April 29, 2013

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Import Administration

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

SUBJECT: Decision Memorandum for Preliminary Determination of the Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China

SUMMARY

The Department of Commerce ("Department") preliminarily determines that hardwood and decorative plywood ("plywood") from the People’s Republic of China ("PRC") is being, or is likely to be, sold in the United States at less than fair value ("LTFV"), as provided in section 733 of the Tariff Act of 1930, as amended ("the Act"). The period of investigation ("POI") is January 1, 2012 through June 30, 2012. The estimated margins of sales at LTFV are shown in the "Preliminary Determination" section of this notice.

BACKGROUND

Initiation

On September 27, 2012, the Department received an antidumping duty ("AD") petition concerning imports of hardwood and decorative plywood from the PRC filed in proper form by the Coalition for Fair Trade of Hardwood Plywood ("Petitioners").1 The Department published the initiation of this investigation and the companion countervailing duty investigation on October 25, 2012 and October 24, 2012, respectively.2 In the Initiation Notice, the Department notified parties of the application process by which exporters and producers may obtain separate

---

1 See “Petitions for the Imposition of Antidumping Duties And Countervailing Duties: Hardwood Plywood From The People’s Republic of China,” filed on September 27, 2012 ("Petition").
rate status in non-market economy (“NME”) investigations. The process requires exporters and producers to submit a separate rate status application (“SRA”) and to demonstrate an absence of both de jure and de facto government control over their export activities. The SRA for this investigation was posted on the Department’s website at http://ia.ita.doc.gov/ia-highlights-and-news.html on October 25, 2012. In the Initiation Notice, we stated that the SRA will be due 60 days after publication of the notice, which was December 24, 2012. On November 21, 2012, the Department extended the SRA deadline to January 3, 2013.

On November 28, 2012, the International Trade Commission (“ITC”) determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of plywood from the PRC.

Period of Investigation

The POI is January 1, 2012, through June 30, 2012. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was September 2012.

Postponement of Preliminary Determination

On February 5, 2013, Petitioner made a timely request pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(e) for a 50-day postponement of the preliminary determination. On February 25, 2013, the Department published a postponement of the preliminary AD determination on plywood from the PRC. Additionally, on October 31, 2012, the Department exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 29, through October 30, 2012. Thus, the preliminary determination deadline was extended by a total of 52 days, to April 27, 2013. Further, because April 27, 2013, falls on a Saturday, the due date for the preliminary determination is now April 29, 2013.

---

4 See Memo to The File, from Katie Marksberry, International Trade Compliance Analyst, Office 9; Re: Deadline for Submission of Separate Rate Applications, dated November 21, 2012.
6 See 19 CFR 351.204(b)(1).
8 See Memorandum to the Record from Paul Piquado, Assistant Secretary for Import Administration, regarding “Tolling of Administrative Deadlines as a Result of the Government Closure During Hurricane Sandy,” dated October 31, 2012.
9 Department practice dictates that where a deadline falls on a weekend or federal holiday, the appropriate deadline is the next business day. See Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended, 70 FR 24533, 24533 (May 10, 2005).
Scope of the Investigation

The merchandise subject to this investigation is hardwood and decorative plywood. Hardwood and decorative plywood is a flat panel composed of an assembly of two or more layers or plies of wood veneers in combination with a core. The veneers, along with the core, are glued or otherwise bonded together to form a finished product. A hardwood and decorative plywood panel must have face and back veneers which are composed of one or more species of hardwoods, softwoods, or bamboo. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2009.

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).

A “veneer” is a thin slice of wood which is rotary cut, sliced or sawed from a log, bolt or flitch. The face veneer is the exposed veneer of a hardwood and decorative plywood product which is of a superior grade than that of the back veneer, which is the other exposed veneer of the product (i.e., as opposed to the inner veneers). When the two exposed veneers are of equal grade, either one can be considered the face or back veneer. For products that are entirely composed of veneer, such as Veneer Core Platforms, the exposed veneers are to be considered the face and back veneers, in accordance with the descriptions above.

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 veneers, particleboard, and medium-density fiberboard (“MDF”).

All hardwood and decorative plywood is included within the scope of this investigation regardless of whether or not the face and/or back veneers are surface coated, unless the surface coating obscures the grain, texture or markings of the wood. Examples of surface coatings which may not obscure the grain, texture or markings of the wood include, but are not limited to, ultra-violet light cured polyurethanes, oil or oil-modified or water based polyurethanes, wax, epoxy-ester finishes, and moisture-cured urethanes. Hardwood and decorative plywood that has face and/or back veneers which have an opaque surface coating which obscures the grain, texture or markings of the wood, are not included within the scope of this investigation. Examples of surface coatings which may obscure the grain, texture or markings of wood include, but are not limited to, paper, aluminum, high pressure laminate (“HPL”), MDF, medium density overlay (“MDO”), and phenolic film. Additionally, the face veneer of hardwood and decorative plywood may be sanded, smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing. The face veneer may be stained.

The scope of the investigation excludes the following items: (1) structural plywood (also known as “industrial plywood” or “industrial panels”) that is manufactured and stamped to meet U.S.
Products Standard PS 1-09 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), including but not limited to the “bond performance” requirements set forth at paragraph 5.8.6.4 of that Standard and the performance criteria detailed at Table 4 through 10 of that Standard; (2) products which have a face and back veneer of cork; (3) multilayered wood flooring, as described in the AD and countervailing duty orders on Multilayered Wood Flooring from the People’s Republic of China, Import Administration, International Trade Administration, U.S. Department of Commerce Investigation Nos. A-570-970 and C-570-971 (published December 8, 2011); (4) plywood which has a shape or design other than a flat panel.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States (“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; 4412.31.4070; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 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; 4412.94.1030; 4412.94.1050; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.99.1000; 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; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500; 4412.99.5115; and 4412.99.9500.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise as set forth herein is dispositive.

Scope Comments

In accordance with the preamble to the Department’s regulations, in our Initiation Notice we set aside a period of time for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of publication of the Initiation Notice.

On November 6, 2012, we received comments from UFP Purchasing, Inc. (“UFP Purchasing”) concerning the scope of these investigations. On November 8, 2012, we received additional comments on the scope of the investigation from the following parties: Lumber Liquidators Services, LLC (“Lumber Liquidators”); Hardwoods Specialty Products USLP (“Hardwoods”); Shamrock Building Materials Inc. (“Shamrock”); Linyi San Fortune Wood Co. Ltd (“San Fortune”), Jiangsu Vermont Wood Products Co., Ltd. (“Vermont Wood”), Xuzhou Jiangyang Wood Industries Co., Ltd. and Xuzhou Jiangheng Wood Products Co., Ltd. (“Jiangyang”); Argo

10 See Antidumping Duties; Countervailing Duties, 62 FR 27323 (May 19, 1997) (“Preamble”).
11 See Letter to the Department, from UFP Purchasing, Re: Comments on the Scope of the Investigation, dated November 6, 2012.
Drawer Sides: In their comments, Hardwoods, San Fortune, Vermont Wood, and Jiangyang, argued that drawer sides should be excluded because the scope that was published in the 
Initiation Notice stated that “plywood further manufactured or further worked aside from 
sanding, surface coating (i.e., “prefinishing”), scraping or staining” is excluded. These parties 
argue that drawer sides are “purposely further worked with additional production processes to 
achieve a design or shape other than a flat plane, for use as a drawer side.”

Drawer sides, as described by Hardwoods, San Fortune, Vermont Wood, and Jiangyang, are 
further worked such that they are no longer a flat panel, and are instead grooved in a way that 
would allow for assembly into a finished furniture product. Given the specific language of the 
scope, and Petitioners’ original intent to exclude further worked products, we are preliminarily 
excluding such merchandise from the scope of this investigation by excluding “plywood which 
has a shape or design other than a flat panel.”

Plywood with a Surface Other Than Wood: San Fortune, Vermont Wood, Jiangyang, and UFP 
Purchasing filed comments requesting that plywood with various surfaces other than wood

---

12 See Letters to the Department from various interested parties Re: Comments on the Scope of the Investigation, dated November 8, 2012.
14 See Letters to the Department from various interested parties Re: Comments on the Revised Scope of the Investigation, dated December 10, 2012.
15 See Letter to the Department from Petitioners, Re: Hardwood and Decorative Plywood from the People’s Republic, dated December 13, 2012.
16 See Letter to the Department, from Petitioners, Re: Hardwood and Decorative Plywood from the People’s Republic, dated December 20, 2012.
17 On December 5, 2012, the Department released a draft revised scope of the investigation intended to clarify the products which were intended to be covered by the scope of the investigation, and requested comments from interested parties on the revision. See Letter to All Interested Parties, from Catherine Bertrand, Program Manager, Office 9, Re: Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China, dated December 5, 2012; see also Memorandum to The File, from Katie Marksberry, Senior International Trade Analyst, Office 9, Re: Scope of the Investigation, dated February 26, 2013 (Prelim Scope Memo).
18 The Department notes that it received additional comments on the scope of the investigation from Teragren LLC and Smith & Fong Company on April 22, 2013, and from Petitioners on April 24, 2013. However, the Department is unable to consider these comments for the preliminary determination because they were filed in such close proximity to the preliminary determination deadline, and there is not sufficient time for parties to file rebuttal comments or for the Department to fully analyze the comments and rebuttals. Therefore, the Department is requesting that parties file any arguments regarding these submissions in their scope case briefs.

