



A-570-106  
Investigation  
POI: 07/01/2018-12/31/2018  
**Public Document**  
E&C/OV: Team

October 2, 2019

**MEMORANDUM TO:** P. Lee Smith  
Deputy Assistant Secretary  
for Policy and Negotiations  
Enforcement and Compliance

**FROM:** Scot T. Fullerton  
Director, Office VI  
Antidumping and Countervailing Duty Operations

**SUBJECT:** Wooden Cabinets and Vanities and Components Thereof from the  
People's Republic of China: Decision Memorandum for the  
Preliminary Affirmative Determination of Sales at Less Than Fair  
Value

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## I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that imports of wooden cabinets and vanities and components thereof (wooden cabinets and vanities) from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733 of the Tariff Act of 1930, as amended (the Act). The preliminary estimated weighted-average dumping margins are shown in the "Preliminary Determination" section of the accompanying *Federal Register* notice.

## II. BACKGROUND

On March 6, 2019, we received an antidumping duty (AD) petition covering imports of wooden cabinets and vanities from China,<sup>1</sup> which was filed in proper form on behalf of the American Kitchen Cabinet Alliance (the petitioner). On March 26, 2019, Commerce initiated this investigation.<sup>2</sup>

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<sup>1</sup> See Petitioner's Letter, "Petitions for the Imposition of Antidumping and Countervailing Duties on Wooden Cabinets and Vanities from the People's Republic of China," dated March 6, 2019 (the Petition); *see also* Memorandum, "Phone Call with Counsel to the Petitioner," dated March 26, 2019.

<sup>2</sup> *See Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 12587 (April 2, 2019) (*Initiation Notice*).



In the “Respondent Selection” section of the *Initiation Notice*, Commerce stated that, after considering the large number of producers and exporters identified in the Petition,<sup>3</sup> and considering the resources required to mail quantity and value (Q&V) questionnaires to all 727 companies named in the Petition, Commerce intended to limit the number of Q&V questionnaires based on the U.S. Customs and Border Protection (CBP) data for entries of wooden cabinets and vanities from China made under the Harmonized Tariff Schedule of the United States (HTSUS) subheadings 9403.40.9060, 9403.60.8081, and 9403.90.7080 during the period of investigation (POI).<sup>4</sup> On March 26, 2019, and April 2, 2019, Commerce released CBP data to all interested parties under an administrative protective order, and requested comments regarding the data and respondent selection.<sup>5</sup> On April 8, 2019, Commerce issued Q&V questionnaires to the top 30 exporters/producers identified in the CBP data and that were also identified with complete contact information by the petitioner in the Petition.<sup>6</sup> Additionally, Commerce posted the Q&V questionnaire, along with filing instructions, on the Enforcement and Compliance (E&C) website.<sup>7</sup> On or before April 22, 2019, the deadline for submission of the Q&V questionnaires, Commerce received timely filed responses from 231 exporters/producers.<sup>8</sup> Of the 30 companies that were sent Q&V questionnaires, three companies did not respond to the questionnaire.<sup>9</sup>

In the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigations, as well as the appropriate physical characteristics of wooden cabinets and vanities to be reported in response to Commerce’s AD questionnaire.<sup>10</sup> We received comments and rebuttal comments from interested parties concerning the scope of the investigations.<sup>11</sup> We also received comments and rebuttal comments regarding the appropriate physical characteristics to be used for the purpose of reporting sales of the subject merchandise.<sup>12</sup>

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<sup>3</sup> See Petition Volume I at Exhibit I-9; see also Petitioner’s Letter, “Wooden Cabinets and Vanities from the People’s Republic of China: Petitioner’s Responses to Supplemental Questions Regarding Petition Volume I Injury,” dated March 12, 2019, at Exhibit I-Supp-1.

<sup>4</sup> See *Initiation Notice*, 84 FR at 12590.

<sup>5</sup> See Memorandum, “Less-Than-Fair-Value Investigation of Wooden Cabinets and Vanities from China: Release of U.S. Customs and Border Protection Data,” dated March 26, 2019; see also Memorandum, “Less-Than-Fair-Value Investigation of Wooden Cabinets and Vanities and Components Thereof from China: Release of U.S. Customs and Border Protection Data,” dated April 2, 2019.

<sup>6</sup> See Memorandum, “Parties Required to Respond to the Q&V Questionnaire,” dated April 8, 2019; see also Petition at Volume I, Exhibit I-9.

<sup>7</sup> See Memorandum, “Less-Than-Fair-Value Investigation of Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Respondent Selection,” dated June 4, 2019 (Respondent Selection Memo) at “Background.”

<sup>8</sup> *Id.*

<sup>9</sup> See Memorandum, “Delivery of Q&V Questionnaires,” dated April 17, 2019.

<sup>10</sup> See *Initiation Notice*, 84 FR at 12587-88.

<sup>11</sup> For a detailed discussion, see Memorandum, “Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated October 2, 2019 (Preliminary Scope Decision Memorandum).

<sup>12</sup> See Petitioner’s Letter, “Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Petitioner’s Comments on Model Match and Physical Characteristics,” dated April 15, 2019; Dalian Meisen Woodworking Co., Ltd. (Meisen) Letter, “Wooden Cabinets and Vanities from the People’s Republic of China: Comments on Product Characteristics,” dated April 15, 2019; Petitioner’s Letter, “Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Petitioner’s Rebuttal Comments on Model Match and Physical Characteristics,” dated April 25, 2019; Meisen’s Letter, “Wooden Cabinets and Vanities from the

On April 22, 2019, the U.S. International Trade Commission (ITC) preliminarily determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of wooden cabinets and vanities from China.<sup>13</sup>

Commerce timely received a separate rate application (SRA) from 221 companies, including those selected for individual examination.<sup>14</sup> Commerce provided all interested parties the opportunity to comment on any punctuation, spacing, or grammatical issues on a provisional list of company names and combination rates.<sup>15</sup>

On June 17, 2019, we placed on the record a list of potential surrogate countries and we invited interested parties to comment on the selection of the primary surrogate country and provide surrogate value (SV) information.<sup>16</sup> We received comments and rebuttal comments on the selection of the primary surrogate country and SVs from the petitioner,<sup>17</sup> The Ancientree Cabinet

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People's Republic of China: Rebuttal Comments on Product Characteristics," dated April 25, 2019.

<sup>13</sup> See *Wooden Cabinets and Vanities from China*, 84 FR 17890 (April 26, 2019), and *Wooden Cabinets and Vanities from China: Investigation Nos. 701-TA-620 and 731-TA-1445 (April 2019) (Preliminary ITC Report)*.

<sup>14</sup> See Memorandum, "Antidumping Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Complete List of Separate Rate Applicants," dated September 19, 2019.

<sup>15</sup> *Id.*

<sup>16</sup> See Letter to All Interested Parties, "Antidumping Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated April 15, 2019 (Surrogate Country Letter).

<sup>17</sup> See Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Surrogate Country Comments," dated July 16, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components, Thereof from the People's Republic of China: Petitioner's Initial Surrogate Value Comments," dated August 7, 2019 (Petitioner SV Comments); Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Petitioner's Initial Rebuttal Surrogate Value Comments," dated August 19, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Petitioner's Final Surrogate Value Comments," dated September 3, 2019 (Petitioner's Pre-prelim SV Comments); and Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Petitioner's Comments on Respondents' Final Surrogate Value Comments," dated September 13, 2019 (Petitioner Pre-prelim SV Rebuttal Comments).

Co., Ltd (Ancientree),<sup>18</sup> Meisen,<sup>19</sup> Rizhao Foremost Woodwork Manufacturing Company Ltd. (Foremost),<sup>20</sup> and Shanghai Wen Bo Industries Co., Ltd (Wen Bo).<sup>21</sup>

We received comments in advance of the preliminary determination from the petitioner and Ancientree.<sup>22</sup>

Commerce is conducting this investigation in accordance with section 733(b) of the Act.

### III. PERIOD OF INVESTIGATION

The POI is July 1, 2018 through December 31, 2018. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the Petition, which was March 2019.<sup>23</sup>

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<sup>18</sup> See Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Surrogate Country Comments," dated July 16, 2019; Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Preliminary Surrogate Value Submission," dated August 7, 2019; Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Rebuttal Preliminary Surrogate Value Submission," dated August 19, 2019 (Ancientree Rebuttal SV Comments); and Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Final Surrogate Value Submission," September 3, 2019 (Ancientree Pre-prelim SV Comments).

<sup>19</sup> See Meisen's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Surrogate Country Comments," dated July 5, 2019 (Meisen SC Comments); Meisen's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Surrogate Value Comments," dated August 7, 2019 (Meisen SV Comments); and Meisen's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Rebuttal Surrogate Value Comments," dated August 19, 2019.

<sup>20</sup> See Foremost's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Foremost's Surrogate Country Selection Comments," dated July 16, 2019; Foremost's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Foremost's Affirmative Surrogate Value Submission," dated August 7, 2019; Foremost's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Foremost's Rebuttal Surrogate Value Submission," dated August 19, 2019; and Foremost's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Foremost's Final Surrogate Value Submission," dated September 3, 2019 (Foremost Pre-prelim SV Comments).

<sup>21</sup> See Wen Bo's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Surrogate Country Comments," dated July 16, 2019; Wen Bo's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Surrogate Value Selection Comments," dated August 7, 2019; Wen Bo's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Surrogate Value Selection Rebuttal Comments," dated August 19, 2019 (Wen Bo Rebuttal SV Comments); and Wen Bo's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Factual Information to Value Factors of Production," dated September 3, 2019 (Wen Bo Pre-prelim SV Comments).

<sup>22</sup> See Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Pre-Preliminary Comments," dated September 19, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Petitioner's Pre-Preliminary Determination Comments Regarding Kunshan Baiyulan's and Shanghai Baiyulan's Separate Rate Applications," dated September 18, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Petitioner's Pre-Preliminary Determination Comments Regarding Surrogate Values and Foremost," dated September 26, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Pre-Preliminary Comments for Meisen," dated September 26, 2019. We have taken these comments under consideration to the extent practicable given the close proximity of the submission of these comments to this preliminary determination.

<sup>23</sup> See 19 CFR 351.204(b)(1).

#### IV. SCOPE COMMENTS

In accordance with the *Preamble* to Commerce's regulations,<sup>24</sup> we set aside a period of time until April 15, 2019, for parties to comment on product coverage (*i.e.*, the scope of this investigation) and encouraged all parties to submit comments within 20 calendar days of publication of the *Initiation Notice*.<sup>25</sup> We received comments concerning the scope of the AD and countervailing duty (CVD) investigations of wooden cabinets and vanities. For a summary of the product coverage comments and rebuttal responses submitted on the record of this investigation, and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.

Based on our analysis of the comments received, we have preliminarily modified the scope of the investigations.<sup>26</sup> For a full description of the scope of this investigation, *see* the accompanying *Federal Register* notice at Appendix I.

#### V. PRODUCT CHARACTERISTICS

In the *Initiation Notice*, we set aside a period of time for parties to raise issues regarding product characteristics.<sup>27</sup> The petitioner and Meisen provided comments and rebuttal comments,<sup>28</sup> which we took into consideration in determining the physical characteristics outlined in the AD questionnaire.<sup>29</sup>

#### VI. SELECTION OF RESPONDENTS

In the *Initiation Notice*, Commerce stated its intent to base respondent selection on the responses to Q&V questionnaires.<sup>30</sup> On April 8, 2019, Commerce issued Q&V questionnaires to the top 30 exporters/producers identified in the CBP data and that were also identified with complete contact information by the petitioner in the Petition.<sup>31</sup> Of these 30 companies, nine received the Q&V questionnaire through E&C's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS), while the remaining 21 companies received the

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<sup>24</sup> *See Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

<sup>25</sup> *See Initiation Notice*, 84 FR at 12587-88.

<sup>26</sup> *See Preliminary Scope Decision Memorandum*.

<sup>27</sup> *See Initiation Notice*, 84 FR at 12588.

<sup>28</sup> *See* Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Petitioner's Comments on Model Match and Physical Characteristics," dated April 15, 2019; Meisen's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Comments on Product Characteristics," dated April 15, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Petitioner's Rebuttal Comments on Model Match and Physical Characteristics," dated April 25, 2019; Meisen's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Rebuttal Comments on Product Characteristics," dated April 25, 2019.

<sup>29</sup> *See* Commerce's Letter, Antidumping Duty Questionnaire, dated June 5, 2019.

<sup>30</sup> *See Initiation Notice*, 84 FR at 12590.

<sup>31</sup> *See* Memorandum, "Parties Required to Respond to the Q&V Questionnaire," dated April 8, 2019; *see also* Petition at Volume I, Exhibit I-9.

questionnaire via FedEx shipment.<sup>32</sup> Additionally, Commerce posted the Q&V questionnaire, along with filing instructions, on the E&C website.<sup>33</sup> On April 17, 2019, Commerce confirmed that all 30 Q&V questionnaires were delivered to their intended recipients.<sup>34</sup> On or before April 22, 2019, the deadline for submission of the Q&V questionnaires, Commerce received timely filed responses from 231 exporters/producers.<sup>35</sup> Of the 30 companies that were sent Q&V questionnaires, three companies did not respond to the questionnaire.<sup>36</sup>

On June 4, 2019, in accordance with section 777A(c)(2)(B) of the Act, we selected the three exporters accounting for the largest volume of wooden cabinets and vanities from China during the POI, *i.e.*, Ancientree, Foremost, and Meisen, for individual examination.<sup>37</sup> On June 5, 2019, we issued the AD questionnaire to Ancientree, Foremost, and Meisen.<sup>38</sup> We received questionnaire responses from Ancientree,<sup>39</sup> Foremost,<sup>40</sup> and Meisen.<sup>41</sup> Between July 2019, and September 2019, we issued supplemental questionnaires to Ancientree, Foremost, and Meisen, and received responses to those supplemental questionnaires between August 2019, and

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<sup>32</sup> See Memorandum, "Delivery of Quantity and Value Questionnaires," dated April 17, 2019 (Q&V Delivery Confirmation Memo).

<sup>33</sup> See Respondent Selection Memo at "Background."

<sup>34</sup> See Q&V Delivery Confirmation Memo.

<sup>35</sup> See Respondent Selection Memo, at "Background."

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> See the AD questionnaires to Ancientree, Foremost, and Meisen, dated June 5, 2019.

<sup>39</sup> See Ancientree's section A questionnaire response, dated July 3, 2019 (Ancientree AQR); Ancientree's section C and D questionnaire response, dated July 19, 2019 (Ancientree CDQR).

