



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Hardwood Plywood Products from the People's Republic of China

- On April 18, 2017, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of hardwood plywood products from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated preliminary subsidy rates of 9.89 percent and 111.09 percent for mandatory respondents Linyi Sanfortune Wood Co., Ltd. and Shandong Dongfang Bayley Wood Co., Ltd., respectively. Shandong Dongfang Bayley Wood Co., Ltd.'s subsidy rate of 111.09 percent was based on adverse facts available because we found that it had not cooperated to the best of its ability. The 62 companies that did not respond to Commerce's quantity and value questionnaire also received a subsidy rate of 111.09 percent because, by not responding to the questionnaire, they did not cooperate to the best of their ability. Commerce established a preliminary subsidy rate of 9.89 percent for all other producers/exporters in China.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- Critical circumstances were alleged with respect to imports of hardwood plywood from China. Commerce preliminarily determined that critical circumstances exist with respect to all exporters from China, except Linyi Sanfortune Wood Co., Ltd. Consequently, CBP will be instructed to impose provisional measures retroactively on entries of hardwood plywood from China, effective 90 days prior to publication of the preliminary determination in the *Federal Register*, for all exporters, except Linyi Sanfortune Wood Co., Ltd., the only exporter for which Commerce did not find critical circumstances.
- The petitioners are the Coalition for Fair Trade in Hardwood Plywood and its individual members: Columbia Forest Products (Greensboro, NC), Commonwealth Plywood Inc. (Whitehall, NY), Murphy Plywood (Eugene, OR), Roseburg Forest Products Co. (Roseburg, OR), States Industries, Inc. (Eugene, OR), and Timber Products Company (Springfield, OR).
- The merchandise subject to this investigation is hardwood and decorative plywood, and certain veneered panels as described below. For purposes of this proceeding, hardwood and decorative plywood is defined as a generally flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of non-coniferous

wood (hardwood) or bamboo. The veneers, along with the core may be glued or otherwise bonded together. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2016 (including any revisions to that standard).

- For purposes of this investigation, a “veneer” is a slice of wood regardless of thickness which is cut, sliced or sawed from a log, bolt, or flitch. The face and back veneers are the outermost veneer of wood on either side of the core irrespective of additional surface coatings or covers as described below.
- The core of hardwood and decorative plywood consists of the layer or layers of one or more material(s) that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to hardwood, softwood, particleboard, or medium-density fiberboard (MDF).
- All hardwood plywood is included within the scope of this investigation regardless of whether or not the face and/or back veneers are surface coated or covered and whether or not such surface coating(s) or covers obscures the grain, textures, or markings of the wood. Examples of surface coatings and covers include, but are not limited to: ultra-violet light cured polyurethanes; oil or oil-modified or water based polyurethanes; wax; epoxy-ester finishes; moisture-cured urethanes; paints; stains; paper; aluminum; high pressure laminate; MDF; medium density overlay (MDO); and phenolic film. Additionally, the face veneer of hardwood plywood may be sanded; smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing. All hardwood plywood is included within the scope even if it is trimmed; cut-to-size; notched; punched; drilled; or has underwent other forms of minor processing.
- All hardwood and decorative plywood is included within the scope of this investigation, without regard to dimension (overall thickness, thickness of face veneer, thickness of back veneer, thickness of core, thickness of inner veneers, width, or length). However, the most common panel sizes of hardwood and decorative plywood are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048 mm (48 x 120 inches).
- Subject merchandise also includes hardwood and decorative plywood that has been further processed in a third country, including but not limited to trimming, cutting, notching, punching, drilling, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope product.
- The scope of the investigation excludes the following items: (1) structural plywood (also known as “industrial plywood” or “industrial panels”) that is manufactured to meet U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), and which has both a face and a back veneer of coniferous wood; (2) products which have a face and back veneer of cork; (3) multilayered wood flooring, as described in the antidumping duty and countervailing duty orders on Multilayered Wood Flooring from the People’s Republic of China, Import Administration, International Trade Administration. *See Multilayered Wood Flooring from the People’s Republic of China*, 76 FR 76,690 (Dec. 8, 2011) (*amended final determination of sales at less than fair value and antidumping duty order*), and *Multilayered Wood Flooring from the People’s Republic of China*, 76 FR 76,693 (Dec. 8, 2011) (*countervailing duty order*), as amended by *Multilayered Wood Flooring from the People’s Republic of China: Amended Antidumping and Countervailing Duty Orders*, 77 FR 5,484 (Feb.3, 2012); (4) multilayered wood flooring with a face veneer of bamboo or composed entirely of bamboo; (5) plywood which has a shape or design other than a flat panel, with the exception of any minor processing

described above; (6) products made entirely from bamboo and adhesives (also known as “solid bamboo”); and (7) Phenolic Film Faced Plyform (PFF), also known as Phenolic Surface Film Plywood (PSF), defined as a panel with an “Exterior” or “Exposure 1” bond classification as is defined by The Engineered Wood Association, having an opaque phenolic film layer with a weight equal to or greater than 90g/m³ permanently bonded on both the face and back veneers and an opaque, moisture resistant coating applied to the edges.