-5-
veneers should be excluded from the scope. The types of surface coverings/coatings which parties requested to be specifically excluded are: plywood laminated with paper, plywood with surfaces covered by aluminum sheet, high pressure laminate (“HPL”), medium density overlay plywood (“MDO”), Phenolic Film Faced Plyform (“PSF”), and plywood with outer layers of MDF (also referred to as “sandwiches”). UFP also stated that plywood with opaque coatings is not covered by the scope of the investigation.

The scope of the investigation includes the following language regarding the appearance of the face veneers of plywood in: “the face veneer of hardwood and decorative plywood may be sanded, smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing. The face veneer may also be stained (i.e., to achieve a particular color).” Additionally, the Department requested comments from interested parties on the following revised scope language which was intended to clarify the products which are covered by the scope of the investigation: “Hardwood and decorative plywood that has face and/or back veneers which have an opaque surface coating which obscures the grain, texture or markings of the wood, are not included within the scope of this investigation. Examples of surface coatings which may obscure the grain, texture or markings of wood include, but are not limited to, paper, aluminum, high pressure laminate (“HPL”), MDF, medium density overlay (“MDO”), and phenolic film.” No parties provided any comments objecting to this language clarifying the scope. Therefore, we preliminarily determine that products which have an opaque surface coating which obscures the grain, texture or markings of the wood are properly excluded from the scope of the investigation.

Wood Flooring and Panel Size: Lumber Liquidators submitted comments arguing that although the scope specifically excluded wood flooring from the scope, many of the Harmonized Tariff Schedule (“HTS”) numbers listed in the scope are also included in the scope of the AD and countervailing duty (“CVD”) orders covering multilayered wood flooring. Lumber Liquidators argued, therefore, that U.S. Customs and Border Protection (“CBP”) should be instructed that wood flooring is not covered by the scope of this investigation. Lumber Liquidators also argued that because there are no size requirements or restrictions concerning the size of panel that is covered by the scope, it may be confusing to determine whether a product is plywood or wood flooring. Therefore, they ask that size restrictions be included in the scope. We will ensure that our customs instructions contain no ambiguity regarding the products covered by this investigation and the AD and CVD orders on wood flooring.

Veneer Core Platforms: Argo, San Fortune, Vermont Wood, Jiangyang, and Shamrock argued that the Department should add a specific exclusion for veneer core platforms, which they described as “purely a core, without face or back veneers.” Shamrock also argued that Petitioners stated in a supplemental questionnaire regarding the Petitions that they “no longer wished to include veneer core platforms within the scope of this investigation.” Therefore, Shamrock argued that the Department should defer to Petitioners and expressly exclude veneer core platforms from the scope of the investigation. Additionally, Shamrock commented that the scope essentially excluded veneer core platforms, by stating in that “all hardwood and decorative plywood must have face and back veneers.” In their rebuttal comments and additional comments, Petitioners state that because veneer core platforms are “extraordinarily similar, if not

---

19 See Shamrock’s Scope Comments, dated November 8, 2012, at page 2.
identical” to the merchandise under consideration, an express exclusion for veneer core platforms could open an exception that could apply to all hardwood and decorative plywood.

Veneer core platforms do, by definition, have exposed veneers which are wood, and are therefore effectively the face and back veneers. Therefore, the Department preliminarily agrees with Petitioners that veneer core platforms are essentially identical to the merchandise under consideration and that such merchandise is subject to the scope of this investigation.

Bamboo Products: Lumber Liquidators argued that because there are no panel size restrictions included in the plywood scope, bamboo flooring might be grouped with plywood. Additionally, Lumber Liquidators argued that it is not aware of any commercial uses for bamboo hardwood plywood. CNFPIA argued that the scope is unclear with regard to products made of bamboo because the scope discusses products with wood veneers and bamboo is not technically wood. The GOC argued that bamboo should be excluded because bamboo is not wood, and because bamboo was not covered in the wood flooring Order. Petitioners objected to the GOC’s request that the scope exclude bamboo products. Petitioners argue that plywood with face and/or back veneers of bamboo are directly competitive with products made of other wood materials, and therefore Petitioners fully intended to include bamboo within the scope of the investigation.

With regard to comments from Lumber Liquidators, CNFPIA, and the GOC regarding plywood products that have face and/or back veneers of bamboo, Petitioners state that bamboo products are covered by the scope of the investigation, and are comparable to, and competitive with, products made of wood. Additionally, products which have face and/or back veneers of bamboo are explicitly included according to the language of the scope of the investigation. Specifically, the scope states that: “{a} hardwood and decorative plywood panel must have face and back veneers which are composed of one or more species of hardwoods, softwoods, or bamboo.” Therefore, we preliminarily find that such merchandise is subject to the scope of this investigation as it is a product for which Petitioners are seeking relief.

Structural Plywood: Taraca argued that the Department should clarify that all structural plywood is excluded from the scope of the investigation. In its exclusion request, Tacara requested that the Department add an additional explicit exclusion for structural plywood that is manufactured and stamped to meet U.S. Products Standard (“PS”) 2-09 or PS 2-10. Tacara argues that this standard is substantially equivalent to PS 1-09, and products which meet PS 1-09 are already explicitly excluded from the scope of the investigation. Additionally, Tacara notes that Petitioners have no objection to an exclusion for products manufactured and stamped to meet PS 2-09 or 2-10. Petitioners rebutted Tacara’s arguments regarding the exclusion for structural plywood. Petitioners state that structural plywood is tested and stamped at the manufacturing site, including foreign manufacturer’s facilities. Therefore, the scope language that specifies that “structural plywood… that is manufactured and stamped to meet U.S. Products Standard PS 1-09 for Structural Plywood” is excluded from the scope is adequate.

The Department preliminarily agrees with Tacara that products which are manufactured and stamped to meet PS 2-09 or PS 2-10 should be excluded from the scope of the investigation. In

---

addition to Tacara’s argument that PS 2-09 and PS 2-10 are substantially equivalent, the Department notes that Petitioners intended to exclude structural plywood, and explicitly stated that they have no objection to excluding products which meet PS 2 standards.  However, the Department is not modifying the language of the scope for the preliminary determination, but requests comments on the appropriate language to be included in the scope of the investigation for the final determination.

Forest Stewardship Counsel (“FSC”)-certified Products: Patriot Timber requested that the Department exclude from the scope plywood that is FSC-certified and documented per the FSC Standard for Chain of Custody Certification. Patriot Timber argues that FSC certification is intended to ensure that wood input materials which are used in the production of FSC-certified plywood are certified as “originating from well-managed forests, controlled sources, reclaimed materials, or a mixture of these.”

The Department preliminarily finds that regardless of any supply-chain certification, the products which meet the plain language of the scope are necessarily a product for which Petitioners are seeking relief and are therefore subject to the scope of this investigation. Specifically, we note that Patriot Timber’s scope exclusion request was not based upon the physical description of the product itself. Rather, the scope exclusion request was based on product markings that are specific to the supply-chain certification obtained by Patriot Timber.

Selection of Respondents

Section 777A(c)(l) of the Act directs the Department to calculate an individual weighted average dumping margin for each known exporter and producer of the subject merchandise. 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 investigation. When the Department limits the number of exporters examined in an investigation pursuant to section 777A(c)(2) of the Act, section 782(a) of the Act directs the Department to calculate individual weighted average dumping margins for companies not initially selected for individual examination who voluntarily provide the information requested of the mandatory respondents if (1) the information is submitted by the due date specified for the mandatory respondents and (2) the number of such companies that have voluntarily provided such information is not so large that individual examination would be unduly burdensome and inhibit the timely completion of the investigation.

On or before November 9, 2012, the Department received timely filed quantity and value (“Q&V”) questionnaire responses from 118 exporters/producers. On November 29, 2012, the Department determined that it was not practicable to examine more than two mandatory

21 See id., at page 4, footnote 11.
22 See “Disclosure and Public Comment” Section in the accompanying Preliminary Determination Federal Register notice.
23 See, e.g., Steel Wire Garment Hangers from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 41587 (August 14, 2008), and accompanying Issues and Decision Memorandum at Comment 1 (where the Department found that company specific information is an inappropriate basis upon which to modify the scope).
respondents in the investigation. Therefore, in accordance with section 777A(c)(2) of the Act, the Department selected the two exporters accounting for the largest volume of plywood exported from the PRC during the POI (i.e., San Fortune and Jiangyang) based on Q&V data. Additionally, seven companies filed timely requests for treatment as voluntary respondents, and two companies filed timely responses to the Department’s AD questionnaire. On March 15, 2013, pursuant to section 782(a) of the Act, the Department determined not to select any voluntary respondents because selecting any additional company for individual examination would be unduly burdensome and would inhibit the timely completion of this investigation.