<sup>40</sup> See Foremost's section A questionnaire response, dated July 3, 2019 (Foremost AQR); Foremost's section C and D questionnaire response, dated July 22, 2019 (Foremost CDQR).

<sup>41</sup> See Meisen's section A questionnaire response, dated July 3, 2019 (Meisen AQR); Meisen's section C and D questionnaire responses, dated July 19, 2019 (Meisen CQR, Meisen DQR); and Meisen's section E questionnaire response, dated July 22, 2019.

September 2019.<sup>42</sup> The petitioner submitted comments with respect to the responses submitted by Ancientree, Foremost, and Meisen.<sup>43</sup>

## **VII. DETERMINATION NOT TO SELECT WEN BO AS A VOLUNTARY RESPONDENT**

On March 26, 2019, we received a request for treatment as a voluntary respondent from Wen Bo in the event that it was not selected as a mandatory respondent.<sup>44</sup> Wen Bo timely filed its questionnaire responses by the deadlines established for the mandatory respondents.<sup>45</sup>

Section 777A(c)(1) of the Act directs Commerce to calculate an individual weighted-average dumping margin for each known exporter or producer of the subject merchandise. However, section 777A(c)(2) of the Act gives Commerce the discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to make individual weighted-average dumping margin determinations because of the large number of exporters and producers involved in the investigation. When Commerce limits the number of exporters or producers examined in an investigation pursuant to section 777A(c)(2) of the Act, section 782(a)(1) of the Act directs Commerce to calculate individual weighted-average dumping

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<sup>42</sup> See Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Section A Supplemental Questionnaire Response," dated August 7, 2019; Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Response to Second Supplemental Questionnaire (Sales Reconciliation Supplemental)," dated August 21, 2019; Ancientree's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Response to Third Supplemental Questionnaire," dated September 6, 2019; Ancientree's Letter "Wooden Cabinets and Vanities from the People's Republic of China: Response to Fourth Supplemental Questionnaire," dated September 18, 2019; Foremost's Letter, "Foremost's Section A Supplemental Questionnaire Response," dated August 15, 2019; Foremost's Letter, "Foremost's FWW Organization Response," dated August 28, 2019 (Foremost Org Structure Supp); Foremost's Letter, "Foremost's Price Reporting Supplemental Response – Part 1," dated September 16, 2019; Foremost's Letter, "Foremost's Supplemental Section C Questionnaire Response," dated September 17, 2019 (Foremost SCQR); Foremost's Letter, "Foremost's Supplemental Section D Questionnaire Response," dated September 23, 2019 (Foremost SDQR); Foremost's Letter, "Foremost's Price Reporting Supplemental Questionnaire Response (Part 2)," dated September 24, 2019; Foremost's Letter, "Foremost's Second Section D Supplemental Questionnaire Response," dated September 25, 2019; Meisen's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Supplemental Section A Questionnaire Response," dated August 13, 2019 (Meisen SuppA); Meisen's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Supplemental Section C Questionnaire Response," dated August 27, 2019 (Meisen SuppC); Meisen's Letter, "Wooden Cabinets and Vanities from the People's Republic of China: Supplemental Section D-E Questionnaire Response," dated September 16, 2019.

<sup>43</sup> See Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Comments on Ancientree's Section A Response," dated July 17, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Comments on Ancientree's Sections C-D Responses," dated August 8, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Comments on Ancientree's Section A Supplemental Response," dated August 19, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Deficiency Comments on Meisen's Section A Response," dated July 17, 2019; Petitioner's Letter, "Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Deficiency Comments on Meisen's Sections C-D Responses," dated August 8, 2019.

<sup>44</sup> See Wen Bo's Letter, "Wooden Cabinets and Vanities From People Republic of China – Entry Of Appearance; Request To Be Voluntary Respondent," dated March 26, 2019.

<sup>45</sup> See Wen Bo's section A questionnaire response dated July 3, 2019; Wen Bo's section D questionnaire response, dated July 19, 2019; Wen Bo's section C and E questionnaire response, dated July 22, 2019.

margins for companies not initially selected for individual examination that voluntarily provide the information requested of the mandatory respondents if: 1) the information is submitted by the due date specified for exporters or producers initially selected for examination; and 2) the number of companies subject to the investigation is not so large that any additional individual examination of companies that have voluntarily provided information would be unduly burdensome and inhibit the timely completion of the investigation.

Under section 782(a)(2) of the Act, in determining whether it would be unduly burdensome to examine a voluntary respondent, Commerce may consider: 1) the complexity of the issues or information presented in the proceeding, including questionnaires and any responses thereto; 2) any prior experience of Commerce in the same or similar proceedings; 3) the total number of investigations or reviews being conducted by Commerce; and 4) such other factors relating to the timely completion of those investigations and reviews. In *Grobest*, the U.S. Court of International Trade (CIT) remanded to Commerce its decision not to review a voluntary respondent in light of the administrative burden associated with reviewing the number of mandatory respondents selected.<sup>46</sup> The CIT held that “Commerce {must} separately determine whether reviewing the voluntary respondents would be unduly burdensome and inhibit the timely completion of the investigation.”<sup>47</sup>

Commerce has considered the criteria in section 782(a)(2) of the Act to determine whether it would be unduly burdensome to review a voluntary respondent. Pursuant to section 782(a) of the Act, we determine that examining Wen Bo as a voluntary respondent would be unduly burdensome and would inhibit the timely completion of the investigation. In coming to our determination, we considered the following factors: (1) the complexity of the issues or information presented in this investigation; (2) any prior experience of Commerce in the same or similar proceedings; (3) the total number of investigations or reviews being conducted by Commerce; and (4) such other factors relating to the timely completion of those investigations and reviews.<sup>48</sup> Based on these criteria, Commerce determines that, because of the complexity of the information presented in this proceeding, the ongoing participation of three mandatory respondents, and the total number of investigations and reviews being conducted as of the date of the determination, it only has sufficient resources to examine the three current mandatory respondents. Thus, consistent with section 782(a) of the Act, Commerce has not considered Wen Bo’s unsolicited questionnaire responses and has not selected Wen Bo as a voluntary respondent.

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<sup>46</sup> See *Grobest & I-Mei Industrial (Vietnam) Co. v. United States*, 815 F. Supp. 2d 1342, 1362 (CIT 2012) (*Grobest*).

<sup>47</sup> *Id.* (citation omitted).

<sup>48</sup> See Memorandum, “Less-Than-Fair-Value Investigation of Wooden Cabinets and Vanities from the People’s Republic of China: Selection of Voluntary Respondent,” dated October 2, 2019.

## VIII. DISCUSSION OF THE METHODOLOGY

### A. Non-Market Economy Country

Commerce considers China to be a non-market economy (NME) country.<sup>49</sup> In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by Commerce. Therefore, we continue to treat China as an NME country for purposes of this preliminary determination.

### B. Surrogate Country

When Commerce is investigating imports from an NME country, section 773(c)(1) of the Act directs it to base normal value (NV), in most circumstances, on the NME producer's factors of production (FOPs), valued in a surrogate market economy (ME) country or countries considered to be appropriate by Commerce. Specifically, in accordance with section 773(c)(4) of the Act, in valuing the FOPs, Commerce shall utilize, "to the extent possible, the prices or costs of {FOPs} in one or more ME countries that are: (A) at a level of economic development comparable to that of the {NME} country; and (B) significant producers of comparable merchandise."<sup>50</sup> As a general rule, Commerce selects a surrogate country that is at the same level of economic development as the NME, unless it is determined that none of the countries are viable options because they either: (a) are not significant producers of comparable merchandise, (b) do not provide sufficient reliable sources of publicly available SV data, or (c) are not suitable for use based on other reasons. Surrogate countries that are not at the same level of economic development as the NME country, but still at a level of economic development comparable to the NME country, are selected only to the extent that data considerations outweigh the difference in levels of economic development. To determine which countries are at the same level of economic development as the NME, Commerce generally relies on per capita gross national income (GNI) data from the World Bank's World Development Report.<sup>51</sup> Further, Commerce normally values all FOPs in a single surrogate country.<sup>52</sup>

On June 17, 2019, Commerce identified Brazil, Kazakhstan, Malaysia, Mexico, Romania, and Russia as countries that are at the same level of economic development as China based on per capita 2017 GNI data, and issued a letter to interested parties soliciting comments regarding the appropriate surrogate country and SVs for use in the preliminary determination.<sup>53</sup> In response,

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<sup>49</sup> See *Antidumping Duty Investigation of Certain Aluminum Foil from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less-Than-Fair Value and Postponement of Final Determination*, 82 FR 50858, 50861 (November 2, 2017) and accompanying Preliminary Decision Memorandum (PDM) (citing Memorandum, "China's Status as a Non-Market Economy," dated October 26, 2017), unchanged in *Certain Aluminum Foil from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 9282 (March 5, 2018).

<sup>50</sup> For a description of our practice, see Policy Bulletin No. 04.1: Non-Market Economy Surrogate Country Selection Process (March 1, 2004) (Policy Bulletin 04.1) available on Commerce's website at <http://enforcement.trade.gov/policy/bull04-1.html>.

<sup>51</sup> *Id.*

<sup>52</sup> See 19 CFR 351.408(c)(2).

<sup>53</sup> See Surrogate Country Letter.

Ancientree, Foremost, Meisen, and Wen Bo argued that Malaysia should be selected as the primary surrogate country,<sup>54</sup> while the petitioner argued that Romania should be selected as the primary surrogate country in this investigation.<sup>55</sup>

### *Economic Comparability*

Consistent with our practice, and section 773(c)(4)(A) of the Act, and as stated above, we identified Brazil, Kazakhstan, Malaysia, Mexico, Romania, and Russia as countries at the same level of economic development as China based on the per capita GNI data from the World Bank's World Development Report.<sup>56</sup> Therefore, we consider all six countries as having met this prong of the surrogate country selection criteria. The countries identified are not ranked and are considered equivalent in terms of economic comparability.

### *Significant Producer of Comparable Merchandise*

Section 773(c)(4)(B) of the Act requires Commerce, to the extent possible, to value FOPs in a surrogate country that is a significant producer of comparable merchandise. Neither the statute nor Commerce's regulations provide further guidance on what may be considered comparable merchandise. Given the absence of any definition in the statute or regulations, Commerce looks to other sources such as Policy Bulletin 04.1 for guidance on defining comparable merchandise. Policy Bulletin 04.1 states that "in all cases, if identical merchandise is produced, the country qualifies as a producer of comparable merchandise."<sup>57</sup> Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.<sup>58</sup> Further, when selecting a surrogate country, the statute requires Commerce to consider the comparability of the merchandise, not the comparability of the industry.<sup>59</sup> "In cases where the identical merchandise is not produced, Commerce must determine if other merchandise that is comparable is produced. How Commerce does this depends on the subject merchandise."<sup>60</sup> In this regard, Commerce recognizes that any analysis of comparable merchandise must be done on a case-by-case basis:

In other cases, however, where there are major inputs, *i.e.*, inputs that are specialized or dedicated or used intensively, in the production of the subject merchandise, *e.g.*, processed agricultural, aquatic and mineral products,

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<sup>54</sup> See Ancientree Pre-Prelim SV Comments; Foremost Pre-prelim SV Comments; Meisen SV Comments; and Wen Bo Pre-prelim SV Comments.

<sup>55</sup> See Petitioner's Pre-prelim SV Comments.

<sup>56</sup> See Surrogate Country Letter, at Attachment.

<sup>57</sup> See Policy Bulletin 04.1 at 2.

<sup>58</sup> Policy Bulletin 04.1 also states that "if considering a producer of identical merchandise leads to data difficulties, the operations team may consider countries that produce a broader category of reasonably comparable merchandise." *Id.* at note 6.

<sup>59</sup> See *Sebacic Acid from the People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674, 65675-76 (December 15, 1997) ("To impose a requirement that merchandise must be produced by the same process and share the same end uses to be considered comparable would be contrary to the intent of the statute.").

<sup>60</sup> See Policy Bulletin 04.1 at 2.

comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.<sup>61</sup>

Further, the statute grants Commerce discretion to examine various data sources for determining the best available information.<sup>62</sup> Moreover, while the legislative history provides that the term “significant producer” includes any country that is a significant “net exporter,”<sup>63</sup> it does not preclude reliance on additional or alternative metrics. It is Commerce’s practice to evaluate whether production is significant based on characteristics of world production of, and trade in, comparable merchandise (subject to the availability of data on these characteristics).<sup>64</sup>

A comparison of production quantities of the comparable merchandise from each potential surrogate country in relation to world production was not possible because the record does not contain production quantities of comparable merchandise from each potential surrogate country. Thus, we sought evidence of production of comparable merchandise in the form of exports of comparable merchandise from the six potential surrogate countries identified above, as a proxy for production data. Export data is one of the sources of data Commerce will consider in determining whether a country is a significant producer of comparable merchandise. Based on trade data submitted on the record for HTS numbers identified in the scope of this investigation,<sup>65</sup> all six potential surrogate countries reported export volumes of comparable merchandise during the POI. Therefore, we find that all six potential surrogate countries meet the “significant producer” requirement of section 773(c)(4) of the Act.

#### *Data Availability*

If more than one potential surrogate country satisfies the statutory requirements for selection as a surrogate country, Commerce selects the primary surrogate country based on data availability and reliability.<sup>66</sup> When evaluating SV data, Commerce considers several criteria including whether the SV data are publicly available, contemporaneous with the period under consideration, broad-market averages, tax and duty-exclusive, and specific to the inputs being valued.<sup>67</sup> There is no hierarchy among these criteria.<sup>68</sup> Commerce’s preference is to satisfy the

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<sup>61</sup> *Id.*, at 3.

<sup>62</sup> See section 773(c) of the Act. See also *Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).

<sup>63</sup> See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576, at 590 (1988).

<sup>64</sup> See *Xanthan Gum from the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 78 FR 2252 (January 10, 2013) and accompanying PDM at 4-7, unchanged in *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33350 (June 4, 2013).

<sup>65</sup> See Meisen SC Comments at Exhibit 1 (reflecting import/export data for HS 9403.40 -Wooden Furniture (Except Seats) Of A Kind Used In The Kitchen; HS 9403.60 - Wooden Furniture, Nesoi; and HS 9403.90 - Parts Of Furniture, Nesoi).

<sup>66</sup> See Policy Bulletin 04.1; see also section 773(c)(1) of the Act.

