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July 12, 2016

MEMORANDUM TO: Ronald K Lorentzen
Acting Assistant Secretary
for Enforcement & Compliance

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

SUBJECT: Issues and Decision Memorandum for the Final Results of the
2013-2014 Antidumping Duty Administrative Review of
Multilayered Wood Flooring from the People's Republic of China

SUMMARY:

We analyzed the case briefs, and rebuttal briefs, submitted by interested parties in the antidumping duty administrative review of multilayered wood flooring from the People's Republic of China. As a result of our analysis, we made changes to the margin calculations for mandatory respondents, Dalian Penghong Floor Products Co., Ltd. ("Penghong") and Fine Furniture (Shanghai) Limited (Fine Furniture).

We recommend that you approve the positions described in the "Discussion of the Issues" section of this Issues and Decision Memorandum. Below is a discussion of the issues, followed by tables of shortened citations and litigation cases.

Background:

On December 31, 2015, the Department of Commerce ("the Department") issued its *Preliminary Results*.¹ On February 9, 2016, the Department received case briefs from Fusong Jinlong Wooden Group Co., Ltd. and its affiliated companies ("Fusong Jinlong Group"), and Baishan Huafeng Wooden Product Co., Ltd. ("Baishan Huafeng"). On February 12, 2016, the Department received further case briefs from the Alliance for Free Choice and Jobs In Flooring ("the AFCJF")², Anhui Longhua Bamboo Product Co., Ltd., Benxi Wood Company, Dalian

¹ See *Multilayered Wood Flooring From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013*, 81 FR 903 (January 8, 2016).

² The current primary members of the AFCJF, on behalf of whom these comments are filed, are importers of the subject merchandise and thus interested parties pursuant to 19 CFR 351.102(29)(ii). These importers are: Swift Train Co.; Metropolitan Hardwood Floors, Inc.; Real Wood Floors, LLC.; Galleher Corp; Crescent Hardwood Supply; Custom Wholesale Floors, Inc.; Pinnacle Interior Elements, Ltd.; Timeless Design Import LCC; CDC Distributors, Inc.; CLBY Inc. (dba D&M Flooring); Johnson's Premium Hardwood Flooring, Inc.; The Master's

Kemian Wood Industry Co., Ltd., Dalian Shumaike Floor Manufacturing Co., Ltd., Dalian Xinjinghua Wood Co., Ltd., Dasso Industrial Group Co., Ltd., Dongtai Fuan Universal Dynamics LLC, GTP International Ltd., Guangzhou Panyu Kangda Board Co., Ltd., Guangzhou Panyu Southern Star Co., Ltd., Henan Xingwangjia Technology Co., Ltd., Hunchun Forest Wolf Wooden Industry Co., Ltd., Jiangsu Senmao Bamboo and Wood Industry Co., Ltd., Jiangsu Simba Flooring Co., Ltd., Jiangsu Yuhui International Trade Co., Ltd., Jiashan HuiJiaLe Decoration Material Co., Ltd., Kemian Wood Industry (Kunshan) Co., Ltd., Nanjing Minglin Wooden Industry Co., Ltd., Pingde Timber Manufacturing (Zhejiang) Co., Ltd., and Puli Trading Limited, Shenzhenshi Huanwei Woods Co., Ltd., and Suzhou Dongda Wood Co., Ltd., Xuzhou Antop International Trade Co., Ltd., Yixing Lion-King Timber Industry Co., Ltd., and Zhejiang Fudeli Timber Industry Co., Ltd. (collectively the “HB Respondents”), Dalian Huilong Wooden Products Co., Ltd., Xiamen Yung De Ornament Co., Ltd., and Yingyi-Nature (Kunshan) Wood Industry Co. Ltd. (collectively “DH Respondents”), Fine Furniture, and the Coalition for American Hardwood Parity (“CAHP”).³

On February 19, 2016, the Department received rebuttal briefs from Fine Furniture, the HB Respondents, Lumber Liquidators Services, LLC (“Lumber Liquidators”), on behalf of Dunhua City Dexin Wood Industry Co., Ltd., Dun Hua City Jisen Wood Industry Co., Ltd., Changzhou Hawd Flooring Co., Ltd., Karly Wood Product Limited, Yingyi-Nature (Kunshan) Wood Industry Co., Ltd., Dalian Huilong Wooden Products Co., Ltd., Dunhua City Hongyuan Wood Industry Co., Ltd., Jiaying Hengtong Wood Co., Ltd., Xiamen Yung De Ornament Co., Ltd., Zhejiang Shuimojiangnan New Material Technology Co., Ltd. and Penghong (collectively “Penghong and Companies”), and CAHP.

Also on February 12, 2016, the Department received requests for a hearing from Fine Furniture, CAHP, and Penghong and Companies.

CAHP and Fine Furniture participated in a public hearing on May 4, 2016. On April 26, 2016, we extended the time period for issuing the Final Results of this review by 60 days, until July 12, 2016.⁴

Scope of the Order:

Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s) in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, *e.g.*, “engineered wood flooring” or “plywood flooring.” Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

Craft Corp.; BR Custom Surface; Struxtur, Inc.; Doma Source LLC; Floor and Decor Outlets of America, Inc.; Wego Chemical & Chemical & Mineral Corp. and V.A.L. Floors, Inc. and Floor & Décor, Inc.

³ CAHP Member Companies.

⁴ See Memo to the file re: “Multilayered Wood Flooring from the People’s Republic of China: Extension of Deadline for Final Results of Antidumping Duty Administrative Review,” dated April 26, 2016.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (i.e., without a finally finished surface to protect the face veneer from wear and tear) or “prefinished” (i.e., a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes). The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard, high-density fiberboard (“HDF”), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (*e.g.*, circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product. Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of HDF, and a stabilizing bottom layer.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States (“HTSUS”): 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.3175; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.4075; 4412.31.4080; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.0565; 4412.32.0570; 4412.32.2510; 4412.32.2520; 4412.32.2525; 4412.32.2530; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 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; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120;

4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5105; 4412.99.5115; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500; 4418.71.2000; 4418.71.9000; 4418.72.2000; 4418.72.9500; and 9801.00.2500.

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

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List of Abbreviations and Acronyms

<u>Acronym/Abbreviation</u>	<u>Full Name</u>
the Act	Tariff Act of 1930, as amended (“the Act”)
AUV	Average Unit Value
B&H	Brokerage and Handling
CAHP	The Coalition for American Hardwood Parity
CBP	Customs and Border Protection
CIT	Court of International Trade
COGS	Cost of Goods Sold
CONNUM	Control Number
Dalian Penghong	Dalian Penghong Floor Products Co., Ltd.
Department	Department of Commerce
DH Respondents	Dalian Huilong Wooden Products Co., Ltd., Xiamen Yung De Ornament Co., Ltd., Yingyi-Nature (Kunshan) Wood Industry Co., Ltd.
Double F	Double F Limited
EU	European Union
Final SV Memo	Multilayered Wood Flooring from the People’s Republic of China: Final Surrogate Value Memorandum
Fine Furniture	Fine Furniture (Shanghai) Limited
FOP(s)	Factor(s) of production
GLUEB_10	formaldehyde resin glue
GNI	Gross National Income
GTA	Global Trade Atlas
HB Respondents	Husch Blackwell respondents group
HDF	High Density Fiberboard
HTS	Harmonized Tariff Schedule
IDM	Issues and Decision Memorandum
L/C	letter of credit
LSAPILI	lumber sapelli
Lumber Liquidators	Lumber Liquidators Services, LLC
MLE	Material, labor, and energy
MLWF	Multilayered Wood Flooring
Mm	millimeter

NME	Non market economy
NCNT	Non-Coniferous Non-Tropical
NV	Normal value
POR	Period of Review
PRC	People's Republic of China
Prelim Decision Memo	Decision Memorandum for <i>Preliminary Results</i> of Antidumping Duty Administrative Review: Multilayered Wood Flooring from the People's Republic of China (December 31, 2015)
Prelim SC Memo	Multilayered Wood Flooring from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review 2013-2014; Surrogate Country Memo
Prelim SV Memo	Surrogate Value Memorandum for the <i>Preliminary Results</i> of Antidumping Duty Administrative Review of Multilayered Wood Flooring from the People's Republic of China (December 31, 2015)
SAA	Statement of Administrative Action accompanying the URAA, H.R. Doc. 103-316, Vol. 1 (1994)
SG&A	Selling, general and administrative expenses
SIGSTRAT	SC SIGSTRAT SA
SRA	Separate Rate Applicant
SRC	Separate Rate Certificate
SV	Surrogate Value

DISCUSSION OF THE ISSUES

Comment 1: Surrogate Country

Fine Furniture:

- The Department improperly selected Romania as a surrogate country in the preliminary results rather than Thailand. The Department's finding that Romania contains the best available information for valuing respondents' FOPs is not supported by the record.
 - The Department should not rely upon the CAHP's rejected surrogate country arguments. The Department failed to reject as untimely surrogate country comments: 1) CAHP's November 2, 2015 surrogate submission; and 2) CAHP's exhibit to the November 5, 2015 *ex parte* meeting. Once these are removed there is no evidence on the record to justify choosing Romania as the surrogate country given the usable Thai data available on the record. Additionally, if the Department allows this to continue it will render its own comment deadlines meaningless. Fine Furniture was prejudiced by CAHP's sneaking comments onto the record this way because it never had the opportunity to submit rebuttal surrogate country comments. Fine Furniture also never had the opportunity to make comments as granted to CAHP by the November 6 *ex parte* meeting.

- The Romanian industry is irreparably distorted by government involvement, illegal logging, and corruption in its wood products supply chain and therefore cannot be relied upon. The surrogate values and financial statements are tainted by government influence as is explicitly pointed out in the provided surrogate financial statement. By selecting prices from the Romanian wood industry, the Department has relied upon subsidized prices contrary to the express intent of the statute. Furthermore, no single EU member state is an appropriate surrogate country and the EU should be considered as a whole for selection as a surrogate country. However, the EU is not comparable to China in terms of economic development.
- The Department improperly concluded that the Romanian financial statement was usable. It cannot be usable because of significant government involvement in increasing costs of wood and energy as dictated or confirmed by state policy. The Department failed to address the distortive nature of the surrogate financial statement and in doing so contradicts its own practice of rejecting statements of surrogate producers whose production process is not comparable to a respondent's when better information is available. Sigstrat produces a variety of goods and its primary good is molded elements made from bent beech plywood rather than plywood itself made of several different species of wood. It further only makes beech plywood unlike Fine Furniture who uses many different species. The use of only beech plywood cannot be comparable to Fine Furniture's large range of wood flooring products. Finally, Sigstrat has received countervailable subsidies in the form of investment subsidies that the Department has found countervailable in other proceedings. The record contains two usable Thai financial statements and the Department must use them as the best available information when considering the foregoing flaws in the selection of Romania as a surrogate country.
- Romanian input data are not superior to Thailand in terms of specificity. The Department failed to weigh both sets of data available in concluding which are more specific. The following inputs show greater specificity to Fine Furniture's reported inputs in the Thai HTS than the Romanian.
 - White Oak Lumber and European White Oak Lumber---Fine Furniture proposed a Thai HTS code that specifies the product as "planed, sanded or end jointed" but the Department chose a more generic Romanian code "whether or not planed, sanded or end jointed".
 - Thinner---The Department concluded that both Thailand and Romania "provide equally specific data on non-wood raw materials such as... thinner..." The Department chose a Romanian HTS that combines thinners of butyl acetate with "other," which encompasses materials irrelevant to Fine Furniture's thinner input. The Department should have used the more specific 11-digit Thai HTS code "other" excluding butyl acetate.
 - Glues---The Thai data available for numerous glues are more detailed than the Romanian by virtue of the fact that they are available at the 10-digit level as opposed to the 8-digit level used by the Department from the Romanian HTS.