- Excluded from the scope of the investigation are wooden furniture goods that, at the time of importation, are fully assembled and are ready for their intended uses. Also excluded from the scope of the investigation is "ready to assemble" ("RTA") furniture. RTA furniture is defined as furniture packaged for sale for ultimate purchase by an end-user that, at the time of importation, includes 1) all wooden components (in finished form) required to assemble a finished unit of furniture, 2) all accessory parts (e.g., screws, washers, dowels, nails, handles, knobs, adhesive glues) required to assemble a finished unit of furniture, and 3) instructions providing guidance on the assembly of a finished unit of furniture.
- Excluded from the scope are kitchen cabinets that, at the time of importation, are fully assembled and are ready for their intended uses. Also excluded from the scope of the investigation are RTA kitchen cabinets. RTA kitchen cabinets are defined as kitchen cabinets packaged for sale for ultimate purchase by an end-user that, at the time of importation, includes 1) all wooden components (in finished form) required to assemble a finished unit of cabinetry, 2) all accessory parts (e.g., screws, washers, dowels, nails, handles, knobs, hooks, adhesive glues) required to assemble a finished unit of cabinetry, and 3) instructions providing guidance on the assembly of a finished unit of cabinetry.
- Imports of hardwood plywood are primarily entered under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4412.10.0500; 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4075; 4412.31.4080; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0565; 4412.32.0570; 4412.32.2510; 4412.32.2525; 4412.32.2530; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3161; 4412.94.3171; 4412.94.3175; 4412.94.4100; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5115; and 4412.99.5710.
- Imports of hardwood plywood may also enter under HTSUS subheadings 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.10.9000; 4412.94.5100; 4412.94.9500; and 4412.99.9500. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.
- In 2016, imports of hardwood plywood from China were valued at an estimated \$1.12 billion.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about July 5, 2017, unless the statutory deadline is extended.

- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of hardwood plywood products materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

EXPORTERS/PRODUCERS	SUBSIDY RATES
Linyi Sanfortune Wood Co., Ltd.	9.89%
Shandong Dongfang Bayley Wood Co., Ltd.	111.09%
All others	9.89%
Companies Subject to the Adverse Fact Available Rate*	111.09%

* These companies are receiving the adverse facts available rate due to their failure to respond to Commerce's quantity and value questionnaire. See Attachment.

CASE CALENDAR:

EVENT	DATE
Petition Filed	November 18, 2016
DOC Initiation Date	December 8, 2016
ITC Preliminary Determination	January 3, 2017
DOC Preliminary Determination	April 17, 2017
DOC Final Determination	August 30, 2017†
ITC Final Determination**	October 13, 2017
Issuance of Order***	October 20, 2017

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

†Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

**This will take place only in the event of an affirmative final determination from Commerce.

***This will take place only in the event of affirmative final determinations from Commerce and the ITC.

IMPORT STATISTICS:

CHINA	2014	2015	2016
Value (USD)	1,076,225,370	1,149,643,355	1,120,268,649

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 4412.10.0500, 4412.31.0520, 4412.31.0540, 4412.31.0560, 4412.31.2510, 4412.31.2520, 4412.31.4040, 4412.31.4050, 4412.31.4060, 4412.31.4075, 4412.31.4080, 4412.31.5125, 4412.31.5135, 4412.31.5155, 4412.31.5165, 4412.31.5175, 4412.31.6000, 4412.31.9100, 4412.32.0520, 4412.32.0540, 4412.32.0565, 4412.32.0570, 4412.32.2510, 4412.32.2525, 4412.32.2530, 4412.32.3125, 4412.32.3135, 4412.32.3155, 4412.32.3165, 4412.32.3175, 4412.32.3185, 4412.32.5600, 4412.94.1030, 4412.94.1050, 4412.94.3105, 4412.94.3111, 4412.94.3121, 4412.94.3131, 4412.94.3141, 4412.94.3160, 4412.94.3161, 4412.94.3171, 4412.94.3175, 4412.94.4100, 4412.99.0600, 4412.99.1020, 4412.99.1030, 4412.99.1040, 4412.99.3110, 4412.99.3120, 4412.99.3130, 4412.99.3140, 4412.99.3150, 4412.99.3160, 4412.99.3170, 4412.99.4100, 4412.99.5115, and 4412.99.5710.