<sup>67</sup> See Policy Bulletin 04.1

<sup>68</sup> See, e.g., *Certain Preserved Mushrooms from the People’s Republic of China: Final Results and Final Partial Rescission of the Sixth Administrative Review*, 71 FR 40477 (July 17, 2006) (*Mushrooms China*) and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

breadth of these aforementioned selection criteria.<sup>69</sup> Moreover, it is Commerce’s practice to carefully consider the available evidence in light of the particular facts of each industry when undertaking its analysis of valuing the FOPs.<sup>70</sup> Commerce must weigh the available information with respect to each input value and make a product-specific and case-specific decision as to what constitutes the “best” available SV for each input.<sup>71</sup> Additionally, pursuant to 19 CFR 351.408(c)(2), Commerce has a preference for valuing all FOPs in a single surrogate country.

As an initial matter, we preliminarily determine that we only have complete and usable SV data on the record for Romania and Malaysia that are publicly available, contemporaneous with the POI, and generally include tax-exclusive broad market average prices.<sup>72</sup> Accordingly, because we did not have complete and usable data from the other countries found to be economically comparable to China, we did not consider whether suitable data for valuation of FOPs is available for the other countries found to be economically comparable to China (*i.e.*, Brazil, Kazakhstan, Mexico, and Russia).

Wen Bo argues that we should select Malaysia as the primary surrogate country because “Malaysia is superior to Romania in terms of significant production of comparable merchandise and data quality.”<sup>73</sup> However, as explained above, we consider all countries on the surrogate country list to be significant exporters of comparable merchandise and it is not our practice to weigh relative degrees of significance in evaluating whether a country is a significant exporter. Moreover, the record indicates that Malaysia and Romania had exports valued at 487 million U.S. dollars (USD) and 289 million USD, respectively, which are both significantly high values of exports.<sup>74</sup>

With respect to the Romanian data, Ancientree argues that the import values submitted by the petitioner for birch and poplar woods were based on an “insignificant and uncommercial quantity” and compares those import volumes to purchase quantities of respondents and the Malaysia import quantity to demonstrate that they are not based on commercial quantities.<sup>75</sup> In response, the petitioner provided documentation indicating that the Romanian import values for birch and poplar fit within the band of average unit values of imports into other proximate European Union (EU) countries (*i.e.*, Austria, Bulgaria, the Czech Republic, Greece, Slovakia, and Slovenia).<sup>76</sup> We find that Ancientree has not established that the Romanian import values are not usable in our calculation. Notably, Ancientree merely asserts that the Romanian import values are based on insignificant and non-commercial quantities, but does not identify a basis for evaluating when an import volume becomes an insignificant or no longer commercial quantity.

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<sup>69</sup> See, e.g., *Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews*, 2010-2011, 78 FR 17350 (March 21, 2013) and accompanying IDM at Comment I(C).

<sup>70</sup> See *Mushrooms China* and accompanying IDM at Comment 1.

<sup>71</sup> *Id.*

<sup>72</sup> See Petitioner Pre-prelim SV Comments; Ancientree Pre-prelim SV Comments; Foremost Pre-prelim SV Comments; Meisen SV Comments; and Wen Bo Pre-prelim SV Comments.

<sup>73</sup> See Wen Bo Rebuttal SV Comments, at 2. Although Wen Bo claimed that the petitioner failed to provide SV data for several of Foremost’s FOPs, the petitioner submitted those SVs in its Pre-prelim SV comments.

<sup>74</sup> See Meisen SC Comments, at Exhibit 1. Even if we were to consider net exports, Malaysia and Romania reported significant values of exports, 375 million USD and 112 million USD, respectively, during the POI.

<sup>75</sup> See Ancientree Rebuttal SV Comments, at 2.

<sup>76</sup> See Petitioner Pre-prelim SV Rebuttal Comments, at 2-3 and Exhibit 1.

Moreover, Ancientree's claim is based solely on a comparison of the Romanian and Malaysian import quantities and values to each other, an analysis, which alone, we find to be of limited probative value. Although the petitioner provided certain documentation regarding the average unit values of imports into other EU countries, we find this information to have little probative value in assessing whether the Romanian import values are aberrational. In accordance with section 773(c)(4) of the Act, Commerce's preference is to value FOPs using data from an ME country that is at a level of economic development comparable to the NME country; as such, information on the import quantities or values for other countries on the surrogate country list would be more probative. However, no parties submitted such data for Commerce to evaluate. In light of the above, we find there is no basis to conclude that the Romanian import values are aberrational or otherwise not usable in our calculation. Furthermore, because the record contains the EU HTS and descriptions for these inputs, the record supports finding that birch and poplar wood inputs can be valued using the six-digit level HTS subheadings with higher import volumes but without sacrificing any apparent specificity to the inputs being valued.<sup>77</sup>

Interested parties have submitted ten financial statements from Malaysia, and the petitioner has submitted one set of financial statements from Romania. With respect to the Malaysian financial statements, we note that the statements of Jay Corp Berhad,<sup>78</sup> Latitude Tree Holdings Berhad,<sup>79</sup> Poh Huat Resources Holdings Berhad,<sup>80</sup> and Sern Kou Resources Berhad,<sup>81</sup> each represent large holding/investment companies with numerous subsidiaries engaged in various activities that would not necessarily reflect the cost structure of a manufacturer of wood products. Moreover, the statements of Sern Kou Resources Berhad and Latitude Tree Holdings Berhad are not contemporaneous with our POI.<sup>82</sup> Of the remaining six Malaysian financial statements, we note that the statements of CT Heng Furniture Sdn. Bhd.,<sup>83</sup> Latitude Tree Furniture Sdn. Bhd.,<sup>84</sup> and Sin Heng Furniture Industries Sdn. Bhd.<sup>85</sup> are for the year-ending June 30, 2018, and, therefore, are also not contemporaneous with our POI. Because the preceding seven financial statements from Malaysia are unsuitable for purposes of valuing respondents' financial ratios, there are only three remaining financial statements on the record for Malaysia that are contemporaneous with the POI from manufacturers of comparable merchandise: Lii Hen Industries Bhd,<sup>86</sup> Poh Huat Furniture Industries Sdn Bhd,<sup>87</sup> and Yeo Aik Wood Sdn. Bhd.<sup>88</sup> However, each of these financial statements suffer from the same deficiency. Specifically, none of the aforementioned statements specifically break out energy costs from other manufacturing costs. When Commerce is unable to segregate and, therefore, exclude energy costs from the calculation of the surrogate financial ratios, as is the case with these financial statements, it is Commerce's practice to

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<sup>77</sup> See, e.g., Petitioner SV Comments, at Exhibit 3.

<sup>78</sup> See Foremost Pre-prelim SV Comments, at Exhibit FSV-2-b.

<sup>79</sup> *Id.* at Exhibit FSV-4-b.

<sup>80</sup> *Id.* at Exhibit FSV-5-b; see also Ancientree Pre-prelim SV Comments, at Exhibit SV2-4.

<sup>81</sup> See Ancientree Pre-prelim SV Comments, at Exhibit FSV-3-b.

<sup>82</sup> See Foremost Pre-prelim SV Comments, at Exhibit FSV-4-b; Ancientree Pre-prelim SV Comments, at Exhibit FSV-3-b.

<sup>83</sup> See Ancientree Pre-prelim SV Comments, at Exhibit SV2-6.

<sup>84</sup> *Id.* at Exhibit SV2-8.

<sup>85</sup> See Ancientree SV Comments, at Exhibit SV-9.

<sup>86</sup> See Ancientree Pre-prelim SV Comments, at Exhibit SV2-3.

<sup>87</sup> *Id.* at Exhibit SV2-5.

<sup>88</sup> *Id.* at Exhibit SV2-7.

disregard the respondent's energy inputs in the calculation of NV in order to avoid double-counting energy costs which have necessarily been captured in the surrogate financial ratios.<sup>89</sup> Although this deficiency does not preclude Commerce from calculating financial ratios using these statements, and disregarding the respondents' energy FOPs, the record contains a financial statement that separately identifies energy costs. Specifically, the financial statements of S.C. Sigstrat S.A. (Sigstrat) represent the financial position of a profitable Romanian producer of comparable wooden products (*i.e.*, plywood, chairs, tables) that explicitly identify energy costs, are contemporaneous and cover the entire POI, and contain no evidence of countervailable subsidies.<sup>90</sup> Moreover, the Sigstrat financial statements have been used by Commerce in other proceedings involving wooden products.<sup>91</sup>

Given the above factors, we have preliminarily selected Romania as the primary surrogate country for this investigation. Romania is at the same level of economic development as China, is a significant producer of comparable merchandise, and has reliable and usable SV data, including financial statements from a producer of comparable merchandise (*i.e.*, wooden furniture and wood products) that also separately identifies energy expenses. A detailed description of the SVs selected by Commerce is provided in the "Factor Valuation Methodology" section and the Preliminary SV Memorandum.<sup>92</sup>

### C. Separate Rates

In proceedings involving NME countries, Commerce maintains a rebuttable presumption that all companies within the country are subject to government control and, therefore, should be assessed a single weighted-average dumping margin.<sup>93</sup> In the *Initiation Notice*, Commerce notified parties of the application process by which exporters may obtain separate rate status in this investigation.<sup>94</sup> The process requires exporters to submit an SRA and to demonstrate an

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<sup>89</sup> See, e.g., *Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 74 FR 16838, 16839 (April 13, 2009), and accompanying IDM at Comment 2; see also *Certain Frozen Warmwater Shrimp from the People's Republic of China: Preliminary Results, Partial Rescission, Extension of Time Limits for the Final Results, and Intent to Revoke, in Part, of the Sixth Antidumping Duty Administrative Review*, 77 FR 12801, 12809 (March 2, 2012), unchanged in *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*, 77 FR 53856 (September 4, 2012).

<sup>90</sup> See Petitioner SV Comments, at Exhibit 10B

<sup>91</sup> See, e.g., *Multilayered Wood Flooring From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, Final Determination of No Shipments, and Final Partial Rescission of Antidumping Duty Administrative Review; 2014-2015*, 82 FR 25766 (June 5, 2017) and accompanying IDM at Comment 1; *Certain Hardwood Plywood Products From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part*, 82 FR 28629 (June 23, 2017) and accompanying PDM at 37-38, unchanged in *Certain Hardwood Plywood Products from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances, in Part*, 82 FR 53460 (November 16, 2017).

<sup>92</sup> See Memorandum, "Surrogate Value Memorandum for the Preliminary Determination," dated October 2, 2019 (Preliminary SV Memorandum).

<sup>93</sup> See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 55039, 55040 (September 24, 2008).

<sup>94</sup> See *Initiation Notice*, 84 FR at 12590.

absence of both *de jure* and *de facto* government control over their export activities. In the *Initiation Notice*, Commerce required that “respondents submit a response to both the Q&V questionnaire and the separate-rate application by their respective deadlines in order to receive consideration for separate-rate status.”<sup>95</sup>

Commerce’s policy is to assign all exporters of merchandise under consideration that are in an NME country a single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.<sup>96</sup> Commerce analyzes whether each entity exporting the merchandise under consideration is sufficiently independent under a test established in *Sparklers*<sup>97</sup> and further developed in *Silicon Carbide*.<sup>98</sup> According to this separate rate test, Commerce will assign a separate rate in NME proceedings if a respondent can demonstrate the absence of both *de jure* and *de facto* government control over its export activities. If, however, Commerce determines that a company is wholly foreign-owned, then a separate rate analysis is not necessary to determine whether that company is independent from government control and eligible for a separate rate.

Commerce continues to evaluate its practice with regard to the separate rate analysis in light of the diamond sawblades from China AD proceeding, and its determinations therein.<sup>99</sup> In particular, in litigation involving the diamond sawblades from China proceeding, the CIT found Commerce’s existing separate rate analysis deficient in light of the circumstances of that case, in which a government-owned and controlled entity exercised control over the respondent exporter.<sup>100</sup> Following the CIT’s reasoning, in recent proceedings, we have concluded that where a government entity holds a majority equity ownership, either directly or indirectly, in the respondent exporter, this interest in and of itself means that the government exercises or has the

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<sup>95</sup> *Id.*

<sup>96</sup> See *Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588, 20589 (May 6, 1991) (*Sparklers*).

<sup>97</sup> *Id.*

<sup>98</sup> See *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585 (May 2, 1994) (*Silicon Carbide*).

<sup>99</sup> See *Final Results of Redetermination pursuant to Advanced Technology & Materials Co., Ltd., et al. v. United States*, 885 F. Supp. 2d 1343 (CIT 2012) (*Advanced Technology I*), and available at <http://enforcement.trade.gov/remands/12-147.pdf>, *aff’d Advanced Technology & Materials Co., Ltd., et al. v. United States*, 938 F. Supp. 2d 1342 (CIT 2013), *aff’d Advanced Technology & Materials Co., Ltd., et al. v. United States*, Case No. 2014-1154 (Fed. Cir. 2014) (*Advanced Technology II*). See also *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 77098 (December 20, 2013) and accompanying PDM at 7, unchanged in *Diamond Sawblades and Parts Thereof from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35723 (June 24, 2014), and accompanying IDM at Comment 1.

<sup>100</sup> See, e.g., *Advanced Technology I*, 885 F. Supp. 2d at 1351 (“Further substantial evidence of record does not support the inference that SASAC’s {state-owned assets supervision and administration commission} ‘management’ of its ‘state-owned assets’ is restricted to the kind of passive-investor *de jure* ‘separation’ that Commerce concludes.”) (footnotes omitted); *id.* at 1355 (“The point here is that ‘governmental control’ in the context of the separate rate test appears to be a fuzzy concept, at least to this court, since a ‘degree’ of it can obviously be traced from the controlling shareholder, to the board, to the general manager, and so on along the chain to ‘day-to-day decisions of export operations,’ including terms, financing, and inputs into finished product for export.”); *id.* at 1357 (“AT&M itself identifies its ‘controlling shareholder’ as CISRI {owned by SASAC} in its financial statements and the power to veto nomination does not equilibrate the power of control over nomination.”) (footnotes omitted).

potential to exercise control over the company's operations generally.<sup>101</sup> This may include control over, for example, the selection of board members and management, key factors in determining whether a company has sufficient independence in its export activities to merit a separate rate. Consistent with normal business practices, we would expect that a majority shareholder, including a government, to have the ability to control, and an interest in controlling, the operations of the company, including the selection of management and the profitability of the company. Accordingly, we have considered the level of government ownership, where necessary.