- Lumber---The Department's statements that the Romanian HTS is more specific for major lumber inputs is broadly overstated for Fine Furniture's inputs. The chart provided⁵ shows that only one of the seven lumber inputs (poplar) reported by Fine Furniture can be construed as more specific; the rest are of equal specificity. Poplar is an insignificant input as a part of Fine Furniture's total output and the other mandatory respondent, Penghong, did not use poplar at all. A single, minor, lumber input is not enough to justify selection of Romania as the surrogate country, especially given other factors. Additionally, several of Fine Furniture's lumber inputs were misclassified as "tropical" or "mahogany" instead of "other." After adjusting for the misclassifications both the Thai and Romanian HTS provide a similar level of specificity.
- Veneers---The Department did not expressly address veneers in its discussion of major wood inputs for which the Romanian HTS had greater specificity nor did it express a finding based on comparison with the Thai HTS to substantiate its claim of greater specificity in the Romanian HTS. A clear viewing of the relevant sections of each HTS shows that the Thai HTS is more specific for Teak species and coniferous face veneer sheets. While the Romanian HTS is more specific in its break down by thickness for other species ("of a thickness not exceeding 1 mm" and "of a thickness exceeding 1mm"), the Thai HTS is not inaccurate because all of Fine Furniture's inputs are less than 6mm.
- By choosing Romania over Thailand based on the superiority of raw material inputs, the Department improperly elevated the importance of raw materials over both labor and electricity. All three of these form the cost of manufacture and while raw materials that were found to be more specific only occur in a minor amount of sales, both labor and electricity are a significant part of every sale.
 - Labor---In the preliminary results, the Department concluded that the Thai labor SV was not contemporaneous while the Romanian labor SV was. The Romanian figure includes data for the manufacture of "articles of straw and plaiting materials" including in the Romanian average labor costs information from another industry entirely, whereas the Thai data cover a narrow swath of production targeted at the flooring industry and similar production. The Thai labor SV is more specific.
 - Electricity---The Romanian electricity data relied upon by the Department provide only a single tariff for each user category. The Thai data, on the other hand, provide both peak and off-peak charges, from which the Department calculates a weighted-average which is a more precise representation of the actual costs for an energy consumer versus a single data point.
- Surrogate Ratios---The Department itself found that there were two usable financial statements from Thailand as opposed to one from Romania. As discussed above, there are serious flaws in the Romanian financial

⁵ See Fine Furniture's Case Brief at 18.

statement of Sigstrat. It defies logic for the Department to conclude that the Romanian data are superior on this indicator as well in the face of evidence that Sigstrat's financial statements show pricing influenced by the Romanian government.

- The weight of the evidence supports selection of Thailand as surrogate country. High quality data for Thailand are more specific to Fine Furniture's production of subject merchandise, and are thus superior to Romanian data for labor, electricity, financial ratios and certain material inputs. Even if a handful of material inputs are equally as specific or more specific in Romania, those select few data points do not amount to substantial evidence in support of Romania as the surrogate country. The only option supported by the record in the Final Results is for the Department to use Thailand as the surrogate country.

CAHP:

- The Department should affirm its selection of Romania as the proper surrogate country for purposes of the Final Results.
 - Fine Furniture falsely claims that “CAHP intentionally circumvented the Department’s process for collecting surrogate country and surrogate value data...”
 - CAHP timely placed Romania under viable consideration for purposes of this review by virtue of its June 15, 2016 submission on surrogate country selection. At that time CAHP had not timely received a copy of respondent Fine Furniture’s section C and D questionnaire response that would have been necessary to enable CAHP to place more specific information on the record at that time. CAHP then submitted data to support the fact that Romania is a significant producer of comparable merchandise. This data was correctly not rejected from the record while certain comments referencing the June 15 submission were.
 - Fine Furniture’s claims of prejudice by CAHP’s submissions are unfounded in each instance – after CAHP’s June 15 submission, after CAHP’s June 29 submission (re-submitted on November 24, 2015), and after CAHP’s November 2 submission - other interested parties had the opportunity to submit rebuttal comments. And indeed, Fine Furniture availed itself of the opportunity, submitting detailed rebuttal comments to the Romanian surrogate value data by their submission of July 10, 2016, their submission of November 12, 2015, and their submission of December 14, 2015.
 - On June 15, 2015, CAHP timely submitted information and data to demonstrate that several countries on the Department’s list of potential surrogate countries, including Romania, are significant producers of comparable merchandise.
 - On June 29, 2015, CAHP timely submitted surrogate value information and data regarding Romania, which was one of the potential surrogate countries specifically referenced in CAHP’s June 15 submission (re-submitted November 24, 2015).
 - All of the information and data discussed during the *ex parte* meeting on November 5th and in the handout concerned factual information already on the record.

- Fine Furniture’s argument that “the Department failed to recognize and appreciate the extent to which the Romanian industry is distorted and therefore unusable” is unfounded as these comments were addressed in the Department’s decision and surrogate value memoranda.
 - Fine Furniture’s case brief does not present any new evidence of distortions in the Romanian data and as such should continue to be unpersuasive.
 - Claims by Fine Furniture of GTA data for imports to Romania being impacted by government involvement in the wood industry are baseless as by their very nature imports and import prices are not set by external parties.
- The Department properly concluded that the financial statement for Sigstrat is usable.
 - There is no evidence on the record of this administrative review that Sigstrat is controlled by the Romanian government.
 - There is no description of the “investment subsidies” anywhere in Sigstrat’s annual report or audited financial statement that leads to the conclusion that these are countervailable subsidies provided by the Romanian government. Moreover, the investment subsidies reflected in Sigstrat’s balance sheet were effectively zero for the POR.
 - Fine Furniture argues that Sigstrat’s production process is dramatically different from its own because its primary production is in molded elements made from bent beech plywood, such as chairs, and that plywood is not made as a final product. In fact, Sigstrat’s annual report shows that sales of plywood accounted for a majority of both the companies’ revenue and profit for 2014.
- Romanian surrogate value data and financial ratios are superior to Thailand in terms of specificity.
 - Surrogate Financial Statements---The Department incorrectly found that any of the Thai financial statements on the record were usable because the two recognized by the Department do not produce comparable merchandise. In contrast the one Romanian financial statement is contemporaneous and obviously produces comparable merchandise since it shares similarities to Fine Furniture.
 - HDF and Plywood---HDF and Plywood are the two largest wood inputs used by Fine Furniture. In its case brief, Fine Furniture admits that for one of the largest inputs among HDF (HDF07) there were no imports into Thailand during the POR. Conversely, there were imports into Romania and therefore it can be more accurately valued using Romanian import data. Plywood is another of the major components used by Fine Furniture as a part of its core layers. Fine Furniture used three species of plywood, however, the Thai tariff schedule only has one heading (4412.32.00.000) to cover all three species. The Romanian HTS distinguishes between species under two different headings (4412.32.10 and 4412.32.90) and is therefore more specific. Furthermore, the Thai import data for its one heading are aberrational when compared to the import data of comparable imports from other economically comparable producers.

- Veneers---Fine Furniture argues that the Thai and Romanian HTS are equally specific for veneers. However, unlike the Thai HTS basket categories the Romanian import statistics distinguish between: 1) veneers that are planned, sanded, or end-jointed, and (2) by thickness for veneers that are not planed, sanded, or end-jointed. The prices of and cost for these two different veneers differ significantly between these two categories and must be accounted for by the Department. Indeed the Department's second product characteristic in the MLWF CONNUM is the thickness of the face veneer. The only way to do this is using the Romanian HTS.
- White Oak Lumber --- Romanian import data for white oak lumber distinguish between white oak lumber that is: (1) sanded or end-jointed - 4407.91.15, (2) planed for purposes of being used as "blocks, strips and friezes for parquet or wood block flooring – 4407.91.31, or (3) other planed white oak lumber – 4407.91.39.45. Romanian HTS 4407.91.31 appears to be the planned white oak lumber that is most specific to Fine Furniture's planed white oak lumber and is more specific than Fine Furniture's suggested Thai HTS. Therefore, the Department should use 4407.91.31 in the Final Results.
- Thinner and Glues---Fine Furniture's claim of greater specificity in the Thai HTS for its thinner and glues is unfounded in evidence on the record. Fine Furniture provided no material data sheets or other information as evidence of the chemical composition of these inputs. The Department has no basis on which to determine the appropriate chemical composition of Fine Furniture's thinner or glues and thus was correct in using Romanian HTS numbers for the most specific classification available.
- Electricity--- Fine Furniture has not provided a calculation of the electricity value it thinks the Department should use or of its own data indicating a difference in consumption and production during "peak vs. off peak" hours. This additional information cannot therefore be used by the Department and the Romanian weighted average rate paid across all usage periods based on 12 data points (6 more than Thailand) is the most specific and superior choice.

HB Respondents:

- Commerce should reject CAHP's adjustments to the financial ratios; the Sigstrat financial statement is unusable and Romania is not the best surrogate country.

Department's Position:

The Department finds that Romania remains the most appropriate surrogate country in this administrative review and disagrees with the assertions of Fine Furniture and the HB Respondents that Thailand should be the surrogate country. As stated by Fine Furniture, the statute requires that the Department use the "best available information" to assign values to a respondent's factors of production and financial ratios. The Department has considered the quality and availability of the SV data from each available option in the course of this review and

again concluded that Romania contains the best available information for valuing respondent's FOPs.

A. Whether The Department Should Rely Upon CAHP's Rejected Surrogate Country Arguments

The Department set a deadline that all surrogate country comments were due by June 15, 2015. Fine Furniture argues that Romania should have been "off the table" for consideration as the surrogate country because CAHP's arguments were untimely filed;⁶ we disagree. The Department rejected as untimely only a portion of CAHP's June 29, 2015 surrogate value submission that contained certain surrogate country comments. The previous surrogate country comments supporting Romania as the surrogate country, submitted on June 15, 2015 were submitted timely, and thus remain on the record. Further, the Romanian surrogate value data from the June 29, 2015 submission remains on the record, and the Department is duly required to consider the information.⁷ As such, Fine Furniture's argument that, by striking the arguments at issue from the record, there would be no supporting documentation on the record to invalidate Romania as the surrogate country is inaccurate.

Although Fine Furniture objects to, and requests removal of, CAHP's arguments and comments claiming the superiority of Romania as a surrogate country versus Thailand on the basis of the specificity of the tariff schedule for major inputs,⁸ Fine Furniture raises similar arguments in its own October 30, 2015 surrogate value comments in favor of Thailand.⁹ Therein, Fine Furniture states that it "maintains that Thailand is the most appropriate surrogate country in this review because 1) Thailand is economically comparable to China, 2) Thailand is a significant producer of comparable merchandise and 3) quality data are available from Thailand." Fine Furniture continues in that submission and makes a comparison to the Romanian data stating that the data is "... in any event, unusable to value respondent's factors of production." The Department sees no reason to reject either of these comments as untimely because they are not new information on the record. In fact, the comments are just stating the obvious preferences of each party; these preferences are made obvious by the fact that each party had already timely submitted data and comments in favor of either Romania or Thailand. As the Department concluded in the preliminary results of this segment, arguments for both Romania and Thailand were timely placed on the record as possible surrogate countries by all parties to the proceeding.