The Department issued its AD questionnaire to San Fortune and Jiangyang on November 30, 2012. Between December 28, 2012, and April 8, 2013, San Fortune and Jiangyang timely responded to the Department’s original and supplemental questionnaires.

Surrogate Country

Section 773(c)(1) of the Act directs the Department to base normal value (“NV”), in most cases, on the NME producer’s factors of production (“FOP”) valued in a surrogate market-economy (“ME”) country or countries considered appropriate by the Department. The Department will value FOPs, in accordance with section 773(c)(4) of the Act, by using “to the extent possible, the prices or costs of factors of production in one or more market economy countries that are: (A) at a level of economic development comparable to that of the non-market economy country, and (B) significant producers of comparable merchandise.” Further, pursuant to 19 CFR 351.408(c)(2), the Department will normally value FOPs in a single surrogate country. On December 4, 2012, the Department invited all interested parties to submit comments on the surrogate country selection. The Department received timely comments from Petitioners, Respondents, Shanghai Senda Fancywood Industry Co. (“Senda”), Far East American, Inc. (“Far East American”), and from Zhejiang Dehua TB Import & Export Co. and its affiliate DeHua TB Industry & Trade Co., Ltd. (collectively “Dehua TB”). Petitioners recommend that the

---

Department select Thailand or Bulgaria\textsuperscript{30} as the primary surrogate country, in particular because both Thailand and Bulgaria are at a comparable level of economic development as the PRC, and have superior available surrogate value data and financial statements, as discussed below. Alternatively, Respondents, Senda, Far East American, and DeHua TB recommend either Indonesia or the Philippines, as discussed below. Because Bulgaria is not on the surrogate country list, and there are suitable countries on the list as discussed below, we are not considering it further.

A. Economic Comparability

Consistent with its practice, and section 773(c)(4) of the Act,\textsuperscript{31} the Department identified Colombia, Costa Rica, Indonesia, the Philippines, South Africa, and Thailand as countries equally comparable to the PRC in terms of economic development as reported in the most current annual issue of \textit{World Development Report} (The World Bank).\textsuperscript{32}

B. Significant Producer of Comparable Merchandise

Among the factors we consider in determining whether a country is a significant producer of comparable merchandise is whether the country is an exporter of comparable merchandise. In order to determine whether the above-referenced countries are significant producers of comparable merchandise, we looked to see if any exported merchandise comparable to the merchandise under consideration. Accordingly, the Department obtained export data for the six-digit HTS sub-headings listed in the description of the scope of this investigation (i.e., 441210, 441231, 441239, 441294, and 441299) for each of the seven potential surrogate countries listed above. After reviewing this export data, the Department preliminarily determines that all countries on the surrogate country list are significant producers of comparable merchandise (i.e., exported merchandise under the six-digit basket HTS categories included in the scope), and, therefore, satisfy the second criterion of section 773(c)(4) of the Act.\textsuperscript{33} Bulgaria had no exports of comparable merchandise during the POI, and is not on the surrogate country list.\textsuperscript{34}

C. Data Availability

If more than one potential surrogate country satisfies the statutory requirements for selection as a surrogate country, the Department selects the primary surrogate country based on data

\textsuperscript{30}Petitioners note that Bulgaria’s gross national income (“GNI”) is $6,530 which is within the GNI range of the economically comparable countries referenced in Surrogate Country Memo, i.e., $2,210 to $7,660.
\textsuperscript{31}See id.
\textsuperscript{32}See Memorandum from Carole Showers, Director, Office of Policy, Import Administration, Catherine Bertrand, Program Manager, Office 9, Import Administration, “Request for a List of Surrogate Countries for an Antidumping Duty Investigation of Hardwood and Decorative Plywood (“HDP”) from the People’s Republic of China (“China”)” (November 6, 2012) (“Surrogate Country Memo”).
\textsuperscript{33}See Memorandum to the File from Frances Veith, Senior International Trade Analyst, Office 9, through Catherine Bertrand, Program Manager, Office 9 “Investigation of Hardwood and Decorative Plywood from the People’s Republic of China: Surrogate Values for the Preliminary Determination” (April 29, 2013) (“Preliminary Factor Valuation Memorandum”).
\textsuperscript{34}See Preliminary Factor Valuation Memorandum.
availability and reliability. When evaluating surrogate value data, the Department considers several factors, including whether the surrogate values are publicly available, contemporaneous with the POI, representative of a broad market average, tax and duty-exclusive, and specific to the inputs being valued.

Petitioners contend that Bulgarian or Thai surrogate values, including financial statements for Bulgarian and Thai producers of merchandise comparable to hardwood plywood, are available for all FOPs. Furthermore, Petitioners argue that Bulgarian Global Trade Atlas (“GTA”) import data is specific to Respondents’ most significant input (i.e., veneers and cores). Respondents Senda, Far East American, and Dehua TB contend that Indonesian or Philippine surrogate values, including financial statements for Indonesian and Philippine producers of merchandise comparable to hardwood plywood, are available for all FOPs.

The record of this investigation contains publicly-available Bulgarian, Indonesian, Philippine and Thai surrogate value data for FOPs. However, after reviewing the surrogate value information on the record, the Department has found that the Philippine data are the best available data for valuing respondents’ FOPs. Specifically, of the 13 non-contemporaneous financial statements on the record, we determined that there are only two statements, from Philippine producers of comparable merchandise, that also accurately reflect the production process of the mandatory respondents (i.e., Philippine Softwood Products and Richmond Plywood Corp). Additionally, Philippine labor data are more contemporaneous (i.e., ILO data from 2008) than the labor data available from other potential surrogate countries (i.e., ILO data from 2000 and Thai National Statistics Office data from 2006). Therefore, the Department preliminarily determines that Philippine data are the best available surrogate value data.

For the reasons stated above, the Department preliminarily determines, pursuant to section 773(c)(4) of the Act, that it is appropriate to use the Philippines as the primary surrogate country because the Philippines is (1) at a level of economic development comparable to the PRC and (2) a significant producer of merchandise comparable to the merchandise under consideration. Therefore, the Department has calculated NV using Philippine import prices when available and appropriate to value respondents’ FOPs. For the final determination in this investigation

---

36 See id.
38 See Preliminary Factor Valuation Memorandum.
interested parties may submit publicly available information to value the FOPs within 40 days after the publication of this preliminary determination.\textsuperscript{39}

Surrogate Value Comments

Surrogate factor valuation comments and surrogate value information with which to value the FOPs in this proceeding were filed by petitioners, respondents, and Senda on February 22, 2013. On March 13, 2013, petitioners and respondents each filed rebuttal surrogate factor valuation comments and surrogate value information with which to value the FOPs. For a detailed discussion of the surrogate values used in this LTFV proceeding, see the “Factor Valuation” section below and the Preliminary Factor Valuation Memorandum.

Separate Rates

In proceedings involving NME countries, the Department maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.\textsuperscript{40} The Department’s policy is to assign all exporters of merchandise under consideration that are in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.\textsuperscript{41} The Department analyzes whether each entity exporting the merchandise under consideration is sufficiently independent under a test established in Sparklers\textsuperscript{42} and further developed in Silicon Carbide.\textsuperscript{43} According to this separate rate test, the Department will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both de jure and de facto government control over its export activities. If, however, the Department determines that a company is wholly foreign-owned, then a separate rate analysis is not necessary to determine whether that company is independent from government control and eligible for a separate rate.

\textsuperscript{39} See 19 CFR 351.301(c)(3)(i). In accordance with 19 CFR 351.301(c)(1), for the final determination of this investigation, interested parties may submit factual information to rebut, clarify, or correct factual information submitted by any other 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 recently placed on the record. The Department generally will not accept the submission of additional, previously absent-from-the-record alternative surrogate value information. 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. Additionally, for each piece of factual information submitted with surrogate value rebuttal comments, the interested party must provide a written explanation of what information that is already on the record of the ongoing proceeding the factual information is rebutting, clarifying, or correcting.

\textsuperscript{40} See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 55039, 55040 (September 24, 2008) (“PET Film”).

\textsuperscript{41} See Final Determination of Sales at Less Than Fair Value: Sparklers From the People’s Republic of China, 56 FR 20588, 20589 (May 6, 1991) (“Sparklers”).

\textsuperscript{42} Id.