In the *Initiation Notice*, we stated that SRAs would be due 30 days after publication of the notice, *i.e.*, May 2, 2019. We received timely filed SRAs from 221 companies, including those selected for individual examination.

### 1. Separate Rate Analysis

We are preliminarily granting the companies identified in Appendix I of this memorandum a separate rate, as explained below.

#### a. Wholly Foreign Owned

Certain companies identified in Appendix I.a reported that they are wholly owned by market-economy companies located in market economy countries. Therefore, as there is no Chinese ownership of these companies, and because Commerce has no evidence otherwise indicating that these companies are under the control of the Chinese government, further analyses of the *de jure* and *de facto* criteria are not necessary to determine whether they are independent from government control of their export activities.<sup>102</sup> Therefore, we preliminarily determine that these companies are eligible for separate rates.<sup>103</sup>

#### b. Absence of *De Jure* Control

Commerce considers the following *de jure* criteria in determining whether an individual company may be granted a separate rate: (1) an absence of restrictive stipulations associated with an individual exporter's business and export licenses; (2) legislative enactments decentralizing control over export activities of the companies; and (3) other formal measures by the government decentralizing control over export activities of companies.<sup>104</sup>

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<sup>101</sup> See *Carbon and Certain Alloy Steel Wire Rod from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 79 FR 53169 (September 8, 2014), and accompanying PDM at 5-9.

<sup>102</sup> See, e.g., *Brake Rotors from the People's Republic of China: Preliminary Results and Partial Rescission of the Fourth New Shipper Review and Rescission of the Third Antidumping Duty Administrative Review*, 66 FR 1303, 1306 (January 8, 2001), unchanged in *Brake Rotors from the People's Republic of China: Final Results and Partial Rescission of Fourth New Shipper Review and Rescission of Third Antidumping Duty Administrative Review*, 66 FR 27063 (May 16, 2001); *Notice of Final Determination of Sales at Less Than Fair Value: Creatine Monohydrate from the People's Republic of China*, 64 FR 71104, 71104-05 (December 20, 1999).

<sup>103</sup> See Appendix I.a., at "Wholly Foreign Owned Companies."

<sup>104</sup> See *Sparklers*, 56 FR at 20589.

The evidence placed on the record of this investigation with respect to the companies identified in Appendix I.b. supports a preliminary finding of an absence of *de jure* government control for each of these companies based on the following: (1) an absence of restrictive stipulations associated with the individual exporter's business and export licenses; (2) the existence of applicable legislative enactments decentralizing control of companies; and (3) the implementation of formal measures by the government decentralizing control of Chinese companies.<sup>105</sup>

c. Absence of *De Facto* Control

Typically, Commerce considers four factors in evaluating whether a respondent is subject to *de facto* government control of its export functions: (1) whether the prices are set by, or are subject to the approval of, a government agency; (2) whether the respondent has authority to negotiate and sign contracts and other agreements; (3) whether the respondent has autonomy from the government in making decisions regarding the selection of management; and (4) whether the respondent retains the proceeds of its export sales and makes independent decisions regarding the disposition of profits or financing of losses.<sup>106</sup> Commerce has determined that an analysis of *de facto* control is critical in determining whether respondents are, in fact, subject to a degree of government control which would preclude Commerce from assigning separate rates.

The evidence placed on the record of this investigation with respect to the wholly or partially Chinese-owned companies listed in Appendix I.b. supports a preliminary finding of an absence of *de facto* government control based on record statements and supporting documentation showing that the companies: (1) set their own prices independent of the government and without the approval of a government authority; (2) have the authority to negotiate and sign contracts and other agreements; (3) maintain autonomy from the government in making decisions regarding the selection of management; and (4) retain the proceeds of their respective export sales and make independent decisions regarding disposition of profits or financing of losses.<sup>107</sup>

Therefore, the evidence placed on the record of this investigation with respect to the companies identified in Appendix I.b. demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, we preliminarily grant separate rates to the separate rate applicants identified in Appendix I.b.

d. Companies Not Receiving a Separate Rate

Companies preliminarily not receiving a separate rate in this investigation fall under four categories.<sup>108</sup>

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<sup>105</sup> See Appendix I.b., at "Absence of De Jure and De Facto Control."

<sup>106</sup> See *Silicon Carbide*, 59 FR at 22586-87, and *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol from the People's Republic of China*, 60 FR 22544, 22545 (May 8, 1995).

<sup>107</sup> See Appendix I.b.

<sup>108</sup> See Appendix I.c.

- i. Companies that failed to cooperate include Brentridge Holding Co., Ltd. and Harbin Hongsen Wood Co., Ltd., each of whom were requested to submit information related to their application for separate rate status but failed to do so, including a request to publicly identify the producers for which they are requesting combination rates,<sup>109</sup> as identified in Appendix I.c.<sup>110</sup>
- ii. Companies owned by the Chinese government: As explained above, where a government entity holds a majority equity ownership, either directly or indirectly, in the respondent exporter, this interest in and of itself means that the government exercises or has the potential to exercise control over the company's operations generally. Accordingly, companies identified in Appendix I.c. that reported a majority state ownership are considered part of the China-wide entity and are not eligible for a separate rate.
- iii. Companies that did not separately submit an application: The SRA posted on E&C's website states that "Each applicant seeking separate rate status must submit a separate and complete individual application regardless of any common ownership or affiliation between firms and regardless of foreign ownership. Each firm must apply for a separate rate by submitting an individual application. Only one firm per application is permitted."<sup>111</sup> Accordingly, companies identified in Appendix I.c. that responded to Commerce's requests for information but failed to separately submit a complete application for itself are not eligible for a separate rate.
- iv. Certain companies identified "also known as" or "formerly known as" trade names: In order for Commerce to recognize these designations, companies are requested to "Please note that the applicant must provide documentary evidence that the trade name or d.b.a. name was used during the relevant period."<sup>112</sup> Because these companies were not able to document that the trade names were in use during the relevant period to sell subject merchandise, these trade names are not eligible for a separate rate.<sup>113</sup>

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<sup>109</sup> See Memorandum, "Antidumping Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated August 22, 2019; see also Memorandum, "Extension for Separate Rate Application (SRA) Supplemental Questionnaire," dated August 26, 2019.

<sup>110</sup> See Memorandum, "Antidumping Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Separate Rate Application Supplemental Questionnaire," dated August 22, 2019.

<sup>111</sup> See, "Separate Rate Application," available at <https://enforcement.trade.gov/nme/nme-sep-rate.html>.

<sup>112</sup> *Id.*

<sup>113</sup> These include an also known as name for Dorbest Ltd.'s producer, and a formerly known as name for Huisen Furniture (Long Nan) Co., Ltd.

## 2. Dumping Margin for the Separate Rate Companies

Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for separate rate respondents that we did not individually examine. Section 735(c)(5)(A) of the Act articulates a preference that we not calculate an all-others rate using rates that are zero, *de minimis* or based entirely on facts available. Accordingly, Commerce's usual practice has been to average the weighted-average dumping margins for the individually examined companies, excluding rates that are zero, *de minimis*, or based entirely on facts available.<sup>114</sup> Section 735(c)(5)(B) of the Act also provides that, where the estimated dumping margins for all exporters and producers individually investigated are zero or *de minimis* margins or are determined entirely under section 776 of the Act, Commerce may use any reasonable method to establish the rate for exporters and producers not individually examined.<sup>115</sup>

In this investigation, we calculated rates for Ancientree and Foremost that are not zero, *de minimis*, or based entirely on facts available. Therefore, the rates calculated for Ancientree and Foremost are applicable to companies not selected for individual examination and eligible for a separate rate. In order to strike a balance between our duty to safeguard parties' business proprietary information and our attempt to adhere to the guidance set forth in section 735(c)(5)(A) of the Act, we calculated a weighted-average margin for non-selected separate rate respondents using the publicly available, ranged total U.S. sales values of the selected respondents, compared the resulting public, weighted-average margin to the simple average of the antidumping duty margins, and used the amount which is closer to the actual weighted-average margin of the selected respondents as the margin for the non-selected respondents.<sup>116</sup> Accordingly, for the preliminary determination of this investigation, we are assigning the weighted average of Ancientree and Foremost's rates based on their publicly available, ranged U.S. sales values and dumping margins to eligible non-selected respondents. The separate rate for the eligible non-selected respondents is 39.25 percent.<sup>117</sup>

### D. Combination Rates

Consistent with the *Initiation Notice*, we calculated combination rates for the respondents that are eligible for a separate rate in this investigation.<sup>118</sup> This practice is described in Policy Bulletin 05.1.

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<sup>114</sup> See *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying IDM at Comment 16.

<sup>115</sup> See the Statement of Administrative Action, H.R. Rep. No. 103-316, Vol. 1 (1994) (SAA) at 870-873.

<sup>116</sup> See *Ball Bearings and Parts Thereof from France, et al.: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662 (September 1, 2010), and the accompanying IDM at Comment 1.

<sup>117</sup> See Memorandum, "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Preliminary Calculation of Separate Rate for Eligible Non-Selected Respondents," dated October 2, 2019.

<sup>118</sup> See *Initiation Notice*, 84 FR at 12590-91.

## E. China-Wide Entity

As discussed above, certain companies did not respond to our Q&V, and other companies failed to submit requested information or failed to submit requested information in the form or manner requested, and, therefore did not establish their eligibility for a separate rate. Because the companies identified in Appendix I.c. have not demonstrated that they are eligible for separate rate status, Commerce considers them part of the China-wide entity. Furthermore, as explained below, we preliminarily determine to calculate the China-wide rate based on adverse facts available (AFA). In addition, as explained below, we are preliminarily assigning a rate based entirely on AFA to Meisen and a rate based partially on facts available to Foremost.

### 1. Application of Facts Available and Adverse Inferences

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

Where Commerce determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that Commerce will so inform the party submitting the response and will, to the extent practicable, provide that party an opportunity to remedy or explain the deficiency. If the party fails to remedy or satisfactorily explain the deficiency within the applicable time limits, subject to section 782(e) of the Act, Commerce may disregard all or part of the original and subsequent responses, as appropriate.

Section 776(b) of the Act provides that Commerce may use an adverse inference in applying the facts otherwise available when a party fails to cooperate by not acting to the best of its ability to comply with a request for information. In doing so, Commerce is not required to determine, or make any adjustments to, a weighted-average dumping margin based on any assumptions about information an interested party would have provided if the interested party had complied with the request for information. Further, section 776(b)(2) states that an adverse inference may include reliance on information derived from the petition, the final determination from the AD investigation, a previous administrative review, or other information placed on the record.

Section 776(c) of the Act provides that, in general, when Commerce relies on secondary information rather than on information obtained in the course of an investigation, it shall, to the extent practicable, corroborate that information from independent sources that are reasonably at its disposal. Secondary information is defined as information derived from the petition that gave rise to the investigation or review, the final determination concerning the subject merchandise, or any previous review under section 751 of the Act concerning the subject merchandise.<sup>119</sup> Further, Commerce is not required to estimate what the dumping margin would have been if the

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<sup>119</sup> See SAA at 870.

interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an “alleged commercial reality” of the interested party.<sup>120</sup>

## 2. Use of Facts Available

Foremost reports that it has three unaffiliated suppliers, and requested that it be exempt from reporting the sales and FOPs for the sales of subject merchandise produced by its suppliers. Commerce granted Foremost’s request, with the exception of the unaffiliated producer that supplied the largest percentage of subject merchandise during the POI.<sup>121</sup> In its questionnaire responses, Foremost reported that this supplier was unwilling to provide its FOP database and provided documentation to support its claim.<sup>122</sup>

According to section 776(a)(1) the Act, where information necessary to calculate a respondent’s dumping margin is not available on the record, Commerce applies facts otherwise available in place of missing information.

### *a. Application of Facts Available: Foremost*

The U.S. Court of Appeals for the Federal Circuit (CAFC), in *Mueller*, held that Commerce may, under certain circumstances, apply AFA in calculating a cooperative respondent’s antidumping margin where it finds that the respondent could have induced an uncooperative supplier’s cooperation.<sup>123</sup> Subsequently, in *Canadian Solar*, the CIT held, based on the facts in the administrative review at issue, that the respondent failed to show that it had the type of long-standing relationship with its suppliers that would give it leverage in the marketplace, in order to justify relying on partial adverse facts available.<sup>124</sup>

Commerce examined Foremost’s relationship with its uncooperative unaffiliated supplier and notes that it provided both subject merchandise and raw material inputs to Foremost during the POI.<sup>125</sup> Additionally, this supplier was one of several suppliers, and Foremost’s sales of this supplier’s subject merchandise represent a small share of Foremost’s overall POI sales to the United States.<sup>126</sup> Foremost reports that this supplier is unaffiliated, and nothing on the record contradicts this assertion or indicates that Foremost and the supplier have been doing business for a long period of time. The record also includes correspondence by Foremost demonstrating its earnest attempt to obtain the requested information from the supplier.<sup>127</sup>

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<sup>120</sup> See sections 776(d)(3)(A) and (B) of the Act.

<sup>121</sup> See Memorandum, “Reporting Exemption Request,” dated June 26, 2019 (Foremost Exemption Request).

<sup>122</sup> See Foremost CDQR at Section D pages 3-4; see also Foremost SDQR at SD-2-SD-4 and Exhibit SD-4.

<sup>123</sup> See *Mueller Comercial de Mexico S. De R.L. de C.V. v. United States*, 753 F.3d 1227, 1233-34 (Fed. Cir. 2014) (*Mueller*).

<sup>124</sup> See *Canadian Solar International et al. and Shanghai Byd Co. Ltd. et al. v. United States*, Slip Op. 19-47 (April 16, 2019) (*Canadian Solar*) at 46.

<sup>125</sup> See Foremost CDQR, at section D page 3 and Exhibit D-11.

<sup>126</sup> See Memorandum, “Preliminary Results Analysis Memorandum for Rizhao Foremost Woodwork Company Ltd.,” dated October 2, 2019 (Foremost Prelim Analysis Memo); Foremost Exemption Request.

<sup>127</sup> See Foremost SDQR at Exhibit SD-4.

Based on this information, we preliminarily find that Foremost was not in the position to induce the cooperation of its supplier and that Foremost has cooperated to the best of its ability. Accordingly, because necessary FOP information is not available on the record, we determine that facts available is warranted, pursuant to section 776(a)(1) of the Act, and are preliminarily applying facts available to value the unreported FOPs for the U.S. sales of subject merchandise produced by Foremost's uncooperative supplier.<sup>128</sup> Commerce will continue to examine this issue and subsequently verify any additional information gathered before the planned verification of Foremost and its supplier.