Regarding Fine Furniture's argument that it was prejudiced by the Department's November 5, 2015 *ex parte* meeting with CAHP, and by the information CAHP submitted at the meeting, we also disagree. Fine Furniture had the same opportunity to request an *ex parte* meeting that CAHP did, and should have done so if it was concerned after learning that CAHP received such a meeting with Department officials. Fine Furniture did not avail itself of this opportunity. Furthermore, as stated above, CAHP added no new information to the record in the meeting,

⁶ See Fine Furniture's Case Brief at 8.

⁷ See *Dupont Teijin Films* wherein "Commerce accepted the data as timely filed and part of the record and the consequence of that decision is that it must justify its selection of the surrogates based on the substantial evidence on the record."

⁸ See Fine Furniture's Case Brief at 5.

⁹ See Fine Furniture's October 30, 2015 SV comments at 2.

neither in its discussions nor in documentary form. The exhibit from the *ex parte* meeting and November 2, 2015 language are merely a comparison of data already on the record and do not provide any new factual information. As stated in the *Preliminary Results*, CAHP timely placed information supporting Romania as the surrogate country on the record with its June 15, 2015, submission, and, at the time of the meeting, in its June 29, 2015, submission, as well as later in its November 24, 2015, submission. Furthermore, Fine Furniture like all other interested parties, had an opportunity following each submission that CAHP made to the record in which to respond with rebuttal comments, pursuant to 19 CFR 351.301(2)(vi). In fact, as pointed out by CAHP, Fine Furniture did place rebuttal comments on the record after each of these submissions.¹⁰ Thus, the Department does not find that Fine Furniture was prejudiced in the course of this review.

From the outset of the proceeding, Romania has been on the list of surrogate countries indicated to be economically comparable,¹¹ and CAHP has consistently contended that Romania is a significant producer of comparable merchandise, and timely added quality data supporting Romania to the record. As such, with or without the argument placed in contention by Fine Furniture, the Department must do an analysis to select the best possible information available for valuing the respondent's FOPs in the process of this review. As discussed below and in the *Prelim SC memo*, the Department has done this analysis and determined that the data from Romania on the record are the best for purposes of valuing respondent's inputs and surrogate financial ratios in the course of this administrative review.

B. Whether The Romanian Wood Products Industry Is Distorted by Government Involvement

As an initial matter, regarding the government involvement in the Romanian wood products industry, parties (*i.e.*, Fine Furniture and the HB respondents) have not provided any evidence of how the presence of a large state-owned entity within that industry impugns or otherwise impacts GTA import data, or has a controlling influence over Sigstrat. Fine Furniture repeats its arguments from the *Preliminary Results*, citing that Regia Nationala a Padurilor Romsilva ("Romsilva"), a state owned enterprise, "owns approximately 70 percent of all forest in the country and plays {a} major role in setting the price for wood products in the country" and that timber prices increased at public auctions in 2012.¹² While the Department acknowledges that Romsilva is a domestic competitor to Sigstrat and as such has an influence on the market in Romania, price increases in a non-contemporaneous period (*i.e.*, 2012), and the existence of a competitor that is much larger than Sigstrat do not amount to an argument of a potential distortive influence over the GTA data. Moreover, there is no information in Sigstrat's financial statement to support the contention that Sigstrat is restricted with regard to its pricing or production by Romsilva's activities, or that Sigstrat is itself directly under the control of the Romanian Government. As stated in the *Preliminary Results*; GTA data are collected from imports into the surrogate country, and are unaffected by the domestic industry of the surrogate

¹⁰ See CAHP's Rebuttal Brief at 24.

¹¹ See Letter to Parties re Surrogate Country and Surrogate Value Comments and Information dated May 15, 2015 at Attachment 1.

¹² See Fine Furniture's Case Brief dated February 12, 2016 at 10.

country. As we stated in the *Preliminary Results*, the Department finds this argument unpersuasive.

The Department also disagrees with parties' assertions that because Romania is a member of the EU, the Department should consider the EU as a whole, rather than considering Romania, which is an independent nation state for purposes of the Department's surrogate country and values. There is no basis in law, regulation, or practice that suggests that the Department must aggregate individual nation states when making a comparison of the level of economic development to the NME country. In fact, section 773(c)(4) of the Act explicitly provides for a "country" or "countries," referring to independent nation states as opposed to customs, monetary, or political unions. Fine Furniture proposes that because goods and services flow freely across the borders of states in the EU, the Romanian data for labor and imports is somehow distorted. However, the World Bank data, which the Department relies on in determining the GNIs of the countries on the surrogate country list, collects data for, and reports the GNI of, Romania as an independent nation. Furthermore, the Department does not find data unreliable because of a country's trends in trade with its neighbors or other commercial partners and the Department has rejected similar arguments in the past.¹³ The Department has also used Romania as the surrogate country in previous proceedings,¹⁴ and other individual countries belonging to the European Union.¹⁵

Accordingly, based on the facts and argument above, the Department considers Romania to be at the same level of economic development as the PRC and a viable candidate for surrogate country selection.

C. Whether the Department Improperly Concluded that the Romanian Financial Statement Was Usable

As addressed above there is no evidence that Sigstrat is controlled by the government of Romania. Sigstrat reported in its annual report under section "1.1.3. Evaluation of supply," that it had "no significant reliance on a single supplier whose loss would affect the company's business."¹⁶ Thus, while it is possible in theory for a government supplier to place restrictions on an industry that influence pricing and production, the above statement supports the Department's determination that even if the Romanian government has influence over the domestic market as suggested by Fine Furniture, it did not significantly impact Sigstrat's operations.

Fine Furniture also alleges that Sigstrat is the recipient of countervailable subsidies in the form of investment subsidies. It is the Department's practice to reject financial statements with countervailable subsidies; however, in this instance as explained in the surrogate country memo there is no description of the one line item, "investment subsidy," anywhere else in the financial

¹³ See, e.g., *Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 58273 (September 23, 2013) and the accompanying IDM at Comment 7, pp 42-43.

¹⁴ See, e.g., *Fresh Garlic From the People's Republic of China: Final Results of the Semiannual Antidumping Duty New Shipper Review of Jinxiang Merry Vegetable Co., Ltd. and Cangshan Qingshui Vegetable Foods Co., Ltd.; 2012-2013*, 79 FR 62103 (October 16, 2014) and the accompanying IDM.

¹⁵ See, e.g., *Non-Frozen Apple Juice Concentrate From the People's Republic of China: Notice of Preliminary Results of the New Shipper Review*, 75 FR 47270, 47272 (August 5, 2010), unchanged in final, 75 FR 81564 (December 28, 2010).

¹⁶ See CAHP's November 2, 2015 submission at 35.

statement. There is no evidence in the financial statement that this subsidy, whatever it might be, is even from the government of Romania, let alone whether it may be countervailable. Further, the Department has never found any subsidy programs in Romania to be countervailable, and none have even been alleged to be countervailable in a petition. The mere mention of a subsidy is insufficient to render the Sigstrat statement unsuitable for use in valuing financial ratios.¹⁷

Regarding Fine Furniture's contention that Sigstrat's production process is not comparable to respondents' and that we should therefore reject Sigstrat's financial statement on this basis, we also disagree. Sigstrat's primary production, as indicated on page 1 of its annual report, is as follows:

1.1 a) Description of the company's core activities

The main activity according to the National Economy Activity classification is "Manufacturing of veneer sheets and wood panels", CAEN code 1621. Products manufactured and marketed by SC SIGSTRAT SA are plywood, veneer, seats and backrests, chairs, tables, wood chips briquettes, and other wood related products. (Emphasis added).

Sigstrat's reporting that its primary business is that of veneer sheets and plywood followed by the secondary "molded elements," is no different from the primary business of Fine Furniture which also makes various furniture products in addition to its MLWF products. This is further corroborated by Sigstrat's website, which includes a products list of: "veneers, sliced veneers, natural veneers, rotary cut veneers, engineered panels, solid wood panels, and plywood."¹⁸ Additionally, the website shows that Sigstrat produces several different types of veneer and plywood. The Department finds no relevance to the argument that different species of tree constitute an entirely different production process as Fine Furniture argues because there is no record evidence to affirm Fine Furniture's claim. Having found that Sigstrat does indeed have comparable production process, it can also be seen in the annual report that sales of plywood accounted for 66.44 percent of the company's revenue and 58.56 percent of the company's profit in 2014.¹⁹ Thus, record evidence confirms that the plywood and veneers were not merely "preproduction" products as Fine Furniture argues. Furthermore, record evidence demonstrates that Sigstrat's production process is very similar to Fine Furniture's own production process.²⁰ Based on the above analysis and record evidence, the Department continues to find that Sigstrat is a producer of comparable merchandise and has a financial statement meeting the requirements for use in this proceeding.

D. Whether the Thai Financial Statements Should Have Been Rejected

CAHP argues that the Department erred in not rejecting all of the Thai financial statements. CAHP argues that the two Thai financial statements the Department deemed usable, Lampang Plitpan Juristic Ordinary Partnership ("Lampang") and Neotech Plywood ("Neotech") were not

¹⁷ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip From the People's Republic of China: Final Results of the 2009-2010 Antidumping Duty Administrative Review of the Antidumping Duty Order*, 77 FR 14493 (March 12, 2012) and accompanying Issues and Decision Memorandum at Issue 2, pp. 6-8.

¹⁸ See CAHP's November 2, 2015 submission at exhibit 4 or pg. 29.

¹⁹ See CAHP's comments Prior to Preliminary Results and Submission of Factual Information (November 2, 2015) at Exhibit 4 (Note 1.12.b of Sigstrat's Annual Report).

²⁰ See Section D Questionnaire Response of Fine Furniture (Shanghai) Limited (June 12, 2015) ("DQR"), at Exhibits D-1 and D-22 (Table 1.2) as pointed out by petitioners.

discernible producers of comparable merchandise.²¹ We disagree. We have reviewed both financial statements and record evidence indicates that both are producers of comparable merchandise, namely plywood. Thus, if the Department found that these two financial statements were the only options on the record of this review, each of them or both could have been used to calculate financial ratios.

Surrogate Ratios

Fine Furniture and the HB Respondents argue that the Romanian financial statement from Sigstrat is flawed and those from Thailand should be used. However, based on the above analysis, we have concluded that the Romanian financial statement from Sigstrat remains the best available on the record of this proceeding. Insofar as the HB Respondents request rejection of CAHP's adjustments to the financial ratios please see "Financial Ratios" at comment 5. Having found that the Romanian financial statements on the record remain the best for the purposes of this review, the Department determines that the issue of surrogate ratios has already been addressed in this memorandum. Therefore, the Department sees no reason any changes, as addressed in Comment 5, should alter its selection of Romania as the surrogate country for this proceeding.