\textsuperscript{43} 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”).
A. Separate Rate Recipients

In addition to the two mandatory respondents, San Fortune and Jiangyang, the Department received separate rate applications from the following 101 companies (“Separate Rate Applicants”) and preliminary determines that they should receive a separate rate, as explained below:

1. Anhui Tiansen Trading Co., Ltd.
2. Anhui Wanmu Wood Co., Ltd.
3. Anhui Xinyuanda Wood Co., Ltd.
4. Anji Hefeng Bamboo & Wood Industry Co., Ltd.
5. Anji Qichen Bamboo Industry Co., Ltd.
7. Celtic Co., Ltd
8. Dehua Tb Industry & Trade Company Limited
9. Deqing Dajiang Import And Export Co., Ltd.
10. Fengxian Fangyuan Wood Co., Ltd.
12. Highland Industries Inc.
13. Huainan Mengping Import And Export Co., Ltd
17. Jiangsu Shengyang Industrial Joint Stock Co., Ltd.
18. Jiangsu Simba Flooring Co., Ltd.
19. Jiangsu Top Point International Co., Ltd.
20. Jiangsu Vermont Wood Products Co., Ltd
22. Jiaxing Brilliant Import & Export Co., Ltd
24. Jiaxing Hengtong Wood Co., Ltd
25. Jiaxing Kaochuan Woodwork Co., Ltd
27. Langfang Baomujie Wood Co., Ltd.
28. Larkcop International Co., Ltd.,
29. Leadwood Industrial Corp.
30. Lianyungang Penghai International Trading Co., Ltd.
31. Lianyungang Yuantai International Trade Co., Ltd.
32. Linyi Anshun Timber Co., Ltd.
33. Linyi City Dongfang Jinxin Economic & Trade Co., Ltd.
34. Linyi Dahua Wood Co., Ltd.
Linyi Dongfangjuxin Wood Co., Ltd.
Linyi Evergreen Wood Co., Ltd.
Linyi Glary Plywood Co., Ltd.
Linyi Hengsheng Wood Industry Co., Ltd.
Lingyi Huasheng Yongbin Wood Co., Ltd.
Linyi Huifeng Wood Industry Co., Ltd.
Linyi Jiahe Wood Industry Co., Ltd.
Linyi Kaier International Trade Co., Ltd.
Linyi King Import And Export Co., Ltd
Linyi Linhai Wood Co., Ltd.
Linyi Mingzhu Wood Co., Ltd
Linyi Tianhe Wooden Industry Co., Ltd.
Linyi Zhongtai Import And Export Co., Ltd.
Pacific Plywood Co., Ltd.
Pingyi Jinniu Wood Co., Ltd.
Pizhou Hengxing International Trade Co., Ltd.
Qingdao King Sports Products Technology Co., Ltd
Qingdao Top P&Q International Corp.
Qufu Luhan Woodwork Co., Ltd
Qufu Shengfu Wood Work Co., Ltd.
Shandong Anxin Timber Co., Ltd.
Shandong Huaxin Jiasheng Wood Co., Ltd.
Shandong Jinli Imp.&Exp. Co., Ltd.
Shandong Qishan International Trading Co., Ltd.
Shandong Union Wood Co., Ltd.
Shandong Xingang Group
Shanghai Aviation Import & Export Co., Ltd.
Shanghai Futuwood Trading Co., Ltd.
Shanghai Luli Trading Co., Ltd.
Shanghai Mailin International Trade Co., Ltd.
Shanghai S&M Trade Co., Ltd.
Shanghai Senda Fancywood Industry Co.
Shouguang Sanyang Wood Industry Co., Ltd.
Siyang Enika International Trade Co., Ltd.
Sumec International Technology Co., Ltd
Suqian Foreign Trade Co., Ltd.
Suqian Hopeway International Trade Co., Ltd.
Suzhou Dongda Wood Co., Ltd.
Suzhou Fengshuwang Import And Export Trade Co., Ltd
Suzhou Oriental Dragon Import And Export Corp. Ltd.
Wenzhou Eita Import & Export Co., Ltd.
The Separate Rate Applicants and the mandatory respondents (i.e., San Fortune and Jiangyang) provided evidence that they are either joint ventures between Chinese and foreign companies or are wholly Chinese-owned companies. The Department analyzed whether each of these companies have demonstrated an absence of *de jure* and *de facto* government control over their respective 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) legislative enactments
decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.\footnote{See Sparklers, 56 FR at 20589.}

The evidence provided by the Separate Rate Applicants and the mandatory respondents supports a preliminary finding of an absence of de jure government control for each of these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporters’ business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of the companies; and (3) the implementation of formal measures by the government decentralizing control of Chinese companies.

b. Absence of De Facto Control

Typically, the Department considers four factors in evaluating whether a respondent is subject to de facto government control of its export functions: (1) whether the export prices (“EP”) 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.\footnote{See Silicon Carbide, 59 FR at 22586-87; 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).} 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 which would preclude the Department from assigning separate rates.

The evidence provided by the Separate Rate Applicants and the mandatory respondents supports a preliminary finding of an absence of de facto government control based on record statements and supporting documentation showing that the companies: (1) set their own EPs independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.

Therefore, the evidence placed on the record of this investigation by the Separate Rate Applicants and the mandatory respondents demonstrates an absence of de jure and de facto government control under the criteria identified in Sparklers and Silicon Carbide. Accordingly, the Department has preliminarily granted separate rates to the mandatory respondents and the companies listed in Attachment 1.\footnote{See “Preliminary Determination” section below.}

2. Wholly Foreign-Owned

One separate rate applicant in this investigation, Jiaxing Kaochuan Woodwork Co., Ltd., provided evidence in its SRA that it is wholly owned by individuals and companies located in

\footnote{See Sparklers, 56 FR at 20589.}
\footnote{See Silicon Carbide, 59 FR at 22586-87; 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).}
\footnote{See “Preliminary Determination” section below.}
ME countries. Moreover, the Department has no record evidence indicating that this company is under the control of the PRC government. For these reasons, it is not necessary for the Department to conduct a separate rate analysis to determine whether Jiaxing Kaochuan Woodwork Co., Ltd. is independent from government control. Therefore, the Department has preliminarily granted a separate rate to Jiaxing Kaochuan Woodwork Co., Ltd..

B. Companies Not Receiving a Separate Rate

The Department has not granted a separate rate to the following additional Separate Rate Applicants: Cosco Star International Co., Ltd. (“Cosco Star”), G.D. Enterprise Limited (“G.D. Enterprise”), Green Link International Corp. (“Green Link”), Linyi Junjie Wood Plant (“Linyi Junjie”), and Smart Gift International (“Smart Gift”) for the following reasons:

a. Cosco Star, G.D. Enterprise, Green Link, and Smart Gift are located in ME countries and, therefore, are not required to apply for a separate rate in order to demonstrate independence from PRC government control. Accordingly, the cash deposit rate for these companies will be the cash deposit rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter.

b. Linyi Junjie failed to submit a response to the Department’s supplemental separate rate questionnaire.

Margin for the Separate Rate Companies

Normally, the Department’s practice is to assign to separate rate entities that were not individually examined a rate equal to the average of the rates calculated for the individually examined respondents, excluding any rates that are zero, de minimis, or based entirely on adverse facts available “(AFA), in accordance with section 735(c)(5)(A) of the Act. The statute further provides that, where all margins are zero rates, de minimis rates, or rates based entirely on facts available, the Department may use “any reasonable method” for assigning the rate to non-selected respondents. In the instant investigation, all calculated margins were either

---

47 See, e.g., Seamless Refined Copper Pipe and Tube from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 75 FR 26716, 26720 (May 12, 2010), unchanged in Seamless Refined Copper Pipe and Tube From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 60725 (October 1, 2010).

48 See the section entitled “Suspension of Liquidation” in the accompanying Preliminary Determination Federal Register notice.

49 See the Memorandum to the File, from Robert Palmer, International Trade Compliance Analyst, Re: Email Communication Regarding Linyi Junjie Wood Limited Company’s Supplemental Questionnaire, dated April 29, 2013.


51 See, e.g., Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People’s Republic of China, 71 FR 77373, 77377 (December 26, 2006), unchanged in Final Determination of Sales at Less Than Fair Value and Partial Affirmative
zero or de minimis. Therefore, we have used the simple average of San Fortune, Jiangyang and the PRC-wide entity’s margins (i.e., 0.62, 1.83, and 63.96) to determine the separate rate of 22.14 percent.52

Combination Rates

In the Initiation Notice, the Department stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation.53 This practice is described in Policy Bulletin 05.1.54

The PRC-wide Entity

The record indicates that, in addition to Linyi Junjie, there are other PRC exporters and/or producers of the merchandise under consideration during the POI that did not respond to the Department’s requests for information. Specifically, the Department did not receive responses to its Q&V questionnaire from 17 PRC exporters and/or producers of merchandise under consideration that were named in the petition and to whom the Department issued the questionnaire.55 Because Linyi Junjie and these non-responsive PRC companies have not demonstrated that they are eligible for separate rate status, the Department considers them part of the PRC-wide entity (see Attachment 2 for the full list of companies that are part of the PRC-wide entity). Furthermore, as explained in the next section, we preliminarily determine that the PRC-wide rate will be calculated on the basis of AFA.