*b. Application of Facts Available: China-wide Entity*

Furthermore, we preliminarily find that the China-wide entity, which includes certain China exporters and/or producers that did not respond to, or properly comply with, our requests for information, withheld information requested and significantly impeded this proceeding by not submitting the requested information. Specifically, three companies that we preliminarily consider to be part of the China-wide entity failed to respond to our request for Q&V information.<sup>129</sup> Additionally, the companies identified at Appendix I.c. failed to provide supplemental information Commerce requested or failed to provide such information in the form or manner requested.<sup>130</sup> Thus, necessary information is not on the record and the China-wide entity, which encompasses the parties that failed to respond to the request for Q&V information and the companies listed in Appendix I.c., has withheld requested information, failed to provide such information in a timely manner or in the form or manner requested, and significantly impeded the proceeding. Therefore, we preliminarily determine that the use of facts available is warranted in determining the rate of the China-wide entity, pursuant to sections 776(a)(1) and (a)(2)(A)-(C) of the Act.<sup>131</sup>

3. Application of Facts Available with an Adverse Inference

Section 776(b) of the Act provides that in selecting from among the facts otherwise available, Commerce may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information.

*a. Application of AFA: China-wide Entity*

Commerce finds that the China-wide entity's failure to submit Q&V information, and to provide requested information, constitutes circumstances under which it is appropriate to conclude that the China-wide entity failed to cooperate to the best of its ability to comply with Commerce's

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<sup>128</sup> See Foremost Prelim Analysis Memo for a discussion of the facts available calculation.

<sup>129</sup> See Q&V Delivery Confirmation Memo. See also Respondent Selection Memo at 2.

<sup>130</sup> See "Companies Not Receiving a Separate Rate" section, above, and Appendix I.c.

<sup>131</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Affirmative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 4986, 4991 (January 31, 2003), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value and Affirmative Critical Circumstances: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam*, 68 FR 37116 (June 23, 2003).

requests for information.<sup>132</sup> With respect to the missing information, the China-wide entity did not file any document indicating difficulty providing the information or any request to allow the information to be submitted in an alternate form. Therefore, we preliminarily find that an adverse inference is warranted in selecting from among the facts otherwise available with respect to the China-wide entity, in accordance with section 776(b) of the Act and 19 CFR 351.308(a).<sup>133</sup>

*b. Application of AFA: Meisen*

Commerce preliminarily determines, based on information indicating that Meisen did not accurately represent and report the FOPs it consumed in the production of merchandise under consideration and thus failed to cooperate to the best of its ability, the application of total AFA is appropriate.

In its initial section D response, Meisen reported that during the POI, “Meisen produced the subject merchandise using birch boards and plywood board”<sup>134</sup> and the only reported solid wood FOP was “Sawn birch wood boards (cut timber).”<sup>135</sup> Moreover, Meisen stated that for the production of cabinet faces the “primary input is sawn birch wood boards.”<sup>136</sup> In a supplemental questionnaire response, Meisen continued to report birch as the only solid wood consumed in the production of merchandise under consideration.<sup>137</sup> In that supplemental questionnaire, Commerce also asked Meisen to “confirm that Meisen only consumed birch boards during the POI and did not consume any other species of boards.”<sup>138</sup> In response, Meisen confirmed that “it only consumed birch boards in the production of the {merchandise under consideration} during the POI and did not consume any other species of boards.”<sup>139</sup> Meisen also reported that the “species of the outer veneer of plywood used by Meisen during the POI is birch which is a hardwood.”<sup>140</sup> We requested that Meisen submit documentation supporting its consumption of birch wood for August 2018 and Meisen provided untranslated material withdrawal slips on which the word “birch” cannot be identified.<sup>141</sup>

On September 26, 2019, the petitioner submitted comments and documentation alleging that Meisen failed to accurately report its FOPs because Meisen marketed its cabinets as being made of solid maple wood before, during, and after the POI, but only reported to Commerce that it consumed birch wood.<sup>142</sup> In support of these allegations, the petitioner submitted marketing

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<sup>132</sup> See *Nippon Steel Corporation v. United States*, 337 F.3d 1373, 1383 (Fed. Cir. 2003) (noting that Commerce need not show intentional conduct existed on the part of the respondent, but merely that a “failure to cooperate to the best of a respondent's ability” existed (*i.e.*, information was not provided “under circumstances in which it is reasonable to conclude that less than full cooperation has been shown.”)).

<sup>133</sup> *Id.*

<sup>134</sup> See Meisen DQR, at 14.

<sup>135</sup> *Id.* at 12 and Exhibits 1 and 2.

<sup>136</sup> *Id.* at 5.

<sup>137</sup> See Meisen supplemental Section D questionnaire response, dated September 16, 2019, at 7.

<sup>138</sup> *Id.* at 15.

<sup>139</sup> *Id.*

<sup>140</sup> *Id.* at 20.

<sup>141</sup> *Id.* at Exhibit 14.1.

<sup>142</sup> See Petitioner's Letter, “Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Pre-Preliminary Comments for Meisen,” dated September 26, 2019 (Petitioner Meisen Pre-prelim

materials obtained directly from Meisen’s affiliated U.S. companies, J&K Companies,<sup>143</sup> that repeatedly described their cabinet doors and drawers as made of solid maple wood.<sup>144</sup> Notably, Meisen reported that “J&K Companies do not sell the merchandise to any resellers and do not purchase the merchandise under investigation from any company other than {Meisen}.”<sup>145</sup> In addition to excerpts of J&K Companies’ websites, the petitioner submitted product catalogs and online brochures that describe the J&K Companies’ cabinets as being made of maple since at least 2013 and describe the characteristics and grain of maple wood, and that advertise Meisen’s production as starting with solid maple wood.<sup>146</sup> In addition, the petitioner submitted a sworn affidavit from an individual with extensive experience in the wooden cabinets and vanities industry who, through direct discussions and information provided on the J&K Companies’ websites, alleged that the merchandise in question was represented to be made from solid maple wood.<sup>147</sup> The petitioner concluded by arguing that the documentation demonstrates that Meisen uses maple in its production process and it failed to report that FOP to Commerce, and such failure merits the application of total AFA.<sup>148</sup>

We have reviewed the petitioner’s submission, and Meisen’s questionnaire responses, and have preliminarily determined based on this information that Meisen did not accurately report its FOPs, and that this failure to cooperate to the best of its ability warrants the use of AFA in determining Meisen’s antidumping duty margin for this preliminary determination. Specifically, we preliminarily determine that the record information indicates that Meisen marketed and had sales of merchandise under consideration during the POI that were produced using maple wood, a primary raw material that Meisen failed to report. For example, Meisen submitted product brochures that stated its cabinets are made from “the finest solid maple wood,”<sup>149</sup> price lists that indicated that maple was a material used,<sup>150</sup> and commercial invoices that suggested that cabinets constructed of maple wood were sold during the POI.<sup>151</sup> Further discussion of the business proprietary information related to this issue can be found in the Meisen Prelim Decision Memo.<sup>152</sup>

Because the record indicated that Meisen failed to provide complete and accurate information regarding its production process and FOPs, withheld information, failed to provide information in the form or manner requested, and significantly impeded this investigation, we conclude that the application of facts available is warranted for Meisen, pursuant to sections 776(a)(2)(A)-(C) of the Act. Moreover, we preliminarily determine that Meisen failed to cooperate by not acting to the best of its ability to comply with our requests for information regarding its inputs, pursuant to section 776(b) of the Act. Consequently, an adverse inference is warranted in the application

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Comments), at 2.

<sup>143</sup> Meisen reported 16 affiliated U.S. resellers. *See* Meisen AQR, at 18.

<sup>144</sup> *See* Petitioner Meisen Pre-prelim Comments, at 5-7 and Exhibits 1-5.

<sup>145</sup> *See* Meisen AQR, at 19.

<sup>146</sup> *See* Petitioner Meisen Pre-prelim Comments, at 2.

<sup>147</sup> *Id.* at Exhibit 7.

<sup>148</sup> *Id.* at 7-8.

<sup>149</sup> *See* Meisen SuppA, at Exhibit 41, J&K Cabinetry Catalog 2019 Edition, at 63, July 2019 Product Specifications, at 4.

<sup>150</sup> *See* Meisen AQR, at Exhibit 3.

<sup>151</sup> *See, e.g.,* Meisen SuppA at Exhibit A-10; Meisen SuppC, at Exhibits 3, 4, 7, 10, 12, 13, 15, and 18.

<sup>152</sup> *See* Memorandum, “Meisen Preliminary Decision Memorandum,” dated October 2, 2019.

of facts available pursuant to section 776(b) of the Act. We have determined that it would be inappropriate to rely upon the FOP data submitted by Meisen to calculate NV, because Meisen's response only includes FOP data for the consumption of birch wood. A complete and accurate accounting of all FOPs used in the production of the merchandise under consideration is required for the calculation of NV, and so we cannot calculate NV. Because NV is in turn required for the calculation of an AD margin, we also cannot calculate Meisen's weighted-average dumping margin using the data it reported. Accordingly, as AFA and because we preliminarily determine that Meisen demonstrated an absence of *de facto* and *de jure* control, we are preliminarily assigning to Meisen a margin based on total AFA. However, due to the proximity to the preliminary determination that this issue was raised in the investigation, we will continue to consider the application of AFA to Meisen based on any rebuttal factual information provided by Meisen and, if appropriate, any further information requested by Commerce after the issuance of this preliminary determination.<sup>153</sup>

#### 4. Selection and Corroboration of the AFA Rate

In applying an adverse inference, Commerce may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.<sup>154</sup> In selecting an AFA rate, Commerce selects a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.<sup>155</sup> Consistent with sections 776(b)(2) and 776(d)(2) of the Act, in an investigation, Commerce's practice with respect to the assignment of an AFA rate is to select the higher of: (1) the highest dumping margin alleged in the petition; or (2) the highest calculated dumping margin of any respondent in the investigation.<sup>156</sup> In this case the higher margin is the highest dumping margin alleged in the petition, 262.18 percent.

Based on the information on the record, we are able to corroborate the 262.18 percent rate. In attempting to corroborate that rate, we compared the highest petition rate of 262.18 percent to the individually-investigated respondents' highest CONNUM-specific dumping margins (*see* section J.2 below) and found that both Foremost and Ancientree's highest calculated CONNUM-specific dumping margins exceed the highest petition rate.<sup>157</sup> Because we were able to corroborate the highest dumping margin contained in the Petition, we assigned to the China-wide entity, and to Meisen, a dumping margin of 262.18 percent.

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<sup>153</sup> In addition to our concerns regarding Meisen's failure to disclose of all of its FOPs, we continue to have strong reservations regarding the quality and accuracy of Meisen's reported data, generally. Specifically, we note that Meisen's initial Section C response was replete with clerical errors and omissions that required significant revisions in its supplemental response. Moreover, Meisen's initial section D response adopted a woefully inaccurate methodology that also required wholesale revision. Accordingly, Commerce was hindered from conducting a meaningful analysis of any data until close to this preliminary determination.

<sup>154</sup> *See* section 776(b) of the Act.

<sup>155</sup> *See* SAA at 870.

<sup>156</sup> *See, e.g., Certain Uncoated Paper from Indonesia: Final Determination of Sales at Less Than Fair Value*, 81 FR 3101 (January 20, 2016).

<sup>157</sup> *See* Foremost Prelim Analysis Memo; *see also* Memorandum, "Preliminary Results Analysis Memorandum for The Ancientree Cabinet Co., Ltd.," dated October 2, 2019 (Ancientree Prelim Analysis Memo).

## F. Affiliation and Collapsing

We have considered the evidence on the record and preliminarily determine that affiliation exists between Foremost Worldwide Company Limited (Foremost Worldwide), a trader of subject merchandise, and Foremost, the wholly-owned subsidiary of Foremost Worldwide and producer of subject merchandise.<sup>158</sup> Based on the record evidence, we also preliminarily determine that affiliation does not exist among Ancientree, a producer of subject merchandise, and Jiangsu Hongjia Wood Co., Ltd. (Jiangsu Hongjia), a trader of wood inputs.<sup>159</sup>

### 1. Affiliation

Section 771(33) of the Act provides that the following persons shall be considered to be “affiliated” or “affiliated persons”:

- (A) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants;
- (B) Any officer or director of an organization and such organization;
- (C) Partners;
- (D) Employer and employee;
- (E) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 percent or more of the outstanding voting stock or shares of any organization and such organization;
- (F) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person; or,
- (G) Any person who controls any other person and such other person.

The Act further states that “a person shall be considered to control another person if the person is legally or operationally in a position to exercise restraint or direction over the other person.”<sup>160</sup> “Person” is defined to include “any interested party as well as any other individual, enterprise, or entity, as appropriate.”<sup>161</sup>

The Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreement Act states the following:

The traditional focus on control through stock ownership fails to address adequately modern business arrangements, which often find one firm ‘operationally in a position to exercise restraint or direction’ over another in the absence of an equity relationship. A company may be in a position to exercise restraint or direction, for example, through corporate or family groupings, franchise or joint

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<sup>158</sup> See Foremost AQR, at 6 and Exhibit Q3A.

<sup>159</sup> See Ancientree AQR, at A-4.

<sup>160</sup> See section 771(33) of the Act.