E. Whether Romanian Input Data Are Superior to Thailand in Terms of Specificity

I. Raw Materials

HDF and Plywood

Regarding CAHP's argument that Fine Furniture has intentionally neglected to recognize that two of its most significant wood inputs, HDF and Plywood, accounting for a majority of wood inputs in its CONNUM models sold to the U.S. are in fact much more specific under the Romanian HTS, we agree. With regard to HDF07, which is a significant input in Fine Furniture's core layer,²² Fine Furniture admits in its case brief that there were no imports into Thailand during the POR, while there were significant imports into Romania.²³ Thus, HDF07 is better valued using the Romanian HTS, as a reliable value exists during the POR in Romania but not in Thailand.

Plywood is another significant input to the core layers of Fine Furniture.²⁴ In this case, it can be distinguished by species in the Romanian HTS, whereas it cannot be distinguished by species in the Thai HTS. The species of plywood used by Fine Furniture include eucalyptus plywood (PLYEUPOP and PLYEUC), poplar plywood (PLYPOP), and birch plywood (PLYBIRCH).²⁵ In the Thai tariff schedule, there is a single tariff heading (4412.32.00-000) which covers Fine Furniture's plywood FOPs.²⁶ Whereas, the Romanian tariff heading distinguishes plywood by

²¹ See CAHP's rebuttal briefs, dated February 19, 2016 at "*Surrogate Financial Ratios*".

²² See Fine Furniture's September 25, 2016 supplemental section D response ("SDQR"), at Exhibit 26.

²³ See Fine Furniture's Case Brief at 27.

²⁴ See SDQR, at Exhibit 26.

²⁵ See SDQR, at Exhibit 26.

²⁶ See Fine Furniture's Surrogate Value Comments (June 29, 2015) at Exhibit SV-4.

species such that poplar and birch plywood fall within one tariff heading (4412.32.10) while eucalyptus plywood falls in a separate tariff heading (4412.32.90).²⁷

With regard to CAHP's contention that the single Thai AUV for plywood is aberrational as compared against other economically comparable countries and producers, we will not analyze the Thai AUV with respect to aberrational data, because we have established that the Romanian HTS for plywood has the greater specificity. Furthermore, when determining whether data are aberrational, the Department has found that evidence of a high or low AUV does not necessarily establish that GTA data for the suspect countries are unreliable, distorted or misrepresentative. Moreover, interested parties must provide specific evidence showing whether the value is aberrational.²⁸ In this instance, CAHP has not provided this evidence.

Given the significance of plywood and HDF as core layer inputs to Fine Furniture's MLWF, and the greater specificity of the Romanian HTS, for the Final Results, the Department continues to select Romania as the surrogate country.

Oak Lumber

Regarding Fine Furniture's claim that the Romanian HTS does not contain a specific subheading for its "planed" white oak (LWOAK) and European White Oak lumber (LEWOAK), we also disagree, and find this contention is not factually supported by the record. A plain reading of the Romanian HTS²⁹ shows three specific subheadings under the category of Oak "other...Planed:" these include 4407.91.31, 4407.91.39, and 4407.91.90.

4407 29 95 – – – – Other
– Other:
4407 91 – – Of oak (*Quercus* spp.):
4407 91 15 – – – Sanded; end-jointed, whether or not planed or sanded
– – – Other:
– – – – Planed:
4407 91 31 – – – – Blocks, strips and friezes for parquet or wood block flooring,
not assembled
4407 91 39 – – – – Other
4407 91 90 – – – – Other
4407 92 00 – – Of beech (*Fagus* spp.)³⁰

Thus, record evidence supports our finding that there are several HTS categories for us to consider for planed white oak lumber in the Romanian HTS, compared to the one available subheading in the Thai HTS (4407.91.10.000). Therefore, we continue to find that the Romanian

²⁷ See CAHP's Resubmission Of Surrogate Value Comments (November 24, 2015) at Exhibit SV-2; see Petitioners rebuttal briefs dates February 19, 2016 at 18.

²⁸ See MLWF AR2 Final Results IDM at comment 11 (The Department would consider the Thai AUV in the context of the other economically comparable countries on the record of the proceeding and the Thai historical AUV data. Similar arguments have been raised by CAHP in each of the previous segments of this case and rejected by the Department).

²⁹ See CAHP's November 24, 2015 submission at Exhibit SV-1.

³⁰ See CAHP's June 29, 2015 surrogate value submission, at Exhibit SV-2.

HTS is more specific than the Thai HTS for valuing both “White Oak” and “European White Oak,” in this review.

Thinner

Fine Furniture contends that the Thai HTS for its thinner, 3814.00.00.090, is more specific than the Romanian HTS 3814.00 because it does not include butyl acetate, which Fine Furniture claims that it does not use. The Department finds that Fine Furniture has failed to support its assertion that its thinner does not include butyl acetate with record evidence. While the Romanian HTS, like the Thai HTS, also has a further specific “other” category that excludes butyl acetate in 3814.00.90, there are no facts on the record to support the specific applicability of either the Thai or the Romanian HTS subheading. Nonetheless, the Department notes that, were there any information on the record indicating that Fine Furniture’s thinners did not contain butyl acetate, the Thai and Romanian HTS are equally specific.

Glues

In the preliminary results, we selected an eight-digit Romanian HTS category to value Fine Furniture’s glue. This is the most specific category in the Romanian HTS. Fine Furniture’s argument that its proposed SVs for glue from the Thai HTS are more specific because they are at the ten-digit level and the ones that the Department chose for Romania are at the eight-digit level is misleading. Thai HTS categories do not contain eight-digit levels; they provide the ten-digit level immediately after six-digit level, in the same manner as Romanian HTS categories provide eight-digit level immediately after six-digit level.³¹ Therefore we do not find the 10-digit Thai HTS level any more specific than the eight-digit Romanian HTS level.

In the instant case, Fine Furniture did not do a comparison of the descriptions for each glue HTS as compared to its own submitted FOP descriptions. Record evidence indicates that Fine Furniture only provided a table³² of its suggested Thai HTS and after analyzing the evidence the Department selected the Romanian glue HTS based on the evidence presented.

Furthermore, there is no evidence on the record of the chemical composition of each of Fine Furniture’s glues. Rather, the record only contains the types of glue used (*i.e.*, Glue urea, Glue Melamine, *etc.*). Without details on the actual makeup of the glues, claims of greater specificity of the HTS subheadings that can be applied to them are immaterial. The Department must weigh available information with respect to each FOP and make a product-specific and segment-specific decision as to what the best SV is for each FOP.³³ Accordingly, the Department made its decision based on the available information, and continues to find that the Thai HTS is less specific or equally specific when compared to the Romanian HTS for glue inputs.

Lumber

³¹ See CAHP’s June 29, 2015 surrogate value submission, at Exhibit SV-2 and Fine Furniture’s Surrogate Value Comments (June 29, 2015) at Exhibit SV-4.

³² See Fine Furniture’s letter to the Department re; Administrative Review of the Antidumping Duty Order on Multilayered Wood Flooring from the People's Republic of China: Surrogate Value Comments, dated June 29, 2015 at Exhibit SV-1.

³³ See, *e.g.*, *Frozen Shrimp*, and accompanying IDM at Comment 10, pp. 47-50.

Regarding Fine Furniture's argument that for each of its lumber inputs, both the Thai and Romanian HTS are equally specific, the Department disagrees. For instance, Fine Furniture argues that both HTS subheadings for "Sapelli" Lumber are equally specific between Thai 4407.27.10 and Romanian 4407.27.91, but because no imports occurred in either country under those specific subheadings during the POR, the Department must use an alternative classification.³⁴ Unlike Thailand, which had no imports during the period under the "Sapelli" specific headings, there were imports to Romania under the 4407.27.99 "Sapelli" specific heading.³⁵ Therefore, the Department finds that the Romanian HTS is more specific for valuation of Fine Furniture's "Sapelli" lumber than the Thai HTS.

Regarding oak lumber, Fine Furniture argues that the two Thai and Romanian HTS are equally specific.³⁶ We disagree, as Romanian HTS categories provide more specificity in terms of the species of wood, while both countries yield equal specificity in terms of thicknesses.³⁷ Therefore, Romanian data are more specific.

Regarding Fine Furniture's arguments for tigerwood and jatoba lumber, the Department agrees that both are equally classified in the NCNT other category and were misclassified in the *Preliminary Results* as explained in Comment 3 below.³⁸

However, regarding Fine Furniture's santos mahogany lumber, the Department disagrees with Fine Furniture's claim of equal specificity. The Romanian HTS has two "other" subheadings (4407.21.91 and 4407.21.99) distinguishing between planed and not, where the Thai HTS only has one 4407.21.90.

Finally, as Fine Furniture concedes, the Romanian HTS is more specific for "poplar lumber."³⁹ The Department disagrees that this is irrelevant due to the quantity of this lumber used in its MLWF production. There is some poplar lumber used in Fine Furniture's production of subject merchandise⁴⁰ which establishes the relevance of this HTS category to the Department's surrogate country selection.

Fine Furniture additionally argues that the Department improperly elevated the importance of raw materials such as lumber over labor and electricity for its surrogate country selection. Considering that there is no hierarchy among these criteria (*i.e.*, labor, electricity, and raw materials), the Department's selection reflects a weighing of available information with respect to each FOP and make a product-specific and segment-specific decision as to what the best SV is for each FOP.⁴¹ Further, it is the Department's preference, consistent with 19 CFR

³⁴ See Comment 4 of this memorandum for discussion of the SV selection for "Sapelli" lumber, wherein the Department has decided to use Romanian 4407.27.99 to value Fine Furniture's "Sapelli" lumber.

³⁵ See Petitioner's Affirmative SV submission dated November 24, 2015 at exhibit 1.

³⁶ See Fine Furniture Case Brief at 20.

³⁷ See CAHP's June 29, 2015 surrogate value submission, at Exhibit SV-2 and Fine Furniture's Surrogate Value Comments (June 29, 2015) at Exhibit SV-4.

³⁸ See Comment 3 of this memorandum.

³⁹ See Fine Furniture's Case Brief at 20.

⁴⁰ See SDQR, at Exhibit 26.

⁴¹ See, *e.g.*, *Frozen Shrimp*, and accompanying IDM at Comment 10, pp. 47-50.

351.408(c)(2), to value all FOPs with SV from a single surrogate country, when possible.⁴² While we have not found either electricity or labor to be more specific for Thailand, we have found veneers, HDF, plywood and other raw materials such as lumber to be more specific in Romania, and given usable data for labor and electricity in Romania, which is at least equally specific to Thailand, the Department may choose one area of greater specificity and maintain consistency by valuing all FOPs with SV from a single surrogate country.

In sum, the Department finds that five of Fine Furniture's seven lumber inputs are more specifically classified using the Romanian HTS. As such, the Department finds that the record evidence does not support altering its surrogate country selection of Romania for the Final Results.

Veneers

Regarding Fine Furniture's argument that the Department did not do a fair or accurate comparison of the data on the record with respect to the Thai and Romanian HTS schedules for veneers, Fine Furniture argues that the Department did not make a specific finding on veneers in its preliminary results and that veneers are a key input necessitating an individual and specific finding. The Department agrees that veneers are a key input in the production process of MLWF and that this warrants a specific finding. For the reasons stated below the Department has determined that the Romanian HTS is more specific for valuing Fine Furniture's veneers.