Application of Facts Available and Adverse Facts Available

Section 776(a)(2) of the Act provides that, if an interested party (A) withholds information that has been requested by the Department, (B) fails to provide such information in a timely manner or in the form or manner requested, subject to subsections 782(c)(1) and (e) of the Act, (C) significantly impedes a proceeding under the AD statute, or (D) provides such information but the information cannot be verified, the Department shall, subject to subsection 782(d) of the Act, use facts otherwise available in reaching the applicable determination.

The Department preliminarily finds that the PRC-wide entity withheld information requested by the Department, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested information. The PRC-wide entity neither filed

52 See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination; Light-Walled Rectangular Pipe and Tube From the Republic of Korea, 73 FR 5794, 5800 (January 31, 2008), unchanged in Final Determination of Sales at Less Than Fair Value: Light-Walled Rectangular Pipe and Tube from the Republic of Korea, 73 FR 35655 (June 24, 2008).
53 See Initiation Notice, 77 FR at 65176.
54 See Memorandum to the File, from Kabir Archuleta, International Trade Compliance Analyst, Re: Clarification of Company Names Used in Combination Rates, dated concurrently with this Decision Memorandum.
55 See Memorandum to the File, from Katie Marksberry, International Trade Compliance Analyst, Re: Quantity and Value Questionnaire Delivery Confirmation, dated November 13, 2012. The Department also posted a copy of the Q&V questionnaire on its website.
documents indicating it was having difficulty providing the information nor requested that it be allowed to submit the information in an alternate form. As a result, the Department preliminarily determines, pursuant to sections 776(a)(2)(A)-(C) of the Act, that it may use facts otherwise available to determine the rate for the PRC-wide entity.56

Section 776(b) of the Act provides that the Department, in selecting from among the facts otherwise available, may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information. The Department finds that the PRC-wide entity’s failure to provide the requested information constitutes circumstances under which it is reasonable to conclude that less than full cooperation has been shown.57 Therefore, the Department preliminarily determines that the PRC-wide entity failed to cooperate to the best of its ability to comply with requests for information and, consequently, the Department may employ an inference that is adverse to the PRC-wide entity in selecting from among the facts otherwise available.

Section 776(b) of the Act states that the Department, when employing an adverse inference, may rely upon information derived from the petition, the final determination from the LTFV investigation, a previous administrative review, or any other information placed on the record. In selecting a rate based on AFA, the Department selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated. The Department’s practice is to select, as an AFA rate, the higher of: (1) the highest dumping margin alleged in the petition, or (2) the highest calculated dumping margin of any respondent in the investigation.58 In this investigation, the highest petition dumping margin is 321.68 percent.59 This rate is higher than any of the weighted-average dumping margins calculated for the companies individually examined. However, as explained in the next section, we have preliminarily determined to use the highest calculated transaction-specific margin as the AFA rate to apply to the PRC-wide entity.

**Corroboration of PRC-wide Rate**

Section 776(c) of the Act requires the Department to corroborate, to the extent practicable, secondary information used as facts available. Secondary information is defined as “information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 concerning the subject merchandise.”60

---


57 See Nippon Steel Corporation v. United States, 337 F.3d 1373, 1383 (Fed. Cir. 2003) (noting that the Department need not show intentional conduct existed on the part of the respondent, but merely that a “failure to cooperate to the best of a respondent’s ability” existed (i.e., information was not provided “under circumstances in which it is reasonable to conclude that less than full cooperation has been shown”)).


59 See Initiation Notice, 77 FR at 65175.

60 See Statement of Administrative Action accompanying the URRAA, H.R. Rep No. 103-316 (“SAA”), at 870.
The SAA provides further that the term “corroborate” means that the Department will satisfy itself that the secondary information to be used has probative value.\(^{61}\) Thus, to corroborate secondary information, the Department will examine, to the extent practicable, the reliability and relevance of the information used. The SAA also states that independent sources used to corroborate secondary information may include, for example, published price lists, official import statistics, and customs data, as well as information obtained from interested parties during that particular investigation.\(^{62}\)

We note that there were several transaction-specific margins calculated for one respondent that we are preliminarily including in the margin calculation but that we intend to analyze further, as discussed below.\(^{63}\) This limited universe of transaction-specific margins is significantly higher than the next lowest grouping of margins calculated for either respondent.\(^{64}\) The next highest calculated transaction-specific margin apart from these sales is 63.96 percent.

As noted above, to determine the appropriate rate for the PRC-wide entity based on AFA, the Department first examined whether the highest petition margin was less than or equal to the highest calculated margin, and determined that the petition margin of 321.68 percent was the higher of the two. Next, in order to corroborate 321.68 percent as the potential PRC-wide rate, we first compared it to 63.96 percent, the highest transaction-specific margin calculated for one of the mandatory respondents.\(^{65}\) As 63.96 is less than 321.68 percent, we could not corroborate 321.68 percent, and, therefore, we will use the highest calculated transaction-specific margin of 63.96 percent as the PRC-wide rate.\(^{66}\)

In selecting the highest calculated transaction-specific margin to use as the PRC-wide rate, the Department analyzed the underlying transaction resulting in the 63.96 percent AD margin and affirmed that this rate is neither unusual in terms of transaction quantities nor otherwise aberrational.\(^{67}\) In terms of transaction quantities, there are significant numbers of sales made by

---

\(^{61}\) See SAA, at 870.

\(^{62}\) See id.

\(^{63}\) See Jiangyang Prelim Analysis Memo, at 11 and Attachment II: Output; see also Jiangyang’s Reported Salvage Sales Section below.

\(^{64}\) See Jiangyang Prelim Analysis Memo at Attachment II; Memorandum to the File from Katie Marksberry, Senior International Trade Compliance Analyst, Office 9, through Catherine Bertrand, Program Manager, Office 9 “Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China: Preliminary Analysis Memo for Linyi Sanfortune Wood Co., Ltd.” (“Sanfortune Prelim Analysis Memo”), at 11 and Attachment II: Output.

\(^{65}\) See Memorandum to the File from Kabir Archuletta, International Trade Analyst, Office 9, through Catherine Bertrand, Program Manager, Office 9, “Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China: Preliminary Analysis Memo for Xuzhou Jiangyang Wood Industries Co., Ltd.” (“Jiangyang Prelim Analysis Memo”), at 11 and Attachment II: Output.


\(^{67}\) See, e.g., Certain Lined Paper Products from India: Notice of Final Results of Antidumping Duty Administrative Review, 75 FR 7563 (February 22, 2010), and the accompanying Issues and Decision Memorandum; Hyundai Elec.
both respondents with quantities similar to that in the underlying transaction. The rate is otherwise reasonable because it represents an actual rate at which a cooperating respondent sold the subject merchandise during the POI. This rate is supported by substantial evidence because it is based upon sales from the POI. If during the POI, the cooperating respondent sold the merchandise under consideration at the rate the Department selected, the Department may reasonably determine that a non-responsive, or uncooperative, respondent could have made all of its sales at the same rate. Therefore, we have preliminarily determined that Jiangyang’s transaction-specific margin of 63.96 percent, based on data in the current investigation, is not aberrational and is a reasonable AFA rate for the PRC-wide entity for this preliminary determination. The PRC-wide rate applies to all entries of merchandise under consideration except for entries from San Fortune, Jiangyang, and the producers/exporters receiving a separate rate, as stated above.

Affiliation/Single Entity

Based on the evidence on the record in this investigation, including information submitted by Jiangyang in its questionnaire responses, the Department preliminarily finds affiliation between Jiangyang and Xuzhou Jiangheng Wood Products Co. Ltd. (“Jiangheng”), producers of merchandise under consideration, and Far East American, Inc. pursuant to section 771(33)(E) and (F) of the Act. Further, based on the evidence presented in Jiangyang’s questionnaire responses, we preliminarily find that Jiangyang and Jiangheng should be treated as a single entity for the purposes of this investigation, pursuant to 19 CFR 351.401(f), because the companies have production facilities for identical products and there exists a significant potential for manipulation of price or production.

Date of Sale

In identifying the date of sale of the merchandise under consideration, the Department will normally, in accordance with 19 CFR 351.401(i), “use the date of invoice, as recorded in the exporter or producer’s records kept in the normal course of business.” In Allied Tube, the CIT noted that a “party seeking to establish a date of sale other than invoice date bears the burden of producing sufficient evidence to ‘satisfy’ the Department that ‘a different date better reflects the date on which the exporter or producer establishes the material terms of sale.’” Additionally, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.


See Jiangyang Prelim Analysis Memo at Attachment II; Sanfortune Prelim Analysis Memo at Attachment II.