<sup>161</sup> See 19 CFR 351.102(b)(37).

venture agreements, debt financing, or close supplier relationships in which the supplier or buyer becomes reliant upon the other.<sup>162</sup>

Section 351.102(b)(3) of Commerce’s regulations defines affiliated persons and affiliated parties as having the same meaning as in section 771(33) of the Act. In determining whether control over another person exists, within the meaning of section 771(33) of the Act, Commerce will consider the following factors, among others: corporate or family groupings; franchise or joint venture agreements; debt financing; and close supplier relationships. Commerce will not find that control exists on the basis of these factors unless the relationship has the potential to impact decisions concerning the production, pricing, or cost of the subject merchandise or foreign like product. Commerce will consider the temporal aspect of a relationship in determining whether control exists; normally, temporary circumstances will not suffice as evidence of control.<sup>163</sup>

Section 771(33)(E) of the Act considers affiliated entities to be any person, directly or indirectly owning, controlling, or holding with power to vote, five percent or more of the outstanding voting stock or shares of any organization and such organization. Section 771(33)(F) of the Act considers entities affiliated if they are directly or indirectly controlling, controlled, by, or under common control with, any person. Section 771(33)(G) of the Act considers affiliated entities to be any person who controls any other person and such other person. For purposes of statutory construction, the term “person” can be construed in the singular or plural and can include a corporate entity or group.<sup>164</sup> Moreover, the statute does not require evidence of actual control; it is the ability to control that is dispositive.<sup>165</sup> A company may be in a position to exercise restraint or direction, for example, through “corporate . . . groupings {and} . . . joint venture agreements.”<sup>166</sup> Additionally, Commerce will not consider control to exist unless the relationship has the potential to impact decisions concerning production, pricing, or cost of the subject merchandise or foreign like product.<sup>167</sup>

### *Foremost*

In Foremost’s separate rate application, submitted collectively for Foremost and Foremost Worldwide, Foremost explained that Foremost Worldwide and Foremost are “both subsidiaries of Foremost Groups, Ltd. . . and {Foremost Worldwide} purchased subject merchandise from its affiliate, {Foremost.}”<sup>168</sup> On July 3, 2019, Foremost submitted its response to the section A questionnaire, in which it identified its ownership/corporate structure and the various affiliates that play roles in the sale, marketing, and production of the subject merchandise.<sup>169</sup> In Foremost’s AQR, Foremost reported that it is the wholly owned subsidiary of Foremost

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<sup>162</sup> See SAA, H.R. Doc. No. 316, Vol. 1, 103d Cong., 2d Sess. (1994) (SAA) at 838.

<sup>163</sup> See 19 CFR 351.102(b)(3).

<sup>164</sup> See *Dongkuk Steel Mill Co. v. United States*, 29 CIT 724 (June 22, 2005) (*Dongkuk*).

<sup>165</sup> See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27297-98 (May 19, 1997) (*Preamble*).

<sup>166</sup> See SAA at 838; see also 19 CFR 351.102(b)(3).

<sup>167</sup> See 19 CFR 351.102(b)(3); see also *Certain Welded Carbon Standard Steel Pipe and Tubes from India; Final Results of New Shippers Antidumping Duty Administrative Review*, 62 FR 47632, 47638 (September 10, 1997).

<sup>168</sup> See Foremost’s May 14, 2019 separate rate application (Foremost SRA) at 1 and 4.

<sup>169</sup> See Foremost AQR, at 4-12 and Exhibit Q3A.

Worldwide.<sup>170</sup> On August 28, 2019, Foremost and Foremost Worldwide submitted a response regarding the companies' organizational structure, in which Foremost states that "Foremost Worldwide has four main locations...all involved in various capacities in the production, sale, distribution or development of subject merchandise{.}"<sup>171</sup> The record does not indicate that Foremost Worldwide produces or is able to produce subject merchandise.

Based on the evidence on the record, we preliminarily find that Foremost and Foremost Worldwide are affiliated within the meaning of sections 771(33)(E), (F) and (G) of the Act. Because during the POI Foremost was a wholly owned subsidiary of Foremost Worldwide, Foremost Worldwide directly owns more than five percent of Foremost and the companies are therefore affiliated pursuant to section 771(33)(E) of the Act. Because Foremost and Foremost Worldwide are both wholly-owned subsidiaries of Foremost Groups, Ltd., they are under the common control of the same entity and therefore affiliated pursuant to section 771(33)(F) of the Act. Furthermore, Foremost Worldwide is in a position to control Foremost, via its ownership of 100 percent of the shares in Foremost, and thus the companies are affiliated pursuant to section 771(33)(G) of the Act.

### *Ancientree*

We do not find that Ancientree and Jiangsu Hongjia are affiliated parties within the meaning of section 771(33) of the Act.<sup>172</sup>

## 2. Collapsing

Section 351.401(f) of Commerce's regulations, which outlines the criteria for treating affiliated producers as a single entity for purposes of AD proceedings, states:

- (1) In general. In an antidumping proceeding under this part, the Secretary will treat two or more affiliated producers as a single entity where those producers have production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities and the Secretary concludes that there is a significant potential for the manipulation of price or production.
- (2) Significant potential for manipulation. In identifying a significant potential for the manipulation of price or production, the factors the Secretary may consider include:
  - (i) The level of common ownership;
  - (ii) The extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and
  - (iii) Whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing

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<sup>170</sup> *Id.* at 8.

<sup>171</sup> *See* Foremost Org Structure Supp at 1.

<sup>172</sup> For further details, including a discussion of the relevant business proprietary information, Ancientree Prelim Analysis Memo.

of facilities or employees, or significant transactions between the affiliated producers.<sup>173</sup>

The *Preamble* to Commerce’s regulations clarifies how Commerce should apply this section in its collapsing analysis, explaining that this list of factors is “non-exhaustive.”<sup>174</sup> The *Preamble* also states that “{Commerce} has not adopted the suggestion that it will collapse only in ‘extraordinary’ circumstances. A determination of whether to collapse should be based upon an evaluation of the factors listed in paragraph (f), and not upon whether fact patterns calling for collapsing are commonly or rarely encountered.”<sup>175</sup> The *Preamble* states, however, that Commerce must still find that the potential for manipulation of price and production is significant.<sup>176</sup>

Commerce’s determination in *Colombian Flowers* details Commerce’s practice of collapsing affiliates.<sup>177</sup>

Because {Commerce} calculates margins on a company-by-company basis, it must ensure that it reviews the entire producer or reseller, not merely part of it. {Commerce} reviews the entire entity due to its concerns regarding price and cost manipulation. Because of this concern, {Commerce} normally examines the question of whether reviewed companies “constitute separate manufacturers or exporters for purposes of the dumping law.”<sup>178</sup>

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<sup>173</sup> See 19 CFR 351.401(f).

<sup>174</sup> See *Preamble*, 62 FR at 27345.

<sup>175</sup> *Id.*

<sup>176</sup> *Id.* at 27345-46. Commerce’s practice is consistent with the statement in the *Preamble* that the “significant potential” criteria provided in section 351.401(f) are non-exhaustive. For instance, in *Certain Welded Carbon Standard Steel Pipes and Tubes from India; Final Results of New Shippers Antidumping Duty Administration Review*, 62 FR 47632, 47638 (September 10, 1997), Commerce stated that “{n}ot all of these criteria must be met in a particular case; the requirement is that {Commerce} determine that the affiliated companies are sufficiently related to create the potential of price or production manipulation.” Similarly, in *Notice of Final Determination of Sales at Less Than Fair Value: Collated Roofing Nails from Taiwan*, 62 FR 51427, 51436 (October 1, 1997), while it addressed the section 351.401(f) criteria, Commerce made its determination to collapse based on the “totality of the circumstances”:

The totality of the circumstances presented by these facts indicate that the two companies operate under common control of the same individual/family with respect to sales and production decisions. Although both S&J’s General Manager and New Lan Luang’s Chairman {a father and son} are only minority shareholders in both companies, we conclude that their positions of legal and operational control in their respective companies create a significant potential for price or production manipulation. We therefore have treated S&J and New Lan Luang as a single entity for purposes of calculating a dumping margin in this investigation.

<sup>177</sup> See *Certain Fresh Cut Flowers from Colombia; Final Results of Antidumping Duty Administrative Reviews*, 61 FR 42833, 42853 (August 19, 1996) (*Colombian Flowers*).

<sup>178</sup> See *Certain Fresh Cut Flowers from Colombia; Final Results of Antidumping Duty Administrative Reviews*, 61 FR 42833, 42853 (August 19, 1996) (*Colombian Flowers*) (citing *Final Determination of Sales at Less than Fair Value; Certain Granite Products from Spain*, 53 FR 24335, 24337 (June 28, 1988)). While 19 CFR 351.401(f) uses the term “producers,” Commerce’s practice is to apply this regulation to resellers and other affiliated companies, as well. See, e.g., *Colombian Flowers*, 61 FR at 42853 (citing *Final Determination of Sales at Less than Fair Value; Certain Granite Products from Spain*, 53 FR 24335, 24337 (June 28, 1988)); see also *Hontex Enters. v. United States*, 342 F. Supp. 2d 1225, 1234 (CIT 2004) (*Hontex II*) (upholding Commerce’s analysis going beyond the

In proceedings involving NME countries, Commerce begins with the rebuttable presumption that all companies within the country are subject to government control.<sup>179</sup> Companies subject to government control are treated as part of the NME entity and assigned the same weighted-average dumping margin.<sup>180</sup> Commerce, however, has recognized that NME companies separate from the NME entity may be connected and such connections could provide a potential for manipulation affecting dumping margins.<sup>181</sup> Thus, to the extent that section 771(33) of the Act does not conflict with Commerce's application of separate rates and the enforcement of the NME provision of section 773(c) of the Act, Commerce may determine that affiliated exporters and/or producers should be treated as a single entity if the facts of the case support such a finding.<sup>182</sup> The CIT has upheld Commerce's practice of determining whether to treat two or more companies as a single entity for antidumping purposes based on a consideration of whether there exists a significant potential for manipulation of prices and/or export decisions.<sup>183</sup>

Furthermore, Commerce notes that the factors listed in 19 CFR 351.401(f)(2) are not exhaustive, and in the context of an NME investigation, other factors unique to the relationship of business entities in the NME may lead Commerce to determine that collapsing is either warranted or unwarranted, depending on the facts of the case.<sup>184</sup> Further, in *Hontex II*, the CIT affirmed Commerce's ability to expand the market-economy inquiry into the potential for manipulation to include NME exporters' export decisions, rather than simply relying on whether or not the companies share production facilities.<sup>185</sup>

The CIT has recognized that when determining whether there is a significant potential for manipulation 19 CFR 351.401(f)(2)(i), (ii), and (iii) are considered by Commerce in light of the

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traditional regulatory analysis to address significant potential for manipulation through other means, such as collapsing exporters, other than those listed in the regulations).

<sup>179</sup> See, e.g., *Certain New Pneumatic Off-The-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485, 40487 (July 15, 2008) (citing *Final Determination of Sales at Less Than Fair Value: Sparklers from the People's Republic of China*, 56 FR 20588 (May 6, 1991), as amplified by *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994)).

<sup>180</sup> *Id.*

<sup>181</sup> See *Certain Steel Nails from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances and Postponement of Final Determination*, 73 FR 3928, 3932 (January 23, 2008) (unchanged in *Certain Steel Nails from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 7254 (February 7, 2008)), and *Certain Steel Nails from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977 (June 16, 2008).

<sup>182</sup> See *Certain Preserved Mushrooms from the People's Republic of China: Preliminary Results of Sixth New Shipper Review and Preliminary Results and Partial Rescission of Fourth Antidumping Duty Administrative Review*, 69 FR 10410, 10413 (March 5, 2004) (*Mushrooms*), unchanged in *Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review: Certain Preserved Mushrooms from the People's Republic of China*, 70 FR 54361 (September 14, 2005).

<sup>183</sup> See *Hontex II*, 342 F. Supp. 2d 1225, 1230-34.

<sup>184</sup> See *Mushrooms*, 69 FR at 10413, 10414 (citing *Hontex Enterprises v. United States*, 248 F. Supp. 2d 1323, 1342-43 (CIT 2003) (*Hontex*) (noting that the application of collapsing in the NME context may differ from the standard factors listed in the regulation)).

<sup>185</sup> See *Hontex II*, 342 F. Supp. 2d at 1233-1234.

totality of the circumstances; no one factor is dispositive in determining whether to collapse the producers.<sup>186</sup>

Additionally, Commerce looks for “relatively unusual situations, where the type and degree of relationship is so significant that {it} finds that there is a strong possibility of price manipulation.”<sup>187</sup> The CIT has upheld Commerce’s practice of taking into account one such unique factor, namely export decisions, in applying the collapsing provisions in NME proceedings.<sup>188</sup> Thus, although Commerce’s regulations do not address the treatment of non-producing entities (*e.g.*, exporters), where non-producing entities are affiliated, and there exists a significant potential for manipulation of prices and/or export decisions, Commerce has considered such entities, as well as other affiliated entities (where appropriate), as a single entity.<sup>189</sup> Moreover, in examining these factors as they pertain to a significant potential for manipulation, Commerce considers both actual manipulation in the past and the possibility of future manipulation.<sup>190</sup> The *Preamble* underscores the importance of considering the possibility of future manipulation: “a standard based on the potential for manipulation focuses on what may transpire in the future.”<sup>191</sup> We have therefore, in accordance with 19 CFR 351.401(f)(2), examined all three factors with respect to the potential for future manipulation.

Commerce thus interprets 19 CFR 351.401(f) to include three criteria for a collapsing analysis: (1) whether two or more producers affiliated; (2) whether they have similar production facilities that would not require substantial retooling in order to restructure manufacturing priorities; and (3) whether there is a significant potential for manipulation of price or production.

a) *Affiliation*

As analyzed above, we find that Foremost and Foremost Worldwide are affiliated with each other because during the POI they were indirectly owned and/or controlled by the same entity, Foremost was a wholly owned subsidiary of Foremost Worldwide, and Foremost Worldwide is

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<sup>186</sup> See *Koyo Seiko Co., Ltd. v. United States*, 516 F. Supp. 2d 1323, 1346 (CIT 2007) (citing *Light Walled Rectangular Pipe and Tube from Turkey; Notice of Final Determination of Sales at Less Than Fair Value*, 69 FR 53675 (September 2, 2004) and accompanying Issues and Decision Memorandum (IDM) at Comment 10).

<sup>187</sup> See *Koyo Seiko* citing *Nihon Cement Co. v. United States*, 17 C.I.T. 400, 426 (CIT 1993) (quoting *Final Determination of Sales at Less than Fair Value: Antifriction Bearings (Other than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany*, 54 FR 18992, 19089 (May 3, 1989)).

<sup>188</sup> See *Hontex II*, 342 F. Supp. 2d at 1230-34 (in which the CIT affirmed Commerce’s ability to expand the market-economy inquiry into the potential for manipulation to include NME exporters’ export decisions, rather than whether or not the companies share production facilities).

<sup>189</sup> See, *e.g.*, *Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil; Notice of Final Determination at Sales at Less Than Fair Value*, 65 FR 5554 (February 4, 2000); *Certain Welded Carbon Steel Pipes and Tubes from Thailand: Final Results of Antidumping Duty Administrative Review*, 63 FR 55578 (October 16, 1998) and accompanying IDM at Comment 2; *Automotive Replacement Glass Windshields from the People’s Republic of China; Preliminary Results of Antidumping Duty Administrative Review*, 69 FR 25545 (May 7, 2004); *Automotive Replacement Glass Windshields from the People’s Republic of China; Final Results of Antidumping Duty Administrative Review*, 69 FR 61790 (October 21, 2004); and *Mushrooms* and accompanying IDM at Comment 1; see also *Hontex*, 248 F. Supp. 2d at 1343.