Fine Furniture argues in its brief, that each HTS offers two different categories of greater specificity than the other; therefore, the two HTS should be considered equally specific.⁴³ However, the Department must weigh available information with respect to each FOP and make a product-specific and segment-specific decision as to what the best SV is for each FOP.⁴⁴ In its surrogate country memo, the Department stated that "import data from Romania contains greater specificity for certain major inputs (*i.e.*, logs and lumber). In particular, the Romanian HTS schedule contains categories specific to wood species and thicknesses reported by the mandatory respondents;"⁴⁵ whereas the Thai HTS does not. As explained below the Department finds that the Thai HTS is not as specific as the Romanian HTS for two product characteristics (*i.e.*, face veneer thickness and face veneer species).

For all veneers and particularly "face veneers" pricing varies significantly based on relative thickness and whether or not they are planed, sanded or end jointed. As pointed out by CAHP, the Department's second product characteristic in the MLWF CONNUM is "thickness of face veneer" thus indicating its importance in the hierarchy of the product characteristics. Further, as noted by Fine Furniture in its briefs at 24, the Romanian HTS provides a more specific category for tropical face veneers because it provides a break down by thickness ("of a thickness not exceeding 1mm" and "of a thickness exceeding 1 mm"). Additionally, the Romanian HTS

⁴² *Id.*

⁴³ See Fine Furniture Case Brief at 22-24.

⁴⁴ See, *e.g.*, *Frozen Shrimp* and accompanying IDM at Comment 10, pp. 47-50.

⁴⁵ See Surrogate Country Memo at 7.

provides a more specific category for other face veneers because it provides a break down by thickness (“of a thickness not exceeding 1 mm” and “of a thickness exceeding 1 mm”).⁴⁶

While there are specific break outs in the Thai HTS for “Teak Veneer” and coniferous “Face Veneers,” the Department must determine the most specific SV for all veneers. Additionally, Fine Furniture has not stated why the teak veneer HTS is applicable to its NV calculation.⁴⁷ The Department has determined that the species and thickness attribute specificity, applicable to all veneers, outweighs the one or two specific “face veneer” break outs that may occur in the Thai HTS.

In total, while there may be one or two items for which the Thai HTS is more specific, the Romanian HTS provides greater specificity for a greater number of Fine Furniture’s veneers. Accordingly, we find this HTS data support the selection of Romania as the surrogate country.

II. Labor

Regarding Fine Furniture’s argument that the Thai labor SVs are more specific than the Romanian labor SVs because they are only for the “Manufacture of veneer sheets and wood-based panels,”⁴⁸ whereas the Romanian also includes “articles of straw and plaiting materials,” the Department agrees that the Thai SV for labor is more specific based on its description. However, the Thai labor values are not contemporaneous (2011)⁴⁹ with the POR, while the Romanian labor values are contemporaneous (2013).⁵⁰ While there is no hierarchy among these factors of specificity and contemporaneity, the Department must weigh available information with respect to each FOP and make a product-specific and segment-specific decision as to what the best SV is for each FOP.⁵¹ Given the totality of evidence in favor of using Romania as the surrogate country, the greater specificity in non-contemporaneous Thai data for one item (labor) is not enough to conclude that Romania should not be used as the surrogate country in this administrative review.

III. Electricity

The Department disagrees with Fine Furniture’s argument that the Thai data for electricity are more specific because they provide both a “peak” and “off-peak” value for electricity consumption. As a general matter, the Section D questionnaire asks for a per unit value to be reported, that by its nature should be an average of electricity prices consumed over the POR.

⁴⁶ See CAHP’s November 24, 2015 submission at Exhibit SV-1.

⁴⁷ *Id.*

⁴⁸ See Fine Furniture SV Comments dated June 29, 2015 at exhibit SV-7.

⁴⁹ *Id.*, at Ex. SV-7.

⁵⁰ CAHP’s November 24, 2015 SV submission at exhibit SV-3.

⁵¹ See, e.g., *Frozen Shrimp*, and accompanying IDM at Comment 10 (citing *Polyethylene Terephthalate Film* and accompanying IDM at Comment 2. See also, *Preserved Mushrooms* and accompanying Issues and Decision Memorandum at Comment 1. Furthermore, the Court of International Trade (CIT) has recognized our discretion in selecting the best surrogate values on the record. The CIT has held that, “when Commerce is faced with the decision to choose between two reasonable alternatives and one alternative is favored over the other in their eyes, then they have the discretion to choose accordingly.” *FMC Corporation v. United States* (citing *Technoimportexport*; see also, *Juancheng Kangtai Chem.* (“It is not for the Court to choose between arguably untainted but incomplete data and arguable complete but tainted data, as that is Commerce’s province”).

As argued by CAHP, there is only one surrogate value applied to Fine Furniture's consumption per CONNUM, which represents an average of the period; thus, an average of the Thai rates is not more specific than an average of the Romanian rates, in a way that is meaningful to the calculation. Also, Fine Furniture did not report different values for its own consumption based on "peak" or "off peak" hours,⁵² nor provide its proposed calculations for this methodology proving greater specificity. Additionally, the Romanian electricity SV used by the Department is an average of twelve data points, that reflects a six month period contemporaneous with the POR while the Thai data would be an average of three data points with on peak and off peak values.⁵³ We note that the differentiation of on and off peak kilowatt per hour is meaningless for electricity valuation as respondents usually do not report electricity in that manner. Thus, the Department finds Romanian electricity SVs are superior to the SV based on Thai data and therefore supports the Department selecting Romania as the primary surrogate country.

F. Conclusion

For the Final Results, the Department has found that Romania remains the best available surrogate country for use in this proceeding.

Comment 2: Selection of Romanian Surrogate Values of Face Veneers

Fine Furniture:

- In the event that the Department continues to use Romania as the surrogate country, it should remove end-jointed veneers from the calculation of face veneer SV. Specifically, the Department used HTS categories 4408.9015: "Planed; sanded; end-jointed, whether or not planed or sanded;" 4408.9095: "Other; of a thickness exceeding 1mm" to calculate the average SV for some face veneers; 4408.3955 "Planed; end-jointed, whether or not planed or sanded;" and, 4408.3995 "Other; of a thickness exceeding 1mm."⁵⁴ The HTS codes 4408.8015 and 4408.3955 are not necessarily planed or sanded but they are end-jointed.
- The descriptive element "Planed; sanded; end-jointed, whether or not planed or sanded," indicates that end-jointed sheets for veneering are explicitly included. This HTS code essentially nullifies the "planed" or "sanded" portions by making them optional, while no such language is included with respect to "end-jointed," meaning that the one mandatory characteristic of this HTS code is that the veneer is end-jointed.
- The Department should select the most product-specific SV and a simple of average of two HTS codes does not provide the most specific information for valuing Fine Furniture's face veneers.⁵⁵ Furthermore, the Department's standard questionnaire does not request information about end-jointing in its product characteristics, therefore, this feature is not deemed to be a common characteristic of the veneer.
- There is no record evidence that Fine Furniture uses end-jointed veneers. Therefore, because the Department must select the most specific surrogate value, it cannot use

⁵² See Fine Furniture's section D response, dated June 12, 2015, ("DQR") at Exhibit D-15 and page D-15 and SDQR, at page 11 and Exhibit 16

⁵³ See Exhibit 4 from Petitioner's June 29, 2015 SV Filing and; See Prelim SV Memo at 5.

⁵⁴ See Prelim SV Memo, at Exhibit 1(b).

⁵⁵ See Fine Furniture's Case Brief at 34 (*citing Taian Ziyang*).

4408.90.15, 4408.39.55, or 4408.10.15 to value Fine Furniture's veneer inputs that do not represent end-jointed veneers.

- Alternatively, if the Department uses end-jointed veneers to value Fine Furniture face veneer inputs, it should take a weighted average instead of a simple average.⁵⁶ Weight-averaging removes the distortion present in simple averaging where smaller quantity data are assigned the same value as large quantity data.⁵⁷

CAHP:

- The Department correctly included HTS categories for planed, sanded, or end-jointed veneers in its calculation of Fine Furniture's SVs. Fine Furniture never stated that it did not use planed and/or sanded veneers in its production of wood flooring.
- All six-digit HTS categories for face veneers list the heading of "Planed; sanded; end-jointed, whether or not planed or sanded." Therefore, the corresponding eight-digit categories are covered by the same heading. With respect to the optionality of the statement "whether or not planed or sanded," it is those two that are optional but not the end-jointed feature.
- The Department should use only species-specific HTS categories for planed and/or sanded face veneers covered by 4408.1015, 4408.3921,⁵⁸ 4408.3955, or 4408.9015 as Fine Furniture acknowledged that all of its veneers are planed and sanded.
- Alternatively, the Department should continue using the simple average of the two HTS categories.⁵⁹ The relative import quantities of veneers across separate Romanian HTS categories have no relationship to Fine Furniture's relative consumption of veneers.⁶⁰

Department's Position: In the preliminary results, we valued all face veneer inputs used by Fine Furniture by using a dual combination of the planed, sanded, or end-jointed face veneers category, along with the other category, which cover sheets for veneering between 1 mm and 6 mm.⁶¹ Also, we matched HTS categories for tropical, coniferous, and other wood species to Fine Furniture's corresponding face veneer FOPs. Fine Furniture argues that using planed, sanded, end-jointed category means that face veneers are necessarily end-jointed because the language of the HTS description is "Planed; sanded; end-jointed, whether or not planed or sanded." In other words, according to Fine Furniture, "whether or not planed or sanded" clause makes "planed" or "sanded" veneers optional, while the absence of the same stipulation with regard to "end-jointed" veneers makes "end-jointed" a mandatory characteristic. However, Fine Furniture argues that record does not support finding that Fine Furniture purchased end-jointed face veneers. After careful examination of HTS description 4408.90 15, we find that Fine Furniture incorrectly interpreted "whether planed or sanded" as referring to "planed and "sanded" in the beginning of the statement "Planed; sanded; end-jointed, whether or not planed or sanded." We find that "whether planed or sanded" refers only to "end-jointed" because of the separation with a comma and not a semi-colon. Based on the HTS description, we agree with CAHP that this HTS category may include any of the seven veneer types: (1) only planed; (2) only sanded; (3) both

⁵⁶ See, e.g., *Xanthan Gum*; *Uncoated Paper*; and *Gleason*.

⁵⁷ See Fine Furniture's case brief, at 40 (citing *Honeyand* accompanying IDM, at Comment 4.).

⁵⁸ We note that CAHP raised issue with this HTS category for the first time in its rebuttal brief.

⁵⁹ See CAHP's rebuttal brief, at 5 (citing *Nails Final Results*, and accompanying IDM, at Comment 1).

⁶⁰ *Id.*, at 6 (citing *Wood Flooring LTFV Final*, and accompanying IDM, at Comment 20.).

⁶¹ See Prelim SV Memo, at Exhibit 1(b).

planed and sanded; (4) only end-jointed; (5) both planed and end-jointed; (6) both sanded and end-jointed; and finally, (7) planed, sanded, and end-jointed.