70 See PRC Steel Cylinders LTFV Prelim, 76 FR 77971.

71 For a detailed discussion of this issue, see Memorandum to the File from Kabir Archuletta, International Trade Analyst, Office 9, through Catherine Bertrand, Program Manager, Office 9, “Preliminary Determination of Affiliation/Single Entity Treatment for Xuzhou Jiangyang Wood Industries Co., Ltd., Xuzhou Jiangheng Wood Products Co. Ltd., and Far East American, Inc.” issued concurrently with this notice.

terms of sale. This normally includes the price, quantity, delivery terms and payment terms. Because Jiangyang makes sales through various sales channels, Jiangyang has proposed using different dates of sale depending on when the key terms of sale are fixed and final. However, in keeping with the Department's preference for using a uniform date of sale under section 19 CFR 351.401(i), we have preliminarily determined to use the invoice date as the date of sale. Although “Congress expressed its intent, that for antidumping purposes, the date of sale be flexible so as to accurately reflect the true date on which the material elements of sale were established,” the Department has a clear preference for “using a single date of sale for each respondent, rather than a different date of sale for each sale” because, inter alia, “by simplifying the reporting and verification of information, the use of a uniform date of sale makes more efficient use of the Department’s resources and enhances the predictability of outcomes.” Accordingly, we have selected the invoice date as the date of sale for Jiangyang’s sales of merchandise under consideration made during the POI based on the Department’s preference for using the invoice date and a uniform date of sale. Further, the record does not demonstrate that another uniform date better represents the date that the material terms of sale are established for all sales.

Additionally, San Fortune reported both invoice data and purchase order date in its U.S. sales database. The Department has preliminarily determined that San Fortune’s reported invoice date is the appropriate date of sale because San Fortune has stated that the material terms of sale can change after the purchase order is issued, and because San Fortune does not record its sales in its normal books and records until after the commercial invoice is issued.

Jiangyang’s Reported Salvage Sales

In its initial Section C questionnaire response, Jiangyang stated that it had sales of damaged goods during the POI that it sold at a fraction of the market value to one of a few specific

---

73 See 19 CFR 351.401(i); see also Allied Tube, 132 F. Supp. 2d at 1090-1092.
74 See, e.g., Carbon and Alloy Steel Wire Rod From Trinidad and Tobago: Final Results of Antidumping Duty Administrative Review, 72 FR 62824 (November 7, 2007), and accompanying Issue and Decision Memorandum at Comment 1; Notice of Final Determinations of Sales at Less Than Fair Value; Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products from Turkey, 65 FR 15123 (March 21, 2000), and accompanying Issues and Decision Memorandum at Comment 1.
75 See Letter from Jiangyang to the Secretary of Commerce “Section A Questionnaire Response” (December 28, 2013) at 27-29; Letter from Jiangyang to the Secretary of Commerce “Section C and D Questionnaire Response” (January 28, 2013) (“Jiangyang SCDQR”), at 15-16.
77 See Antidumping Duties; Countervailing Duties, 62 FR 27296, 27348-50 (May 19, 1997).
78 See e.g., Large Power Transformers From the Republic of Korea: Final Determination of Sales at Less Than Fair Value, 77 FR 40857 (July 11, 2012) and accompanying Issues and Decision Memorandum at Comment 1; see also Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, and Affirmative Final Determination of Critical Circumstances, in Part, 77 FR 63791 (October 17, 2012) and accompanying Issues and Decision Memorandum at Comment 3.
79 See Jiangyang Prelim Analysis Memo at 11.
80 See Memorandum to the File through Catherine Bertrand, Program Manager, Office 9, from Katie Marksberry, International Trade Analyst, Office 9, “Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China: Preliminary Analysis Memo for Linyi San Fortune Wood Co., Ltd.” dated concurrently with this memorandum (“San Fortune Prelim Analysis Memo”).
customers that only purchased salvage grade material.\textsuperscript{81} Jiangyang argued that these sales should be excluded from the AD margin calculation.\textsuperscript{82} On April 3, 2013, the Department issued to Jiangyang a supplemental questionnaire regarding these sales.\textsuperscript{83} For this preliminary determination, the Department is preliminarily including these sales in the margin calculation but will consider whether to exclude these sales, based on Jiangyang’s response to the outstanding supplemental questionnaire and any comments received from interested parties, in the final determination.

**Fair Value Comparisons**

In accordance with section 777A(d)(1) of the Act, the Department compared the weighted-average price of the U.S. sales of the merchandise under consideration to the weighted-average NV to determine whether the mandatory respondents sold merchandise under consideration to the United States at LTFV during the POI.\textsuperscript{84}

**Export Price**

In accordance with section 772(a) of the Act, the Department defined the U.S. price of merchandise under consideration based on the EP of all of the sales reported by San Fortune and for certain of the sales reported by Jiangyang. The Department calculated the EP based on the prices at which merchandise under consideration was sold to unaffiliated purchasers in the United States.

The Department made deductions, as appropriate, from the reported U.S. price for movement expenses (i.e., domestic and foreign inland freight, domestic and foreign brokerage and handling, marine insurance and international freight).\textsuperscript{85} The Department based movement expenses on surrogate values where the service was purchased from a PRC company.\textsuperscript{86}

**Constructed Export Price**

In accordance with section 772(b) of the Act, CEP is “the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter, as adjusted under subsections (c) and (d).” For Jiangyang, which reported both EP and CEP sales, we based CEP on prices to the first unaffiliated purchaser in the United States. Where appropriate, we made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, U.S. movement expenses, and appropriate selling expenses, in accordance with section 772(c)(2)(A) of the Act.

\textsuperscript{81} See Letter from Jiangyang to the Secretary of Commerce “Section C and D Questionnaire Response” (January 28, 2013), at C-46-47.

\textsuperscript{82} See id.

\textsuperscript{83} See Letter from Catherine Bertrand, Program Manager, Office 9, “Salvage Sale Supplemental Questionnaire” (April 3, 2013).

\textsuperscript{84} See “Export Price” and “Normal Value” sections below.

\textsuperscript{85} See section 772(c)(2)(A) of the Act.

\textsuperscript{86} See “Factor Valuation Methodology” section below.
In accordance with section 772(d)(1) of the Act, we also deducted those selling expenses associated with economic activities occurring in the United States where appropriate. Specifically, we deducted, where appropriate, commissions, inventory carrying costs, credit expenses, and indirect selling expenses. Where foreign movement expenses were provided by PRC service providers or paid for in PRC currency, we valued these services using surrogate values. For those expenses that were provided by an ME provider and paid for in an ME currency, we used the reported expense.

Due to the proprietary nature of certain adjustments to U.S. price, a detailed description of all adjustments made to U.S. price for Jiangyang is provided in the Jiangyang Prelim Analysis Memo.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine NV using the FOP methodology if the merchandise is exported from an NME and the 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. The Department bases NV on FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department’s normal methodologies. Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), the Department calculated NV based on FOPs. Under section 773(c)(3) of the Act, FOPs 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.

Factor Valuation Methodology

In accordance with section 773(c) of the Act, the Department calculated NV based on FOP data reported by the individually examined respondents. To calculate NV, the Department multiplied the reported per-unit factor-consumption rates by publicly available surrogate values. When selecting the surrogate values, the Department considered, among other factors, the quality, specificity, and contemporaneity of the data. As appropriate, the Department adjusted input prices by including freight costs to make them delivered prices. Specifically, the Department

87 See Prelim Surrogate Value Memo for details regarding the surrogate values for movement expenses.
88 See Memorandum to the File through Catherine Bertrand, Program Manager, Office 9, from Kabir Archuletta, International Trade Analyst, Office 9, “Antidumping Duty Investigation of Hardwood and Decorative Plywood from the People’s Republic of China: Preliminary Analysis Memo for Xuzhou Jiangyang Wood Industries Co., Ltd.” dated concurrently with this memorandum (“Jiangyang Prelim Analysis Memo”).
90 See section 773(c)(3)(A)-(D) of the Act.
added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent’s factory or the distance from the nearest seaport to the respondent’s factory.\textsuperscript{92} A detailed description of all surrogate values used for Respondents can be found in the Preliminary Factor Valuation Memorandum.

For the preliminary determination, the Department used Philippine import data, as reported by the Philippines National Statistics Office and published by Global Trade Atlas (“GTA”), and other publicly available sources from the Philippines to calculate surrogate values for Respondents FOPs. In accordance with section 773(c)(1) of the Act, the Department applied the best available information for valuing FOPs by selecting, to the extent practicable, surrogate values which are (1) non-export average values, (2) contemporaneous with, or closest in time to, the POI, (3) product-specific, and (4) tax-exclusive.\textsuperscript{93} The record shows that Philippine import data obtained through GTA, as well as data from other Philippine sources, are product-specific, tax-exclusive, and generally contemporaneous with the POI.\textsuperscript{94} In those instances where the Department could not obtain information contemporaneous with the POI with which to value FOPs, the Department adjusted the surrogate values using, where appropriate, the Philippines’ producer price index as published in the International Monetary Fund’s (“IMF”) International Financial Statistics.