<sup>190</sup> See *Preamble*, 62 FR 27296, 27346.

<sup>191</sup> *Id.*

in a position to control Foremost, via its ownership of 100 percent of the shares in Foremost. Consequently, the first collapsing criterion has been satisfied.

*b) Similarity of Production Facilities and Substantial Retooling*

The second collapsing criterion in 19 CFR 351.401(f)(1) requires that the affiliated producers have “production facilities for similar or identical products that would not require substantial retooling of either facility in order to restructure manufacturing priorities.” Foremost states that it is a producer and exporter of subject merchandise, while Foremost Worldwide functions as a non-producing exporter.<sup>192</sup>

Neither the statute nor the regulations contain specific guidelines for determining when two or more exporters should receive the same antidumping duty rate. Commerce’s practice of collapsing companies recognizes that it is appropriate to treat certain groups of companies as a single entity, and to determine a single weighted-average margin for that entity, in order to determine margins accurately and to prevent manipulation that would undermine the effectiveness of the antidumping duty law.<sup>193</sup> With respect to Foremost Worldwide, Commerce finds that it is an exporter, and thus similarity of production facilities and whether substantial retooling is required are inapplicable to Commerce’s analysis.

*c) Significant Potential for Manipulation of Price or Production*

With respect to the final criterion of the collapsing analysis, 19 CFR 351.401(f)(2) provides a non-exhaustive list of three factors that Commerce may consider in determining whether a significant potential for manipulation of price or production exists: (i) the level of common ownership; (ii) the extent to which managerial employees or board members of one firm sit on the board of directors of an affiliated firm; and (iii) whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers. We consider the totality of the circumstances particular to the case at hand in analyzing the factors, as no one factor is more important than another and not all three factors listed in the regulations are required.<sup>194</sup>

*i. Level of Common Ownership*

We analyzed the level of common ownership in the affiliation section above. As noted above, Foremost and Foremost Worldwide are wholly owned by Foremost Groups, Ltd. Because these

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<sup>192</sup> See Foremost’s May 14, 2019 separate rate application (Foremost SRA) at 1 and 4.

<sup>193</sup> See, e.g., *Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from Brazil*, 69 FR 76910 (December 23, 2004), and accompanying IDM at Comment 5.

<sup>194</sup> See *Final Determination of Less-Than-Fair Value Investigation: Steel Concrete Reinforcing Bars from the Republic of Korea*, 69 FR 19399 (April 13, 2004), and accompanying IDM; see also, e.g., *Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 64 FR 38756, 38778 (July 19, 1999) (*Hot-Rolled Steel from Brazil*); see also *Dongkuk*, 29 CIT at 733-35.

companies are owned by the same company, we find that there was significant common ownership between Foremost and Foremost Worldwide during the POI.

ii. Interlocking Board and Managers

Foremost provided a list of management for both Foremost and Foremost Worldwide, showing overlap between the two entities.<sup>195</sup> Commerce finds that the boards and managers of these two entities are significantly interlocked.<sup>196</sup>

iii. Intertwined operations

Section 351.401(f)(2)(iii) of Commerce's regulations directs Commerce to consider whether operations are intertwined, such as through the sharing of sales information, involvement in production and pricing decisions, the sharing of facilities or employees, or significant transactions between the affiliated producers.

Information on the record shows that there is significant intertwining of operations between Foremost and Foremost Worldwide and that Foremost does not operate independently from Foremost Worldwide. Throughout Foremost's questionnaire responses, Foremost noted that certain expenses related to the production and movement of subject merchandise and its inputs were arranged for, resold through, and/or and paid by Foremost Worldwide.<sup>197</sup>

Although Foremost Worldwide is not a producer, we nonetheless find that there exists a significant potential for manipulation of prices pursuant to 19 CFR 351.401(f)(2). Specifically, as detailed above, Foremost and Foremost Worldwide are under common ownership, have interlocking boards and managers, and intertwined operations. The result is that Foremost Worldwide not only acts as a conduit for sales, but the potential exists for Foremost and Foremost Worldwide to collectively determine prices, negotiate with customers, and manage the sales and distribution process and to otherwise act in unison with one another. Thus, while Foremost Worldwide is not a producer, Commerce's practice is to extend this analysis to resellers and other affiliated parties, where applicable.<sup>198</sup> After analyzing all of the record evidence, we find that Foremost Worldwide is an affiliated reseller acting in coordination with the primary producer (who is also an exporter). Therefore, we find that there exists a significant potential between the two entities to manipulate price.

Thus, because we have found that Foremost and Foremost Worldwide are affiliated and the record evidence demonstrates a significant potential for the manipulation of price or production, the criteria outlined in 19 CFR 351.401(f) have been met and we are preliminarily collapsing Foremost and Foremost Worldwide.

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<sup>195</sup> See Foremost SAQR at Exhibit SA-4.

<sup>196</sup> See Foremost Prelim Analysis for further discussion on the intertwined boards and managers of Foremost and Foremost Worldwide.

<sup>197</sup> See e.g., Foremost CDQR at section C page 4-5; Foremost SDQR at SD-17.

<sup>198</sup> See *Colombian Flowers*, 62 FR at 42853; *Hontex II*, 342 F. Supp. 2d at 1234. See also SAA at 838.

## F. Date of Sale

In identifying the date of sale of the subject merchandise, Commerce normally will use the date of invoice, as recorded in the exporter or producer's records kept in the ordinary course of business.<sup>199</sup> Additionally, Commerce may use a date other than the date of invoice if it is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.<sup>200</sup> Furthermore, we have a long-standing practice of finding that, where shipment date precedes invoice date, shipment date better reflects the date on which the material terms of sale are established.<sup>201</sup>

Ancientree reported the earlier of the sales invoice date or the date of shipment as the date of sale for its U.S. sales.<sup>202</sup> Ancientree explained that “{o}n occasion, the company generated commercial invoices slightly later than the date of shipment” and, “during the POI, there were no circumstances in which the material terms of sale changed after the shipment.”<sup>203</sup>

Foremost reported the earlier of the sales invoice date or the date of shipment as the date of sale for its U.S. sales.<sup>204</sup> Foremost reported that the material terms of sale may change after the issuance of a purchase order and that in “the vast majority of cases shipment and invoice dates are identical.”<sup>205</sup> Foremost also acknowledged that in a small number of cases the difference between invoice data and shipment date may differ by one or two days. As such, in accordance with Commerce's practice, we are preliminarily using the earlier of invoice date or date of shipment as the date of sale.

Consistent with 19 CFR 351.401(i), we preliminarily determine to use the earlier of the sales invoice date or the date of shipment as the date of sale for all POI sales by Ancientree and Foremost.

## G. Comparisons to Fair Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), in order to determine whether the respondents' sales of the subject merchandise from China to the United States were made at less than fair value, Commerce compared the export price (EP) or constructed export price (CEP) to the NV as described in the “Export Price” and “Normal Value” sections of this memorandum.

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<sup>199</sup> See 19 CFR 351.401(i).

<sup>200</sup> *Id.* See also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090-92 (CIT 2001) (*Allied Tube & Conduit Corp.*) (“As elaborated by Department practice, a date other than invoice date ‘better reflects’ the date when ‘material terms of sale’ are established if the party shows that the ‘material terms of sale’ undergo no meaningful change (and are not subject to meaningful change) between the proposed date and the invoice date.”).

<sup>201</sup> See, e.g., *Certain Cut-to-Length Carbon-Quality Steel Plate Products from the Republic of Korea: Preliminary Results of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 10670 (March 12, 2018), and accompanying PDM at 6-7, unchanged in *Certain Cut-to-Length Carbon-Quality Steel Plate Products from the Republic of Korea: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 32629 (July 13, 2018).

<sup>202</sup> See Ancientree CDQR, at C-14.

<sup>203</sup> *Id.*; See also Ancientree's section A supplemental questionnaire response, dated August 7, 2019, at 9.

<sup>204</sup> See Foremost SCQR at 8.

<sup>205</sup> See Foremost SAQR at 12.

## 1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average NVs to weighted-average EPs (or CEPs) (*i.e.*, the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In AD investigations, Commerce examines whether to compare weighted-average NVs with the EPs (or CEPs) of individual sales (*i.e.*, the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act.

In recent investigations, Commerce has applied a “differential pricing” analysis for determining whether application of the average-to-transaction method is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.<sup>206</sup> Commerce finds that the differential pricing analysis used in recent investigations may be instructive for purposes of examining whether to apply an alternative comparison method in this investigation. Commerce will continue to develop its approach in this area based on comments received in this and other proceedings, and on Commerce’s additional experience with addressing the potential masking of dumping that can occur when Commerce uses the average-to-average method in calculating a respondent’s weighted-average dumping margin.

The differential pricing analysis used in this preliminary determination examines whether there exists a pattern of export prices (or constructed export prices) for comparable merchandise that differ significantly among purchasers, regions, or time periods. The analysis evaluates all export sales by purchasers, regions and time periods to determine whether a pattern of prices that differ significantly exists. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. Purchasers are based on the reported customer codes. Regions are defined using the reported destination code (*i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the period of investigation based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is defined using the product control number and all characteristics of the U.S. sales, other than purchaser, region and time period, that Commerce uses in making comparisons between export price (or constructed export price) and normal value for the individual dumping margins.

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<sup>206</sup> See, e.g., *Polyethylene Terephthalate Resin from Taiwan: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 83 FR 19696 (May 4, 2018), unchanged in *Polyethylene Terephthalate Resin from Taiwan: Final Determination of Sales at Less Than Fair Value, and Final Affirmative Determination of Critical Circumstances, in Part*, 83 FR 48287 (September 24, 2018); *Large Diameter Welded Pipe from Canada: Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures*, 83 FR 43649 (August 27, 2018), unchanged in *Large Diameter Welded Pipe from Canada: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 6378 (February 27, 2019); and *Cast Iron Soil Pipe from the People’s Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 83 FR 44567 (August 31, 2018), unchanged in *Cast Iron Soil Pipe from the People’s Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 6767 (February 28, 2019).

In the first stage of the differential pricing analysis used here, the “Cohen’s *d* test” is applied. The Cohen’s *d* coefficient is a generally recognized statistical measure of the extent of the difference between the mean (*i.e.*, weighted-average price) of a test group and the mean (*i.e.*, weighted-average price) of a comparison group. First, for comparable merchandise, the Cohen’s *d* coefficient is calculated when the test and comparison groups of data for a particular purchaser, region or time period each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen’s *d* coefficient is used to evaluate the extent to which the prices to the particular purchaser, region or time period differ significantly from the prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen’s *d* test: small, medium or large (0.2, 0.5 and 0.8, respectively). Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the mean of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference is considered significant, and the sales in the test group are found to pass the Cohen’s *d* test, if the calculated Cohen’s *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

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

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

weighted-average dumping margins between the average-to-average method and the appropriate alternative method move across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.<sup>207</sup>

## 2. Results of the Differential Pricing Analysis

For Foremost, based on the results of the differential pricing analysis, Commerce preliminarily finds that 47.10 percent of the value of U.S. sales pass the Cohen's *d* test, and confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that there is no meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, Commerce is applying the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for Foremost.<sup>208</sup>

For Ancientree, based on the results of the differential pricing analysis, Commerce preliminarily finds that 33.80 percent of the value of U.S. sales pass the Cohen's *d* test, which confirms the existence of a pattern of prices that differ significantly among purchasers, regions, or time periods. Further, Commerce preliminarily determines that the average-to-average method cannot account for such differences because there is a 25 percent relative change between the weighted-average dumping margin calculated using the average-to-average method and the weighted-average dumping margin calculated using an alternative comparison method based on applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test. Thus, for this preliminary determination, Commerce is applying the average-to-transaction method to those U.S. sales which passed the Cohen's *d* test and the average-to-average method to those sales which did not pass the Cohen's *d* test to calculate the weighted-average dumping margin for Ancientree.<sup>209</sup>

### H. U.S. Prices

For all sales made by Ancientree and certain of Foremost's sales, we used EP methodology, in accordance with section 772(a) of the Act, because the subject merchandise was sold to the first unaffiliated purchaser in the United States prior to importation and CEP methodology was not otherwise warranted based on the facts on the record. For the remainder of Foremost's sales, we used CEP methodology, in accordance with section 772(b) of the Act, because the subject

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<sup>207</sup> The Court of Appeals for the Federal Circuit (CAFC) has affirmed much of Commerce's differential pricing methodology. *See, e.g., Apex Frozen Foods v. United States*, 862 F.3d 1322 (Fed. Cir. 2017). We ask that interested parties present only arguments on issues which have not already been decided by the CAFC.

<sup>208</sup> *See* Foremost Prelim Analysis Memo.

<sup>209</sup> *See* Ancientree Prelim Analysis Memo.

merchandise was sold in the United States by a U.S. seller affiliated with the respondent and EP methodology was not otherwise warranted.

## 1. Ancientree

For Ancientree's reported sales, in accordance with section 772(a) of the Act, we based the U.S. price of subject merchandise on EP. We calculated EP based on the prices at which subject merchandise was sold to unaffiliated purchasers in the United States. We made deductions, as appropriate, from the reported U.S. price for movement expenses for Ancientree, *e.g.*, foreign inland freight expenses and foreign brokerage and handling expenses.<sup>210</sup> We based movement expenses on SVs where the service was purchased from a company located in a country considered to be an NME.<sup>211</sup> Ancientree recoded sales as non-subject merchandise in a supplemental response, claiming that they were aftermarket accessory items or separately sold, thereby excluded from the scope of the investigation.<sup>212</sup> However, Ancientree did not provide documentation to support its claim. For the preliminary determination, Commerce is treating these sales as subject merchandise.<sup>213</sup>

## 2. Foremost

For Foremost's EP sales, we calculated EPs based on the sales price to the unaffiliated purchaser(s) in the United States. In accordance with section 772(c)(2)(A) of the Act, as appropriate, Commerce deducted from the sales price certain foreign inland freight, brokerage and handling (B&H), and international movement costs. Because the inland freight and B&H services were either provided by an NME vendor or paid for using an NME currency, Commerce based the deduction of these charges on SVs.<sup>214</sup> For the international freight provided by an ME provider and paid in U.S. dollars, Commerce used the reported expense.<sup>215</sup>

For Foremost's CEP sales, we calculated CEP based on prices to unaffiliated purchasers in the United States. In accordance with sections 772(c)(2)(A) and 772(d)(1) and of the Act, Commerce made deductions from the starting price (gross unit price) for foreign movement expenses, international movement expenses, and U.S. movement expenses. Where foreign movement expenses, international movement expenses, or U.S. movement expenses were provided by NME service providers or paid for in an NME currency, Commerce valued these services using SVs.<sup>216</sup> For those expenses that were provided by an ME provider and paid for in an ME currency, Commerce used the reported expense, or a weighted average of the SV and ME price where the ME purchases do not represent substantially all of the input.<sup>217</sup> In accordance

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<sup>210</sup> See section 772(c)(2)(A) of the Act.