CAHP concludes that based on the absence of “planing” and “sanding” processes in Fine Furniture’s production process means that Fine Furniture purchased “planed” and “sanded” veneers. Therefore, according to CAHP, the Department should not use “Other” category in the simple average of face veneer SVs. Instead it should use only “Planed; sanded; end-jointed, whether or not planed or sanded” HTS categories. We disagree with CAHP. “Other” category covers veneers exceeding 1 mm and cannot be excluded from the simple average SV calculation as Fine Furniture’s veneers also exceed 1 mm.⁶² The record is clear that Fine Furniture FOPs fall within the above mentioned seven categories covered by “Planed; sanded; end-jointed, whether or not planed or sanded” language. Therefore, for the Final Results, we have continued to value Fine Furniture’s face veneer SVs with the simple average of “Planed; sanded; end-jointed, whether or not planed or sanded” category and “Other” category.⁶³

With respect to Fine Furniture’s argument that the Department should use a weighted-average of the above two HTS categories, we disagree. The quantities used in calculation of AUVs based on the Romanian import statistics have no relation to Fine Furniture’s own consumption.⁶⁴ We agree with CAHP that it is the Department’s practice to use a simple average when valuing an input based on the AUVs of two different HTS categories.⁶⁵ In the *Wood Flooring LTFV Final*, the Department used a simple average of the AUVs provided by two HTS categories to value the respondent’s fiberboard, because although the respondent presented a range of densities, there was no record information to indicate what percentage of fiberboard had which densities. Here, we have absolute values of two different HTS categories within which Fine Furniture’s inputs lie; however, the record does not inform where Fine Furniture’s inputs precisely fit.

Additionally, we agree with CAHP that in *Honey*, we weight-averaged the price within the same HTS category rather than in two separate SVs. Specifically, we noted, “weight averaging the valuation of the input and packing materials using Indian import statistics yields a more representative value because these values are from the same HTS category representing the best available information on the value of the FOP...”

Comment 3: Selection of Romanian Surrogate Values of Lumber

Fine Furniture:

- The Department erred in valuing Fine Furniture’s European white oak lumber with the HTS category 4407.9190 “Other.” This category excludes “planed” lumber, while Fine Furniture’s lumber is planed.⁶⁶ Therefore, for the Final Results, the Department should

⁶² See Fine Furniture’s Section C response, dated June 5, 2015 (“CQR”), at page C-8.

⁶³ See Fine Furniture Analysis Memo dated concurrently with this memo.

⁶⁴ Weight-averaged GTA-based SV is not a match to Fine Furniture’s purchasing experience. In other words, the imports from various countries into Romania and their price and quantity are not a match for the respondent’s consumption experience.

⁶⁵ See, e.g., *Nails Final Results*, and accompanying IDM, at Comment 1, pp. 16-19, and *Wood Flooring LTFV Final*, and accompanying IDM, at Comment 20, pp. 80-81.

⁶⁶ See DQR, at Exhibit D-2.

use the AUV for HTS category 4407.9139 “Other,” excluding sanded, end-jointed, and “blocks, strips, and friezes.”

- The Department erred in valuing Fine Furniture’s tigerwood and jatoba lumber with the HTS category 4407.9996 “Of tropical wood.” However, tigerwood and jatoba are not tropical species. Therefore, for the Final Results, the Department should use the AUV for HTS category 4407.9998 “Other,” excluding tropical and poplar species.
- The Department erred in valuing Fine Furniture’s Santos mahogany lumber with the HTS category 4407.2199 “Other.” This category includes *Swietenia* mahogany lumber, while Fine Furniture’s Santos mahogany lumber is *Myrosylon Balsamum*.⁶⁷ Therefore, for the Final Results, the Department should use the AUV for HTS category 4407.9998 “Other.”

CAHP:

- The Department should use HTS category 4407.9131 “Block, strips and friezes for parquet or wood block flooring, not assembled” to value white oak. This category is for the planed white oak, which is the most specific to Fine Furniture’s European white oak lumber. Additionally, the Department should ignore Fine Furniture’s arguments for different valuations of certain wood inputs for the Final Results.

Department’s Position: With respect to the valuation of Fine Furniture’s European white oak lumber, we agree with Fine Furniture that the HTS category 4407.9139 “Other” is more specific to Fine Furniture’s white oak lumber input. In the preliminary results, we valued this input by the HTS category 4407.9190 “Other,” which excludes “planed” wood.⁶⁸ However, we agree with Fine Furniture that its lumber is “planed.”⁶⁹ Therefore, either 4407.9131 “wood; planed; blocks strips and friezes for parquet of wood block flooring, not assembled” or 4407.9139 “planed; other” are potential categories. However, 4407.9139 “Other” is more specific to Fine Furniture oak lumber input as it excludes “blocks strips and friezes for parquet of wood block flooring, not assembled.” Therefore, for the Final Results, we have revised Fine Furniture’s SV for European white oak lumber to the HTS category 4407.9139⁷⁰ because Fine Furniture’s lumber is planned.

In the preliminary results, we valued Fine Furniture’s tigerwood and jatoba lumber with HTS category 4407.9996, which is the category of tropical lumber.⁷¹ However, upon further examination of the record evidence, we agree with Fine Furniture that nothing on the record indicates that the tigerwood and jatoba species are indeed tropical. Therefore, for the Final Results, we have revised Fine Furniture’s SVs for tigerwood and jatoba lumber to the HTS category 4407.9998 “Other,” excluding poplar and tropical wood.⁷²

⁶⁷ See Fine Furniture’s SV Comments, dated June 29, 2015, at Exhibit SV-1 (“Fine Furniture’s SV Comment”).

⁶⁸ See Prelim SV Memo, at Exhibit 1(b) and CAHP’s November 24, 2015 SV Comments, Exhibit SV-2.

⁶⁹ See DQR, at Exhibit D-2 and SDQR, at Exhibit 2. Fine Furniture’s production process does not list the process of “planning.”

⁷⁰ See Final SV Memo, at 1.

⁷¹ See Prelim SV Memo, at Exhibit 1(b) and CAHP’s November 24, 2015 SV Comments, Exhibit SV-2.

⁷² See Final SV Memo, at 1.

In the preliminary results, we valued Fine Furniture’s mahogany lumber with HTS category 4407.2199 “Mahogany; other.”⁷³ Fine Furniture argues that its mahogany lumber is “santos” mahogany, while 4407.21 is for “Mahogany (*Swietenia spp.*).”⁷⁴ Thus, Fine Furniture argues that the Department should value its mahogany input using HTS category 4407.9998 “Other,” excluding series of specific species along with mahogany. We disagree with Fine Furniture that “Other” category is more specific to “santos” mahogany than “Swietenia” mahogany. The “Other” category excludes thirteen different species. Specifically, the “Other” category excludes oak, non-coniferous and coniferous wood, beech, ash, meranti, iroko, sapelli, cherry, virola, mahogany, maple, and lauan.⁷⁵ Accordingly, after the exclusion of these thirteen species, remaining data is based on “Other” category. Therefore, we do not find that “Other” category constitute better information to value Fine Furniture’s Santos mahogany than SV for Swietenia mahogany or 4407.2199. Therefore, for the Final Results, we find that 4407.2199 “Mahogany; other” is the best available information on the record to value Fine Furniture “santos” mahogany lumber input and have not revised our valuation of mahogany input for the Final Results.

Comment 4: Correction of Surrogate Value Selections

CAHP:

- In the preliminary results, the Department used HTS category 4404.2199 “Mahogany” for Fine Furniture’s LSAPILI input and HTS category 3909.1000 “Urea resins” for Fine Furniture’s GLUEB_10.⁷⁶ For the Final Results, the Department should correct this error by valuing LSAPILI with HTS category 4407.2799 “Sapelli” and GLUEB_10 with HTS category 3506.9100 “Other.”⁷⁷

Fine Furniture:

- The Department correctly valued Fine Furniture’s GLUEB_10 with the HTS category 3909.1000 in the preliminary results. Notwithstanding CAHP’s claim that HTS category 3506.9100 was used for the respondents in *Wood Flooring AR1 Final* and *Wood Flooring AR2 Final*, Fine Furniture’s GLUEB_10 is self-produced glue.⁷⁸ Furthermore, the Department valued Fine Furniture’s analogical glue with the same ingredients by using the HTS category 3909.1000 in *Wood Flooring AR1 Final*.

Department’s Position: We agree with Fine Furniture that its GLUEB_10 is “urea formaldehyde glue (65% Grade E1) and self-produced glue.”⁷⁹ HTS category 3909.1000 is described as “Amino resins, phenolic resins and polyurethanes, in primary forms: Urea

⁷³ See Prelim SV Memo, at Exhibit 1(b) and CAHP’s November 24, 2015 SV Comments, Exhibit SV-2. We note that 4407.2199 is the only mahogany category 4407 wood category.

⁷⁴ See Fine Furniture’s SV Comments, at Exhibit SV-1 and CAHP’s November 24, 2015 SV Comments, Exhibit SV-2.

⁷⁵ See CAHP’s June 29, 2015 surrogate value submission, at Exhibit SV-2.

⁷⁶ See Prelim SV Memo, at Exhibit 1(b).

⁷⁷ See CAHP’s case brief, at page 5. (citing *Wood Flooring (AR2 Final)* and accompanying IDM, at Comment 14; and *Wood Flooring AR1 Final* and accompanying IDM, at Comment 8).

⁷⁸ See Fine Furniture’s SV Comments, at Exhibit SV-1.

⁷⁹ See Fine Furniture’s SV Comments, at Exhibit SV-1.

Resins.”⁸⁰ CAHP’s suggested HTS category 3506.9100 is described as “Prepared glues and other prepared adhesives: products suitable for use as glues or adhesives put up for retail sale as glues or adhesives.”⁸¹ We find that urea resin in primary form is more consistent with Fine Furniture’s self-produced glue than CAHP’s suggested finished product ready for retail sale as an input. Therefore, we have not changed our treatment of Fine Furniture’s BLUEB-10 for the Final Results.

We agree with CAHP that we inadvertently valued Fine Furniture’s FOP for sapelli with an SV for mahogany. In the preliminary results, we used HTS category 4404.2199 – “Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm: Mahogany” to value Fine Furniture’s lumber of *Sapelli* species.⁸² This was an error because mahogany and sapelli are different species.⁸³ Thus, for the Final Results, we have revised the SV for LSAPILI to HTS category 4407.2799 - “Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm: Sapelli.”⁸⁴

Comment 5: Calculation of Surrogate Financial Ratios

CAHP:

- In the preliminary results, the Department calculated SIGSTRAT’s surrogate financial ratios based on the company’s profit and loss statement, which identifies the nature of the company’s costs, (*e.g.*, materials, labor, and energy) rather than their function (*e.g.*, COGS, selling, G&A, and other operating expenses).⁸⁵ Therefore, the Department should use the information from Note 7 of SIGSTRAT’s audited financial statements, which identifies company’s costs by function to calculate surrogate ratios for the Final Results.⁸⁶
- The Department erroneously excluded two line items: “Income from ongoing production cost (credit balance)” and “Production between the entity for its own purposes and capitalized,” from the calculation of the surrogate financial ratios. These line items should be offset against raw material costs. Specifically, the first line item is change in work in process and the second line item is finished goods produced and internally consumed for capital asset purposes.

⁸⁰ See CAHP’s November 24, 2015 SV Comments, Exhibit SV-2.

⁸¹ *Id.*

⁸² See Prelim SV Memo, at Exhibit 1(b).

⁸³ See DQR, at Exhibit D-6.

⁸⁴ See Final SV Memo, at 1.

⁸⁵ See Prelim SV Memo, at Attachment II.

⁸⁶ See CAHP’s Case Brief, at Attachment 1 and CAHP’s November 24, 2015 SV Comments, Exhibit SV-4, at Note 7.