When calculating Philippine import-based, per-unit surrogate values, the Department disregarded import prices that it has reason to believe or suspect may be dumped or subsidized. It is the Department’s practice, guided by the legislative history, not to conduct a formal investigation to ensure that such prices are not dumped or subsidized; rather, the Department bases its decision on information that is available to it at the time it makes its determination.\textsuperscript{95} In this case, the Department has reason to believe or suspect that prices of exports from India, Indonesia, South Korea, and Thailand may have been subsidized. The Department has found in other proceedings that these countries maintain broadly available, non-industry-specific export subsidies and, consequently, it is reasonable to infer that all exports from these countries to all markets may be

\textsuperscript{92} See Sigma Corp. v. United States, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).
\textsuperscript{94} See Preliminary Factor Valuation Memorandum.
Therefore, the Department has not used data from these countries in calculating Philippine import-based surrogate values. Additionally, the Department disregarded data from NME countries when calculating Philippine import-based per-unit surrogate values. The Department also excluded from the calculation of Philippine import-based per-unit surrogate values imports that were labeled as originating from an “unidentified” country because the Department could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME AD proceedings. In Labor Methodologies, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing from the International Labor Organization (“ILO”) Yearbook of Labor Statistics (“Yearbook”).

It is the Department’s preference to use data reported under the most recent revision. In this case, we found that the Philippines’ most recent reported revision is ISIC-Rev.3-D. Within ISIC-Rev. 3-D standard, the Department identified the two-digit series most specific to plywood as Sub-Classification 20, which is described as “Manufacture of Wood and of Products of Wood and Cork, except Furniture.” However, the Philippines have not reported wage data specific to this two-digit description for the POI. The Philippines, however, did report wage data specific to the two-digit description data in 2008. Thus, the Department calculated the labor value using total labor data reported by the Philippines to the ILO in 2008, in accordance with section 773(c)(4) of the Act.

As stated above, the Department used Philippine ILO data reported under Chapter 6A of Yearbook, which reflects all costs related to labor, including wages, benefits, housing, training, etc. Because the financial statements used to calculate the surrogate financial ratios include itemized details of indirect labor costs, the Department made adjustments to the surrogate financial ratios.

---

96 See Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Color Television Receivers From the People’s Republic of China, 69 FR 20594 (April 16, 2004), and accompanying Issues and Decision Memorandum at Comment 7; 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; Certain Cut-to-Length Carbon-Quality Steel Plate from Indonesia: Final Results of Expedited Sunset Review, 70 FR 45692 (August 8, 2005), and accompanying Issues and Decision Memorandum at 4; and 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.


99 See Labor Methodologies, at 76 FR 36093.

100 See Preliminary Factor Valuation Memorandum.
We valued electricity using the POI prices published by the Manila Electric Company, which contains pricing data for electricity rates and other charges for residential and industrial customers. These electricity rates represent publicly available, broad-market averages.\footnote{See id.}

We valued water using Philippine data based on two water utility companies providing service to the Manila metropolitan area: Manila Water Company Inc. (http://www.manilawater.com/downloads/ltr.pse.secpdex.tariff.adjustment.jan2011.pdf) and Maynilad Water Services, Inc. (http://www.mayniladwater.com.ph/uploaded/Tariff_Rates_2012.pdf); and also data based on a water utility company covering all of the Philippines outside of Manila: the Local Water Utilities Administration (“LWUA”). We averaged all data from each of these sources and based the surrogate value on an average of the three figures.\footnote{See, e.g., Wooden Bedroom Furniture From the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Intent To Rescind Review in Part, 75 FR 5952 (February 5, 2010); unchanged in Wooden Bedroom Furniture From the People’s Republic of China: Final Results and Final Rescission in Part, 75 FR 50992 (August 18, 2010); see also Preliminary Factor Valuation Memorandum}

We valued truck freight expenses by averaging the rates charged by the Confederation of Truckers Association of the Philippines, Inc., and the distances to 92 destinations within the Philippines. We find these rates to be a broad market average of actual truck freight rates charged in the Philippines, specific to the input being valued, and contemporaneous with the POR.\footnote{See id.}

We valued brokerage and handling expenses using a price list of export procedures necessary to export a standardized cargo of goods in the Philippines, as published in the World Bank’s Doing Business 2013, Economy Profile: Philippines publication. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in the Philippines.\footnote{See id.}

The Department valued factory overhead, SG&A expenses, and profit, by averaging the audited financial statements of Philippine Softwood Products (“PSP”) and Richmond Plywood Corp (“RPC”), covering the 12 month period ending December 31, 2011.\footnote{See id.} These companies’ financial statements indicate that they are Philippine manufacturers of plywood.\footnote{See Petitioners’ February 22, 2013 surrogate value submission, at Exhibits 17-18.} While these companies produce comparable rather than identical merchandise, their financial statements and accompanying notes indicate that they have non-integrated plywood production processes, which is similar to that of the Respondents.\footnote{See id.} The Department may consider other publicly available financial statements for the final determination, as appropriate.
Determination to Apply an Alternative Methodology

A. Background

Pursuant to 19 CFR 351.414(c) (2012), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (the average-to-average method) unless the Secretary determines another method is appropriate in a particular situation. The Department’s regulations also provide that dumping margins may be calculated by comparing NVs based on individual transactions to the EPs (or CEPs) of individual transactions (transaction-to-transaction method) or, when certain conditions are satisfied, by comparing weighted-average NVs to the EPs (or CEPs) of individual transactions (average-to-transaction method). Application of the transaction-to-transaction method is addressed in the Department’s regulations at 19 CFR 351.414(c)(2). The differential pricing analysis concerns the Department’s application of the average-to-transaction method as an alternative to the average-to-average method. The Department may determine that in particular circumstances it is appropriate to use the average-to-transaction method. Section 777A(d)(1)(B) of the Act mandates that certain criteria be satisfied for the Department to use the average-to-transaction method as an alternative to the average-to-average method in an AD investigation. In particular, if the Department finds that there is a pattern of EPs (or CEPs) for comparable merchandise that differ significantly among purchasers, regions, or time periods and the Department explains why these differences cannot be taken into account using the average-to-average method, then the average-to-transaction method may be applied. The Department’s approach heretofore for addressing these statutory requirements has been referred to as the “targeted dumping” analysis.

On March 14, 2013, Petitioner requested that the Department apply an alternative comparison methodology with respect to Jiangyang and San Fortune in this investigation based on the allegation that there are patterns of EP and CEP sales for comparable merchandise that differ among purchasers and regions. In its submission, Petitioner requested that the Department make an affirmative finding of targeted dumping with respect to Jiangyang and San Fortune and apply the average-to-transaction methodology to calculate estimated dumping margins, based on Petitioner’s analysis pursuant to the methodology established in Steel Nails.

108 See 19 CFR 351.414(b)(1) and (2).
111 See Letter from Petitioner to the Secretary of Commerce regarding request to apply an alternative comparison methodology (March 13, 2013) at 2-3.
112 See id.
B. Differential Pricing Analysis

While the Department’s targeted dumping analysis, including the Steel Nails test, is a statutorily consistent and statistically sound methodology for identifying whether the criteria of section 777A(d)(1)(B) of the Act have been satisfied, the Department continues to refine its examination of the relevant facts and circumstances in this area. Given the Department’s experience over the last several years, and based on the Department’s research, further analysis and consideration of the numerous comments and suggestions on determining whether the criteria of section 777A(d)(1)(B) of the Act have been satisfied, in this preliminary determination for this investigation the Department is using a different approach for determining whether application of the average-to-transaction method 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. This memorandum refers to this approach as a “differential pricing analysis,” which reflects the purpose and application of section 777A(d)(1)(B) of the Act. The Department will continue to develop its approach in this area based on comments received in this investigation 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 this preliminary determination 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 in this preliminary determination evaluates all purchasers, regions, and time periods to determine whether a pattern of significant price differences exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the customer codes reported by Jiangyang and San Fortune. Regions are defined using the reported destination code (i.e., zip code) 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 period of investigation being examined based upon the reported date of sale. For purposes of analyzing sales transactions by customer, 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 test is applied 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 calculated to evaluate the extent to which the net prices to a particular

---

114 See Letter from Jiangyang to the Secretary of Commerce “Section C and D Questionnaire Response” (January 28, 2013) at 13-14 and Exhibit C-1; see also Letter from San Fortune to the Secretary of Commerce “Section C and D Questionnaire Response” (January 25, 2013) at Exhibit C-1.
purchaser, region or 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. The difference was considered significant if the calculated Cohen’s $d$ coefficient is equal to or exceeds the large (i.e., 0.8) threshold.

Next, a 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. 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 significant price differences. In considering this question, the Department tests whether using an alternative method, based on the results of the ratio test 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 price 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 alternative method, or 2) the resulting weighted-average dumping margin moves across the de minimis threshold.