The HTSUS subheadings above are basket categories and may cover both subject and non-subject merchandise.

*Volume could not be calculated, as imports of subject merchandise are reported in multiple units of measure.

Imports of hardwood plywood may also enter under HTSUS subheadings 4412.39.1000, 4412.39.3000, 4412.39.4011, 4412.39.4012, 4412.39.4019, 4412.39.4031, 4412.39.4032, 4412.39.4039, 4412.39.4051, 4412.39.4052, 4412.39.4059, 4412.39.4061, 4412.39.4062, 4412.39.4069, 4412.39.5010, 4412.39.5030, 4412.39.5050, 4412.99.6000, 4412.99.7000, 4412.99.8000, 4412.99.9000, 4412.10.9000, 4412.94.5100, 4412.94.9500, and 4412.99.9500. These subheadings are basket categories that may cover a significant amount of non-subject merchandise and therefore have been excluded for purposes of reporting import statistics above.

ATTACHMENT

Companies subject to the Adverse Facts Available Rate

Anji Qichen Bamboo Industry Co. Ltd
Deqing Shengqiang Wood Co., Ltd
Guangxi Sunway Cen.Xi Artificial Board Ltd.
Guangxi Sunway Forest Products Industry Co., Ltd.
Hebei Tongli Wood Co., Ltd
Heze Fulin Wood Products Co., Ltd.
Jiashan Minghong Wood Industry Co., Ltd
Jiaxing Brilliant Import & Export Co., Ltd
Joc Yuantai International Trading Co., Ltd
Keens Products
King Sheng
Kunming Alston Ast Wood Products Co., Ltd.
Langfang Baomujie Wood Co., Ltd.
Larkcop International Co., Ltd.
Linyi Cathay Pacific Wood Factory
Linyi Celtic Wood Co., Ltd.
Linyi Dongri Plywood Co., Ltd
Linyi Hongma
Linyi Jinhua Wood Co., Ltd.
Linyi Kai Yi Arts and Crafts Co., Ltd.
Linyi Laiyi Timber Industry Co., Ltd
Linyi Lianyi Wood Co., Ltd
Linyi Raya Commerce
Linyi Yutai Wood Co., Ltd
Lishui Liancheng Pencil Manufacturing Co., Ltd.
Mol Consolidation Service
Ningbo Asia Pulp and Paper
Ningbo Zhonghua Paper
Qiangsheng Wood Co., Ltd
Qingdao Liansheng International Trading
Qufu Shengda Wood Co., Ltd
Shandong Fengtai Wood Co., Ltd
Shandong Hongyang Fire Resistant
Shandong Xingang Group¹
Shanghai Sunshine Decorative Materials Co., Ltd.²
Shenghe Wood Company Ltd
Shouguang Evergreen Im & Ex Co. Ltd.³
Shouguang Taizhong Wood Co., Ltd.

¹ This company received the quantity and value questionnaire at two separate addresses.

² This company received the quantity and value questionnaire at two separate addresses.

³ This company was listed as having the following two “aka” names: Shouguang Evergreen Co., Ltd. and Weifang Evergreen Wood Co., Ltd.

Siyang Jiayuan Woodindustry Co., Ltd.
Siyang Senda Wood Industry Co., Ltd.
Suqian Bairun Wood Industry Co., Ltd⁴
Suqian Foreign Trade Co., Ltd.
Suqian Sulu Wood Industry Co., Ltd.
Suzhou Dong He Wood Co., Ltd.
Tianjin Canex
Tianjin Zhanye Metal Products Co., Ltd.
Xuzhou Fuyuan Wood Co., Ltd
Xuzhou Hongwei Wood Co., Ltd.
Xuzhou Ruilin Timber Co., Ltd.
Xuzhou Shenghe Wood Products
Xuzhou Woodhi Trading Co. Ltd.
Xuzhou Yishun Brightwood Co. Ltd.
Xuzhou Zhongda Building Materials Co., Ltd
Xuzhou Zhongyuan Wood Co., Ltd.
Yixing Lion-King Timber Industry Co., Ltd
Zhejiang Deqing Shengqiang Wood Co., Ltd
Zhejiang Fuerjia Wooden Company
Zhejiang Jufeng Wood Co., Ltd
Zhejiang Xinyuan Bamboo Products Co., Ltd
Zhejiang Yongyu Bamboo Joint-Stock Co., Ltd

⁴ This company was listed as having the following “aka” name: Suqian Sulu Import and Export Trading.