into question the reliability of this information. With respect to the relevance, the Department will consider information reasonably at its disposal to determine whether a margin continues to have relevance. Where circumstances indicate that the selected margin is not appropriate as AFA, the Department will disregard the margin and determine an appropriate margin. For example, in *Fresh Cut Flowers from Mexico* the Department disregarded the highest margin in that case as best information available (the predecessor to AFA) because the margin was based on another

²⁹ See Goldon Second Supplemental Questionnaire; Ta Cheng Second Supplemental Questionnaire.

³⁰ See, e.g., *Cast Iron Pipe Fittings*, 71 FR at 69548.

³¹ See *Uncovered Innerspring Units from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 17635, 17636 (March 22, 2013).

³² See SAA at 870; *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

³³ See *Innersprings Final Determination*, 73 FR at 79446.

company's uncharacteristic business expense resulting in an unusually high margin.³⁴ The information used in calculating the AFA margin in this review was based on sales and production data submitted by Petitioner in the LTFV investigation, together with the most appropriate surrogate value information available to the Department chosen from submissions by the parties in the LTFV investigation.³⁵ Finally, there is no information on the record of this review that demonstrates that this rate is not appropriate for use as AFA. In this regard, Goldon and Ta Cheng have not provided the Department with responses to the second supplemental questionnaires and, as a result, Goldon and Ta Cheng have limited the Department's ability to corroborate the AFA rate. For all these reasons, we determine that this rate continues to have relevance with respect to Goldon and Ta Cheng.

As the 234.51 percent AFA rate is both reliable and relevant, we determine that it has probative value and is corroborated to the extent practicable, in accordance with section 776(c) of the Act. Therefore, we assigned this AFA rate to exports of the subject merchandise (*i.e.*, PRC-origin merchandise) by Goldon and Ta Cheng. Because Goldon is located in Malaysia and Ta Cheng is located in Taiwan, both of these exporters are third country resellers. Accordingly, these rates only apply to Goldon's and Ta Cheng's PRC-origin merchandise.

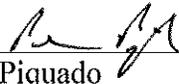
Recommendation

We recommend applying the above methodology for these preliminary results.

✓

Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

10 MARCH 2014

Date

³⁴ See *Fresh Cut Flowers from Mexico; Final Results of Antidumping Administrative Review*, 61 FR 6812, 6814 (February 22, 1996) ("*Fresh Cut Flowers from Mexico*").

³⁵ See *Uncovered Innerspring Units from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 45729, 45735 (August 6, 2008), unchanged in *Innerspring Final Determination*, 73 FR at 79446.