C. Results of the Differential Pricing Analysis

For Jiangyang, based on the results of the differential pricing analysis, the Department finds that 64.4 percent of Jiangyang’s export sales confirm the existence of a pattern of EPs (or CEPs) for comparable merchandise that differs significantly among purchasers, regions, or time periods. Further, the Department determines that the average-to-average method cannot appropriately account for such differences because there is a meaningful difference in the weighted-average dumping margins when calculated using the average-to-average method and the mixed alternative method. Accordingly, the Department has determined to use the mixed alternative method in making comparisons of EP or CEP and NV for Jiangyang.
For San Fortune, based on the results of the differential pricing analysis, the Department finds that 36.6 percent of San Fortune’s export sales confirm the existence of a pattern of EPs for comparable merchandise that differs significantly among purchasers, regions, or time periods. Further, the Department determines that the average-to-average method cannot appropriately account for such differences because there is a meaningful difference in the weighted-average dumping margins when calculated using the average-to-average method and the mixed alternative method. Accordingly, the Department has determined to use the mixed alternative method in making comparisons of EP and NV for San Fortune.

Currency Conversion

We made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information from San Fortune and Jiangyang upon which we will rely in making our final determination.

Section 777A(f) of the Act

In applying section 777A(f) of the Act, the Department has examined (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise, (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period, and (3) whether the Department can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted average dumping margin for the class or kind of merchandise.\textsuperscript{115} For a subsidy meeting these criteria, the statute requires the Department to reduce the AD by the estimated amount of the increase in the weighted average dumping margin subject to a specified cap.\textsuperscript{116} In conducting this analysis, the Department has not concluded that concurrent application of NME ADs and CVDs necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute. As a result of our analysis, the Department is preliminarily not making adjustments pursuant to section 777A(f) of the Act to the AD cash deposit rate found for each respondent in this investigation.

\textsuperscript{115} See section 777A(f)(1)(A)-(C) of the Act.
\textsuperscript{116} See section 777A(f)(1)-(2) of the Act.
Because of the timelines in an LTFV investigation, and the fact that this is only the third time that the Department is conducting an analysis under section 777A(f) of the Act,\(^{117}\) the Department is continuing to refine its practice in applying the new law. This preliminary determination is based on information on the administrative record provided by the mandatory respondents in this investigation. Specifically, both Jiangyang and San Fortune reported that, while electricity subsidies affect their cost of manufacturing (“COM”), both companies noted that electricity costs account for a very small portion of overall COM.\(^{118}\) Both companies also reported that the other subsidy programs under investigation in the concurrent CVD investigation (e.g., tax programs, value-added tax/tariff exemptions, etc.) did not impact their COM.\(^{119}\) With respect to cost-linked price changes, neither Jiangyang nor San Fortune demonstrated a link between electricity cost and prices. The Department’s questionnaire indicated that the relevant time period must include the POI but may extend beyond the POI as necessary to answer the questions in full.\(^{120}\) Because neither respondent provided such evidence with respect to electricity costs, the Department is not applying an adjustment under section 777A(f) of the Act in this preliminary determination. The Department continues to develop and refine its methodological approach to addressing domestic subsidy pass-through rates under section 777A(f) of the Act and may issue follow-up requests for information from the interested parties after the publication of this preliminary determination to supplement and clarify certain record information for purposes of the final determination.

**International Trade Commission Notification**

In accordance with section 733(f) of the Act, we have notified the ITC of our preliminary affirmative determination of sales at LTFV. Section 735(b)(2) of the Act requires the ITC to make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of plywood, or sales (or the likelihood of sales) for importation, of the merchandise under consideration within 45 days of our final determination.

We will make our final determination no later than 75 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.

\(^{117}\) See Implementation of Determinations Under Section 129 of the Uruguay Round Agreements Act: Certain NewPneumatic Off-the-Road Tires; Circular Welded Carbon Quality Steel Pipe; Laminated Woven Sacks; and Light-Walled Rectangular Pipe and Tube From the People’s Republic of China, 77 FR 52683, 52686 (August 30, 2012); Drawn Stainless Steel Sinks From the People’s Republic of China: Investigation, Final Determination, 78 FR 13019 (February 26, 2013), and accompanying Issues and Decision Memorandum at Issue 1.

\(^{118}\) See Letter from Jiangyang to the Secretary of Commerce “Double Remedies Questionnaire Response” (February 8, 2013) (“Jiangyang Subsidy Response”), at 3-4; Letter from San Fortune to the Secretary of Commerce “Double Remedies Questionnaire Response” (February 8, 2013) (“San Fortune Subsidy Response”), at 3.

\(^{119}\) See Jiangyang Subsidy Response, at 2; San Fortune Subsidy Response, at 2; see also Hardwood and Decorative Plywood From the People’s Republic of China: Amended Preliminary Countervailing Duty Determination; and Alignment of Final Determination With Final Antidumping Determination, 78 FR 16250 (March 14, 2013).

\(^{120}\) See Letter from Catherine Bertrand, Program Manager, Office 9, to Jiangyang “Double Remedies Supplemental Questionnaire” (January 25, 2013); Letter from Catherine Bertrand, Program Manager, Office 9, to San Fortune “Double Remedies Supplemental Questionnaire” (January 25, 2013), emphasis added.
Conclusion

We recommend applying the above methodology for this preliminary determination.

Agree

Disagree

[Signature]
Paul Piquaci
Assistant Secretary
for Import Administration

29 April 2013
(Date)
## ATTACHMENT I

### Companies Receiving a Separate Rate

1. Anhui Tiansen Trading Co., Ltd.
2. Anhui Wanmu Wood Co., Ltd.
3. Anhui Xinyuanda Wood Co., Ltd.
4. Anji Hefeng Bamboo & Wood Industry Co., Ltd.
5. Anji Qichen Bamboo Industry Co., Ltd.
7. Celtic Co., Ltd.
8. Dehua Tb Industry & Trade Company Limited
9. Deqing Dajiang Import And Export Co., Ltd.
10. Fengxian Fangyuan Wood Co., Ltd.
12. Highland Industries Inc.
13. Huainan Mengping Import And Export Co., Ltd
17. Jiangsu Shengyang Industrial Joint Stock Co., Ltd.
18. Jiangsu Simba Flooring Co., Ltd.
19. Jiangsu Top Point International Co., Ltd.
20. Jiangsu Vermont Wood Products Co., Ltd
22. Jiaxing Brilliant Import & Export Co., Ltd
24. Jiaxing Hengtong Wood Co., Ltd
25. Jiaxing Kaochuan Woodwork Co., Ltd
27. Langfang Baomujie Wood Co., Ltd.
28. Larkcop International Co., Ltd.
29. Leadwood Industrial Corp.
30. Lianyungang Penghai International Trading Co., Ltd.
31. Lianyungang Yuantai International Trade Co., Ltd.
32. Linyi Anshun Timber Co., Ltd.
33. Linyi City Dongfang Jinxin Economic & Trade Co., Ltd.
34. Linyi Dahua Wood Co., Ltd.
35. Linyi Dongfangjuxin Wood Co., Ltd.
36. Linyi Evergreen Wood Co., Ltd.
78 Xuzhou Chengxin Wood Co., Ltd.
79 Xuzhou Ekea International Trade Co., Ltd
80 Xuzhou Hansun Import & Export Co., Ltd
81 Xuzhou Hongda Wood Co., Ltd
82 Xuzhou Pengyu Wood Products Co., Ltd.
83 Xuzhou Pinlin International Trade Co., Ltd.
84 Xuzhou Runjin Import & Export Trade Co., Ltd.
85 Xuzhou Sanli Wood Co., Ltd.
86 Xuzhou Shenghe Wood Co., Ltd.
87 Xuzhou Shengping Import & Export Co., Ltd.
88 Xuzhou Sincere Wood Co., Ltd.
89 Xuzhou Tianshan Wood Co., Ltd
90 Xuzhou Timber International Trade Co., Ltd.
91 Xuzhou Weilin Wood Co., Ltd.
92 Xuzhou Zhongda Building Materials Co., Ltd.
93 Yijiang Wood Products (Kunshan) Co., Ltd.
94 Yinhe Machinery Chemical Limited Company Of Shandong Province
95 Yishui Hongtai Wood-Made Co., Ltd
96 Yutai Zezhong Wood Co., Ltd.
97 Zhejiang Anji Tiancheng Flooring Co., Ltd.
98 Zhejiang Dehua Tb Import & Export Co., Ltd
99 Zhejiang Shenghua Yunfeng Import & Export Co., Ltd.
100 Zhejiang Xinyuan Bamboo Products Co., Ltd.
101 Zhejiang Yongyu Bamboo Joint-Stock Co., Ltd.
ATTACHMENT II

Companies which are Part of the PRC-Wide Entity

1. Baishan Huafeng Wooden Product Co
2. Feixian Xinfeng Wood Co.
3. Fengxian Jihe Wood Co.
4. Fusong Jinlong Wooden Group Co.
5. Huzhou Chen Hang Wood Co.
6. International Wood Products Ltd
8. Linyi City Gold Way Wood Industry Co.
9. Linyi Dazhong Wood Co.
10. Linyi Junjie Wood Plant
11. Lion King Timber Co.
12. Shandong Lichen Group Co.
13. The Lizhong Wood Industry Limited
14. Wellmade Floor Industries Co.
15. Wuxi Boda Bamboo and Wood Industry
17. Zhejiang Dadongwu GreenHome Wood Co