Fine Furniture and Lumber Liquidators:

- If the Department continues to use Romania as its surrogate country and SIGSTRAT as its surrogate producer, then the Department should not change its approach used in the preliminary results. The Department should not “go behind” surrogate financial statements and replace certain items based on CAHP’s approach.⁸⁷ Furthermore, using CAHP’s approach based on Note 7 would not account for a series of line items and Note 7 line items do not reconcile with the profit and loss statement. Also, Note 7 lacks details found in the profit and loss statement. There is no evidence that Note 7 provides costs by function or a more detailed breakout than the profit and loss statement.
- CAHP’s arguments regarding the use of Note 7 information is not only factually incorrect but also untimely as this information is new factual information not found elsewhere on the record. Even if the Department does not find CAHP’s argument as new factual information it should, nevertheless, disregard it for the Final Results. In *Garlic from the PRC* the Department found a Romanian financial statement with a similar level of “nature” classification as SIGSTRAT to be usable.⁸⁸
- The Department properly excluded the two line items from the calculation of SIGSTRAT’s surrogate financial ratios because CAHP provided no factual support for this argument and to refrain from excluding these items would be contrary to the Department’s practice.⁸⁹ Therefore, the Department should not revise its treatment of the two line items for the Final Results.

Department’s Position: After careful examination of SIGSTRAT’s financial statement, we agree with CAHP, in part, that Note 4 provides additional detail that is useful for the calculation of the surrogate financial ratios.⁹⁰ Specifically, SIGSTRAT’s profit and loss statement does not segregate costs between what the Department uses as denominator to the financial ratios (*i.e.*, MLE that typically form part of COGS) and the expenses that the Department includes in the numerator to the calculations (*e.g.*, energy and labor that typically form part of selling, G&A, and other operating expenses). For example, the profit and loss statement contains only one wage line item, which we included in our MLE denominator in the preliminary results. However, this application distorts the calculation of surrogate ratios as it does not account for any SG&A labor and the respondent’s section D database reports only direct and indirect labor. Therefore, our preliminary methodology did not fully account for all expenses.

Fine Furniture argues that it is not the Department’s practice to “go behind” the surrogate financial statement. We disagree that using detailed expenses from Note 4 can be construed as “going behind” the surrogate financial statement. The Department uses more detailed breakdown of major expenses from the notes in financial statements because notes provide more detailed line items for pinpointing various expenses comprising the surrogate financial ratios. Furthermore, in contrast to the facts in *Uncoated Paper*, in this instant review, we are examining

⁸⁷ See Fine Furniture’s rebuttal brief, at page 3.

⁸⁸ *Id.*, at pages 6-7.

⁸⁹ See *Brake Rotors*, and accompanying IDM, at Comment 1.

⁹⁰ We note that parties make reference to Note 7 of the financial statements submitted in CAHP’s November 24, 2015 SV Comments, Exhibit SV-4. However, the calculation in reality is based on Note 4 of the same exhibit under “Analysis Operating Result”.

a note in the financial statement that is directly linked to the profit and loss statement and details COGS, operating and G&A expenses. Therefore, the use of the expenses in Note 4 is consistent with the Department's practice of calculating the surrogate financial ratios using information available in the surrogate financial statements, which includes the notes to the financial statements.

We further disagree with Fine Furniture that CAHP's argument regarding the Romanian companies' reporting methodology is new factual information. CAHP pointed to record evidence for deriving surrogate financial ratios. Note 4 was the integral part of SIGSTRAT's financial statements and, therefore, not a new factual argument. Similarly, CAHP's argument regarding use of Note 4 as opposed to profit and loss statement is not a new factual information as it is an argument.

Fine Furniture further argues that there are irreconcilable line items in Note 4 with the profit and loss statement. We disagree. These are audited financial statements, meaning that independent auditors have provided their opinion that notes are derived from profit and loss statement. For specific details *see* Exhibit 2 of Final SV Memo. The Department typically uses information derived from the income statement, balance sheet, and notes in order to perform its surrogate financial ratio calculations.

Therefore, for the Final Results of review, we have recalculated the surrogate financial ratios using the information derived from Note 4 of SIGSTRAT's financial statement. However, we have further adjusted COGS by the change in finished goods so that "material, labor, and energy" reflects cost of manufacturing for the overhead calculation.⁹¹ Additionally, we have excluded "traded goods" from the denominator of the overhead calculation, but included the amount in the denominator for the SG&A, interest, and profit calculations.

Fine Furniture argues that in *Garlic from the PRC*, the Department used the same approach as in the preliminary results. We note that we did not exactly use the approach suggested by CAHP. We have recalculated our preliminary surrogate financial ratios to include the "function" of the expenses as suggested by CAHP but we classified expenses consistent with the Department's practice.⁹² Therefore, we have not addressed methodology used in the preliminary results of *Garlic from the PRC*. However, the preliminary results of *Garlic from the PRC* do not detail the methodology. It is not clear from the preliminary results of *Garlic from the PRC* what financial statement was used in that case. Therefore, we have not used the preliminary results of *Garlic from the PRC* as a precedent for the final results of the instant review.

CAHP further alleges that the Department should treat "Income from ongoing production cost (credit balance)" as "materials" in the calculation of surrogate financial ratios because they represent a change in work-in-process. After careful examination of SIGSTRAT's balance sheet, we disagree that it represents a change in work-in-process because beginning and ending work-in-process inventories in the balance sheet provide a different net result, not equal to the amount listed under "Income from ongoing production cost (credit balance)."⁹³ Therefore, we find that

⁹¹ See Final SV Memo, at 2 and Exhibit 2.

⁹² *Id.*

⁹³ See CAHP's November 24, 2015 SV Comments, Exhibit SV-4.

this line-item represents a sale of work-in-process, rather than a change. As such, we have continued to exclude “Income from ongoing production cost (credit balance)” from the calculation of surrogate financial ratios.

Finally, we have not addressed the treatment of “production between the entity for its own purposes and capitalized” as we have used Note 4 expenses and the treatment of this line item is moot.

Comment 6: Adjustment of Brokerage and Handling

Fine Furniture:

- The Department should adjust the B&H SV to remove L/C fees that are implicit in the value provided by *Doing Business in Romania*.⁹⁴ Generally, the World Bank’s *Doing Business* publications include the cost for procuring and using the export L/C in the “document preparation” fee, which is part of the B&H value.⁹⁵
- Fine Furniture’s B&H does not include L/C as a component of its own B&H.⁹⁶ Fine Furniture did not include L/C expenses as a component of its B&H. If respondent’s actual B&H does not include L/C, while the B&H SV does, then the Department should remove the L/C expense from the SV.⁹⁷
- Even if the Department continues to use Romania as the surrogate country, it should still deduct Thai L/C expense as a reasonable proxy of the cost of the letter preparation in Romania.⁹⁸ In the past the Department has used the L/C from alternative surrogate countries if such letter was not available from the primary surrogate country.⁹⁹

CAHP:

- The Department should not make an adjustment to B&H for the L/C because there is no information on the record regarding the cost of L/C preparation in Romania. This approach will be consistent with the Department’s adopted policy.¹⁰⁰

Department’s Position: We agree with Fine Furniture that a downward adjustment to B&H expenses, to remove an amount for export L/C fees is appropriate. In the preliminary results, we calculated Fine Furniture’s B&H based on the SV from the World Bank’s 2015 *Doing Business in Romania*.¹⁰¹ The World Bank’s *Doing Business* publications include the cost for procuring and using the export L/C in the “document preparation” fee, which is part of the B&H value.¹⁰² Specifically, the World Bank team in charge of compiling the cost of *Doing Business* reports, stated that “the cost of obtaining a letter of credit is included in the overall cost of document

⁹⁴ See Prelim SV memo, at page 6 and Attachment III and Letter from CAHP regarding Multilayered Wood Flooring from the People’s Republic of China, dated November 24, 2015 (“CAHP SV Submission”), at Exhibit SV-8..

⁹⁵ See Dalian Penghong’s SV Comments, dated June 29, 2015 (“Dalian Penghong’s SV Comments”), at Exhibit SV-16.

⁹⁶ See CQR, at page C-23.

⁹⁷ See Fine Furniture’s case brief, at 44.

⁹⁸ See Dalian Penghong’s SV Comments, at Exhibit SV-16.

⁹⁹ See Fine Furniture’s case brief, at 45 (citing *Hardwood*, and accompanying IDM, at Comment 10.).

¹⁰⁰ See *MSG from the PRC and Steel Threaded Rod from China* and accompanying IDM, at Comment 4.

¹⁰¹ See Prelim SV memo, at page 6.

¹⁰² See Dalian Penghong’s SV Comments, at Exhibit SV-16 and Prelim SV Memo, at Attachment III.

preparation.”¹⁰³ We have concluded that there is no record evidence that Fine Furniture incurred such expenses, and Fine Furniture claims that it has not.¹⁰⁴ The Department has previously granted an adjustment where there is no record evidence that respondent incurred such expenses, and where the record reflects that the specific *Doing Business* report used for valuation purposes includes such an expense.¹⁰⁵

Nevertheless, the record does not contain a specific figure for the L/C costs included in the *Doing Business in Romania* report. Because we are using Romania as the primary surrogate country, Fine Furniture’s cites to cases where we have adjusted B&H with L/C expense from the same country, are not instructive.¹⁰⁶ However, we agree with Fine Furniture that the record contains a value for L/C adjustment. In the past we have adjusted B&H SV downward to remove an amount for export L/C fees when the record did not contain L/C value from the primary surrogate country but it did contain L/C value from other economically-comparable surrogate countries.¹⁰⁷ In *Pet Resin*, the primary surrogate country, South Africa, did not provide a L/C so the Department averaged L/C values from three secondary surrogate countries.¹⁰⁸ We note that we have L/C value only from one secondary surrogate country. Therefore, for the Final Results, we have taken the Romanian B&H less the Thai L/C as the best available information.¹⁰⁹

Contrary to the cases cited by CAHP, the record of this administrative review contains a value of L/C fee in *Doing Business*. The record of *MSG from the PRC* did not contain a cost of L/C, therefore, the Department could not have adjusted B&H. In *Steel Threaded Rod from China 2011-2013*, the Department found that the record evidence is not specific to the source data. Therefore, we find that the facts and record evidence are different in the instant review and a downward adjustment of B&H SV by L/C is warranted.¹¹⁰

Comment 7: Correction of a Clerical Error

Fine Furniture:

- In the preliminary results, the Department erred in the application of certain adjustments in the margin calculation program.¹¹¹

No other party commented on this issue.

Department’s Position: We agree with Fine Furniture that we inadvertently added these adjustments to the total international movement, which, in turn, is deducted from the gross unit

¹⁰³ See Dalian Penghong’s SV Comments, at Exhibit SV-16, page 1.

¹⁰⁴ See CQR, at page C-23.

¹⁰⁵ See *Hardwood*, and accompanying IDM, at Comment 10.

¹⁰⁶ See *Hangers 2013-2014*, and accompanying IDM, at Comment 5; *Baroque Timber*; and *Wood Flooring AR1 Final*.

¹⁰⁷ See *Hardwood*, and accompanying IDM, at Comment 10 and *Pet Resin*, and accompanying IDM, at Comment 4.

¹⁰⁸ See *Pet Resin*.

¹⁰⁹ See Final SV Memo, at Exhibit 3 and page 2.

¹¹⁰ *Id.*

¹¹¹ *Fine Furniture Prelim Analysis Memo*, at page 5 and Attachment I, at lines 893-4.

price. For the Final Results, we have corrected this error by deducting these adjustments from the international movement, which effectively added these adjustments to the gross unit price.¹¹²

Comment 8: Inclusion of Fine Furniture’s Affiliate’s Name in Customs Instructions

Fine Furniture:

- In the Final Results, the Department should continue to include the name of Fine Furniture’s affiliate, Double F, because Double F is listed on all import documentation submitted to CBP for shipments of subject merchandise during the POR.

No other party commented on this issue.

Department’s Position: We agree with Fine Furniture and, accordingly, in the Final Results, the Department’s cash deposit and liquidation instructions to be issued to CBP will reflect the names of both Fine Furniture and Double F.

Comment 9: Treatment of Three Respondents as Separate Rate Applicants

DH Respondents

- Each of the three DH Respondents submitted SRCs in the segment of the proceeding.¹¹³ However, the Department treated them as part of the PRC-wide entity in the preliminary results.¹¹⁴ Therefore, the Department must correct this error in the Final Results and assigned DH Respondents a separate rate.

No other party commented on this issue.

Department’s Position: In the preliminary results, we treated DH respondents as part of the PRC-wide entity.¹¹⁵ However, DH Respondents submitted timely SRCs.¹¹⁶ After DH Respondents noted the timely submissions in their ministerial error comments, we noted that in doing our separate analysis we inadvertently missed these SRCs.¹¹⁷ Therefore, for the Final Results, we have included DH Respondents in the list of separate rate recipients.

¹¹² See Multilayered Wood Flooring from the People’s Republic of China: Analysis of the Final Results Margin Calculation for Fine Furniture (Shanghai) Limited, page 2 and Attachment I.

¹¹³ See DH Respondents’ Case Brief, at Exhibits 1 and 2.

¹¹⁴ See *Wood Flooring Prelim*, at 904.

¹¹⁵ *Id.*

¹¹⁶ See Letter from Dalian Huilong Wooden Products Co., Ltd. to Secretary of Commerce “Multilayered Wood Flooring from the People’s Republic of China – Separate Rate Certification, dated April 3, 2015; Letter from Xiamen Yung De Ornament Co., Ltd. to Secretary of Commerce “Multilayered Wood Flooring from the People’s Republic of China – Separate Rate Certification, dated April 3, 2015; and Letter from Yingyi-Nature (Kunshan) Wood Industry Co., Ltd. to Secretary of Commerce “Multilayered Wood Flooring from the People’s Republic of China – Separate Rate Certification, dated April 3, 2015;

¹¹⁷ See DH Respondents’ ministerial error comments, dated January 4, 2016 and the Department’s draft liquidation instructions, dated February 5, 2016, at footnote 2.

Comment 10: Treatment of Fusong Jinlong Group as a Single Entity

Fusong Jinlong Group

- In the past segments of this proceeding, the Department treated all members of Fusong Jinlong Group as a single entity.¹¹⁸ In the current segment of the proceeding, all four members of Fusong Jinlong Group submitted their respective SRC along with their qualification for a separate rate status. However, in the preliminary results, the Department assigned separate rates only to two members of the Fusong Jinlong Group.¹¹⁹ Therefore, for the Final Results, the Department should assign a separate rate to Fusong Jinlong Group and list all four member's names separately.

No other party commented on this issue.

Department's Position: We agree with Fusong Jinlong Group that we inadvertently initiated on, and included in the preliminary results, only two members of Fusong Jinlong Group: Fusong Jinlong Wooden Group Co., Ltd. and Fusong Qianqiu Wooden Product Co., Ltd.¹²⁰ However, the record indicates that there are four members in Fusong Jinlong Group and in the past we have treated all four members as a single entity.¹²¹ Therefore, for the Final Results, have assigned a separate rate for the Fusong Jinlong Group, which includes all four members of the group, *i.e.*, Fusong Jinlong Wooden Group Co., Ltd., Fusong Qianqiu Wooden Product Co., Ltd., Dalian Qianqiu Wooden Product Co., Ltd., Fusong Jinqiu Wooden Products C., Ltd.

Comment 11: Correction of Baishan Huafeng's Name

Baishan Huafeng

- In the preliminary results, the Department misspelled Baishan Huafeng's name.¹²² However, Baishan Huafeng had submitted its SRC with the correct spelling. For the Final Results, the Department should correct the spelling of Baishan Huafeng's name.

No other party commented on this issue.

Department's Position: We agree with Baishan Huafeng that we inadvertently initiated and included in the preliminary results the incorrect spelling of Baishan Huafeng's name as Baishan Huafeng Wood Product. Co., Ltd.¹²³ We recognize that the record reflects the spelling of Baishan Huafeng's name as Baishan Huafeng Wooden Product Co., Ltd.¹²⁴ Therefore, for the Final Results, we have corrected the spelling to reflect Baishan Huafeng's correct name.

¹¹⁸ See *Wood Flooring LTFV Final*, at 76692, *Wood Flooring AR1 Final*, at 26714 and footnote 14; and *Wood Flooring AR2 Final*, at 41478 and footnote 16.

¹¹⁹ See *Wood Flooring Prelim*, at 905.

¹²⁰ See *Initiation Notice*, at 6045 and *Wood Flooring Prelim*, at 905.

¹²¹ See Letter from Fusong Jinlong Group to Secretary of Commerce "Multilayered Wood Flooring from the PRC: Separate Rate Certification for Fusong Jinlong Group and Its Affiliated Exporters, dated April 2, 2015.

¹²² See *Wood Flooring Prelim*, at 905.

¹²³ See *Initiation Notice*, at 6044 and *Wood Flooring Prelim*, at 905.

¹²⁴ See Letter from Baishan Huafeng Wooden Product Co., Ltd. to Secretary of Commerce "Multilayered Wood Flooring from the PRC: Separate Rate Certification for Baishan Huafeng Wooden Product Co., Ltd., dated April 2, 2015.

RECOMMENDATION:

Based on our analysis of the comments received, we recommend adopting all of the above positions. If accepted, we will publish the Final Results of this review and the final weighted-average dumping margins in the *Federal Register*.

AGREE_____ DISAGREE_____

Ronald K Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

Date

Table of Shortened Citations

<i>Brake Rotors</i>	<i>Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the Sixth Antidumping Duty Administrative Review and Final Results of the Ninth New Shipper Review</i> , 69 FR 42039 (July 13, 2014)
<i>CAHP Member Companies</i>	The member-companies of the CAHP are as follows: Anderson Hardwood Floors, LLC; From the Forest; Howell Hardwood Flooring; Mannington Mills, Inc.; Nydree Flooring; and Shaw Industries Group, Inc.
<i>Fresh Garlic from the PRC</i>	<i>Fresh Garlic From the People's Republic of China: Preliminary Results, Preliminary Intent to Rescind, and Partial Rescission of the 20th Antidumping Duty Administrative Review; 2013-2014</i> , 80 FR 75972 (December 7, 2015)
<i>Frozen Shrimp</i>	<i>Administrative Review of Certain Frozen Warmwater Shrimp From the People's Republic of China: Final Results, Partial Rescission of Sixth Antidumping Duty Administrative Review and Determination Not To Revoke in Part</i> , 77 FR 53856 (September 4, 2012)
<i>Hardwood</i>	<i>Hardwood and Decorative Plywood from the People's Republic of china: Final Determination of Sales at Less than Fair Value</i> , 78 FR 58273(September 23, 2013)
<i>Hangers 2013-2014</i>	<i>Steel Wire Garment Hangers from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 2013-2014</i> , 80 FR 69942 (November 12, 2015)
<i>Honey</i>	<i>Honey from the People's Republic of China: Final Results and Final Rescission, In Part, of Antidumping Duty Administrative Review</i> , 71 FR 34893 (June 16, 2006)
<i>Initiation Notice</i>	<i>Initiation of Antidumping and Countervailing Duty Administrative Reviews</i> , 80 FR 6041 (February 4, 2015)
<i>MSG from the PRC</i>	<i>Monosodium Glutamate From the People's Republic of China Final Determination of Sales at Less Than Fair Value and the Final Affirmative Determination of Critical Circumstances</i> , 79 FR 58326 (September 29, 2014)
<i>Nails Final Results</i>	<i>Certain Steel Nails From the People's Republic of China; Final Results of Third Antidumping Duty Administrative Review; 2010-2011</i> , 78 FR 16651 (March 18, 2013)
<i>PET Resin</i>	<i>Certain Polyethylene Terephthalate Resin From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 81 FR 13331 (March 14, 2016)
<i>Polyethylene Terephthalate Film</i>	<i>Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i> , 73 FR 55039 (September 24, 2008)
<i>Preserved Mushrooms</i>	<i>Certain Preserved Mushrooms from the People's Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review</i> , 71 FR 40477 (July 17, 2006)

<i>Steel Threaded Rod from China 2011-2013</i>	<i>Certain Steel Threaded Rod From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013, 79 FR 71743 (December 3, 2014)</i>
<i>Uncoated Paper</i>	<i>Certain Uncoated Paper From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 81 FR 3112 (January 20, 2016)</i>
<i>Wood Flooring LTFV Final</i>	<i>Multilayered Wood Flooring From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 76 FR 64318 (October 18, 2011)</i>
<i>Wood Flooring AR1 Final</i>	<i>Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012, 79 FR 26712 (May 9, 2014)</i>
<i>Wood Flooring AR2 Final</i>	<i>Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Results of New Shipper Review; 2012-2013, 80 FR 41476 (July 15, 2015)</i>
<i>Wood Flooring Prelim</i>	<i>Multilayered Wood Flooring From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2012-2013, 81 FR 903 (January 8, 2016)</i>
<i>Xanthan Gum</i>	<i>Xanthan Gum From the People's Republic of China: Final Results of 2013 Antidumping Duty New Shipper Review, 80 FR 29615, 29617 (May 22, 2015)</i>

Litigation Citation Table

<i>Baroque Timber</i>	<i>Baroque Timber Indus. (Zhongshan) Co. v. United States, 925 F. Supp. 2d 1331, 1348 (CIT 2013)</i>
<i>Dupont Teijin Films</i>	<i>Dupont Teijin Films v. United States, 931 F. Supp. 2d 1297 (Ct. Int'l Trade 2013).</i>
<i>FMC Corporation</i>	<i>FMC Corporation v. United States, 27 CIT240, 251(Ct. Int'l Trade 2003)</i>
<i>Gleason</i>	<i>Gleason Indus. Prods. V. United States, 559 F. Supp. 2d 1364, 1371 (CIT 2008)</i>
<i>Juancheng Kangtai Chem.</i>	<i>Juancheng Kangtai Chem. v. United States, 37 Int'l Trade Rep. (BNA) 2011 (Ct. Int'l Trade Aug. 21, 2015)</i>
<i>Taian Ziyang</i>	<i>Taian Ziyang Food Co. v. United States, 783 F. Supp. 2d 1292, 1331 (CIT 2011)</i>
<i>Technoimportexport</i>	<i>Technoimportexport, UCF. America Inc. v. United States, 16 CIT 13, 18 (Ct. Int'l Trade 1992)</i>
<i>TRBs from PRC</i>	<i>China Nat. Machinery Import & Export Corp. v. United States, 264 F.Supp.2d 1229, 1241 (2003)(TRBs from PRC)</i>