<sup>211</sup> See "Factor Valuation Methodology" section.

<sup>212</sup> See letter from Ancientree, "Response to Third Supplemental Questionnaire," dated September 6, 2019, at 5-9.

<sup>213</sup> See Ancientree Prelim Analysis Memo.

<sup>214</sup> See Foremost SCQR at 22; see also Prelim Surrogate Value Memo for details regarding the SVs for movement expenses.

<sup>215</sup> See Foremost CDQR at section C pages 28-29; see also Foremost Prelim Analysis Memo for further information related to calculation of movement expenses.

<sup>216</sup> See Prelim Surrogate Value Memo.

<sup>217</sup> See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013).

with section 772(d)(1) of the Act, Commerce also deducted those selling expenses associated with economic activities occurring in the United States. Commerce deducted, where appropriate, commissions, inventory carrying costs, interest revenue, credit expenses, warranty expenses, and indirect selling expenses.

Foremost reported that some sales included non-subject components such as faucets, countertops, sinks, and/or sink bowls (which Foremost refers to as “combination kits”).<sup>218</sup> For all of Foremost’s combination kits, we calculated an adjusted price, in order to only include the price of subject merchandise in our analysis.<sup>219</sup>

### 3. Value-Added Tax

Commerce’s recent practice in NME cases is to adjust EP (or the CEP) for the amount of any unrefunded, (herein irrecoverable) value-added tax (VAT) in certain non-market economies in accordance with section 772(c)(2)(B) of the Act.<sup>220</sup> In changing the practice, Commerce explained that, when an NME government imposes an export tax, duty, or other charges on subject merchandise, or on inputs used to produce subject merchandise, from which the respondent was not exempted, Commerce will reduce the respondent’s EP and CEP prices accordingly, by the amount of the tax, duty or charge paid, but not rebated.<sup>221</sup> Where the irrecoverable VAT is a fixed percentage of EP or CEP, Commerce explained that the final step in arriving at a tax neutral dumping comparison is to reduce the U.S. EP or CEP downward by this same percentage.<sup>222</sup>

VAT is an indirect, *ad valorem* consumption tax imposed on the purchase (sale) of goods. It is levied on the purchase (sale) price of the good, *i.e.*, it is paid by the buyer and collected by the seller. For example, if the purchase price is \$100 and the VAT rate is 15 percent, the buyer pays \$115 to the seller, \$100 for the good and \$15 in VAT. VAT is typically imposed at every stage of production. Thus, under a typical VAT system, firms: (1) pay VAT on their purchases of production inputs and raw materials (“input VAT”) as well as (2) collect VAT on sales of their output (“output VAT”).

Firms calculate input VAT and output VAT for tax purposes on a company-wide (not transaction-specific) basis, *i.e.*, in the case of input VAT, on the basis of *all input purchases* regardless of whether used in the production of goods for export or domestic consumption, and in the case of output VAT, on the basis of *all sales to all markets*, foreign and domestic. Thus, a firm might pay the equivalent of \$60 million in total input VAT across all input purchases and collect \$100 million in total output VAT across all sales. In this situation, however, the firm would remit to the government only \$40 million of the \$100 million in output VAT collected on

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<sup>218</sup> See Foremost CDQR at section C pages 22-23 and Exhibit C-14.1.

<sup>219</sup> Further information related to the calculation of the adjusted price of combination kits can be found in Foremost’s Prelim Analysis Memo.

<sup>220</sup> See *Methodological Change for Implementation of Section 772(c)(2)(B) of the Tariff Act of 1930, as Amended, In Certain Non-Market Economy Antidumping Proceedings*, 77 FR 36481 (June 19, 2012).

<sup>221</sup> *Id.*; see also *Chlorinated Isocyanurates from the People’s Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 4875 (January 30, 2014), and accompanying IDM at Comment 5.A.

<sup>222</sup> *Id.*

its sales because of a \$60 million credit for input VAT paid that the firm can claim against output VAT.<sup>223</sup> As result, the firm bears no “VAT burden (cost)”: the firm through the credit is refunded or recovers all of the \$60 million in input VAT it paid, and the \$40 million remittance to the government is simply a transfer to the government of VAT paid by (collected from) the buyer with the firm acting only as an intermediary. Thus, the cost of output VAT falls on the buyer or the good, not on the firm.

This would describe the situation under Chinese law except that producers in China, in most cases, do not recover (*i.e.*, are not refunded) the total input VAT they paid. Instead, Chinese tax law requires a *reduction in or offset* to the input VAT that can be credited against output VAT. This formula for this reduction/offset is provided in Article 5 of the 2012 Chinese government tax regulation, *Circular on Value-Added Tax and Consumption Tax Policies on Exported Goods and Services (2012 VAT Notice)*:<sup>224</sup>

$$\text{Reduction/Offset} = (P - c) \times (T_1 - T_2),$$

where,

P = (VAT-free) FOB value of export sales;

c = value of bonded (duty- and VAT-free) imports of inputs used in the production of goods for export;

T<sub>1</sub> = VAT rate; and,

T<sub>2</sub> = refund rate specific to the export good.

Using the example above, if P = \$200 million, c = 0, T<sub>1</sub> = 17% and T<sub>2</sub> = 10%, then the reduction/offset = (\$200 million - \$0) x (17% - 10%) = \$200 million x 7% = \$14 million.

Chinese law then requires that the firm in this example calculate creditable input VAT by subtracting the \$14 million from total input VAT, as specified in Article 5.1(1) of the *2012 VAT Notice*:

$$\text{Creditable input VAT} = \text{Total input VAT} - \text{Reduction/Offset}$$

Using again the example above, the firm can credit only \$60 million – \$14 million = \$46 million of the \$60 million in input VAT against output VAT. Since the \$14 million is not creditable (legally recoverable), it is not refunded to the firm. Thus, the firm incurs a cost equal to \$14 million, which is calculated on the basis of FOB export value at the *ad valorem* rate of T<sub>1</sub> – T<sub>2</sub>. This cost therefore functions as an “export tax, duty, or other charge” because the firm does not incur it *but for* exportation of the subject merchandise, and under Chinese law must be recorded as a cost of exported goods.<sup>225</sup> It is for this “export tax, duty, or other charge” that Commerce makes a downward adjustment to U.S. price under section 772(c) of the Act.<sup>226</sup>

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<sup>223</sup> The credit, if not exhausted in the current period, can be carried forward.

<sup>224</sup> See, e.g., Meisen’s supplemental section C questionnaire Response, dated May 31, 2019 at Exhibit 32 (*2012 VAT Notice*).

<sup>225</sup> Article 5(3) of the *2012 VAT Notice* states: “If the tax refund rate is lower than the applicable tax rate, the tax for the difference calculated accordingly shall be included in the cost of exported goods and labor services.”

<sup>226</sup> Because the \$14 million is the amount of input VAT that is not refunded to the firm, it is sometimes referred to as “irrecoverable input VAT.” However, that phrase is perhaps misleading because the \$14 million is not a fraction or percentage of the VAT the firm paid on purchases of inputs used in the production of exports. If that were the case,

It is important to note that under Chinese law, the reduction/offset described above is defined in terms of, and applies to, total (company-wide) input VAT across purchases of all inputs, whether used in the production of goods for export or domestic consumption. The reduction/offset does not distinguish the VAT treatment of export sales from the VAT treatment of domestic sales from an input VAT recovery standpoint for the simple reason that such treatment under Chinese law applies to the company as a whole, not specific markets or sales. At the same time, however, the reduction/offset is calculated on the basis of the FOB value of exported goods, so it can be thought of as a tax on the company (*i.e.*, a reduction in the input VAT credit) that the company would not incur but for the export sales it makes, a tax fully allocable to export sales because the firm under Chinese law must book it as cost of exported goods.

The VAT treatment under Chinese law of exports of goods described above concerns only export sales that are *not* subject to output VAT, the situation where the firm collects no VAT from the buyer, which applies to most exports from China. However, the *2012 VAT Notice* provides for a limited exception in which export sales of certain goods are, under Chinese law, deemed domestic sales for tax purposes and are thus subject to output VAT at the full rate.<sup>227</sup> The formulas discussed above from Article 5 of the *2012 VAT Notice* do not apply to firms that export these goods, and there is therefore no reduction in or offset to their creditable input VAT. For these firms creditable input VAT = total input VAT, *i.e.*, these firms recover all of their input VAT. At the same time, export sales of these firms are subject to an explicit output VAT at the full rate,  $T_1$ .<sup>228</sup> Commerce must therefore deduct this tax from U.S. price<sup>229</sup> under section 772(c) of the Act to ensure tax-neutral dumping margin calculations.<sup>230</sup>

As such, in the initial questionnaires, Commerce instructed mandatory respondents to report VAT on the subject merchandise sold to the United States during the POI and to identify which taxes are unrefunded upon export.<sup>231</sup> Information placed on the record of this investigation indicates that according to China VAT schedule, the standard VAT levy during the period July 1, 2018, through December 31, 2018, was 16 percent and the rebate rates for the subject merchandise were 15 percent before November 1, 2018, and sixteen percent on or after November 1, 2018, respectively.<sup>232</sup> Consistent with our standard methodology, for purposes of

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the value of production inputs, not FOB export value, would appear somewhere in the formula in Article 5 of the *2012 VAT Notice* as the tax basis for the calculation. The value of production inputs does not appear in the formula. Instead, as explained above, the \$14 million is simply a cost imposed on firms that is tied to export sales, as evidenced by the formula's reliance on the FOB export value as the tax basis for the calculation. The \$14 million is a reduction in or offset to what is essentially a tax credit, and it is calculated based on and is proportional to the value of a company's export sales. Thus, "irrecoverable input VAT" is in fact, despite its name, an export tax within the meaning of section 772(c) of the Act.

<sup>227</sup> See *2012 VAT Notice*, Article 7. For these goods, the VAT refund rate on export is zero.

<sup>228</sup> See *2012 VAT Notice*, Article 7.2(1).

<sup>229</sup> Commerce will divide the VAT-inclusive export price by  $(1 + T)$ , where  $T$  is the applicable VAT rate.

<sup>230</sup> Pursuant to sections 772(c) and 773(c) of the Act, the calculation of normal value based on factors of production in NME antidumping cases is calculated on a VAT-exclusive basis, so U.S. price must also be calculated on a VAT-exclusive basis to ensure tax neutrality.

<sup>231</sup> See AD questionnaires to Ancientree and Foremost dated June 5, 2019.

<sup>232</sup> See Ancientree CDQR, at C-30 and Exhibit C-4 ; see also Foremost CDQR, at section D pages 45-46 and Exhibits C-45-4 and C-45-5.

this preliminary determination we based the calculation of irrecoverable VAT on the difference between those standard rates, applied to a free-on-board price at the time of exportation.<sup>233</sup> Thus, because the VAT levy and VAT rebate rates on exports are different for a portion of the POI, we adjusted Ancientree and Foremost's U.S. sales for irrecoverable VAT.

## I. Normal Value

Section 773(c)(1) of the Act provides that Commerce shall determine NV using the FOP methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home market prices, third-country prices, or constructed value under section 773(a) of the Act. Commerce bases NV on FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under Commerce's normal methodologies.<sup>234</sup> Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), we calculated NV based on FOPs. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials used; (3) amounts of energy and other utilities consumed; and (4) representative capital costs.<sup>235</sup>

## J. Factor Valuation Methodology

In accordance with section 773(c) of the Act, we calculated NV based on FOP data reported by Ancientree and Foremost. To calculate NV, we multiplied the reported per-unit FOP consumption rates by publicly available SVs. When selecting SVs, we considered, among other factors, the quality, specificity, and contemporaneity of the SV data.<sup>236</sup> As appropriate, we adjusted FOP costs by including freight costs to make them delivered values. Specifically, we added a surrogate freight cost, where appropriate, to surrogate input values using the shorter of the reported distance from the domestic supplier to the respondent's factory or the distance from the nearest seaport to the respondent's factory.<sup>237</sup> A detailed description of the SVs used can be found in the Preliminary SV Memorandum.

### 1. Direct and Packing Materials

For the preliminary determination, we used Romanian import data, as published by the GTA, and other publicly available sources from Romania to calculate SVs for FOPs. In accordance with

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<sup>233</sup> See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Final Determination of No Shipments; 2012-2013*, 80 FR 33241 (June 11, 2015), and accompanying IDM at Comment 5.

<sup>234</sup> See, e.g., *Preliminary Determination of Sales at Less Than Fair Value, Affirmative Critical Circumstances, In Part, and Postponement of Final Determination: Certain Lined Paper Products from the People's Republic of China*, 71 FR 19695, 19703 (April 17, 2006), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value, and Affirmative Critical Circumstances, In Part: Certain Lined Paper Products from the People's Republic of China*, 71 FR 53079 (September 8, 2006).

<sup>235</sup> See section 773(c)(3)(A)-(D) of the Act.

<sup>236</sup> See, e.g., *Certain New Pneumatic Off-the-Road Tires from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 40485 (July 15, 2008), and accompanying IDM at Comment 9.

<sup>237</sup> See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997) (*Sigma Corp.*).

section 773(c)(1) of the Act, we used the best available information for valuing FOPs by selecting, to the extent practicable, SVs which are: (1) broad market averages, (2) product-specific, (3) tax-exclusive, non-export average values, and (4) contemporaneous with, or closest in time to the POI.<sup>238</sup>

As noted in the “Surrogate Country” section, the parties made several submissions regarding the appropriate surrogate valuation of the respondents’ reported material FOPs. In instances where the parties disagree with respect to the particular HTS subheading under which a particular material input should be valued, we used an HTS subheading selection method based on the best match between the reported physical description and function of the input and the HTS subheading description.<sup>239</sup>

Pursuant to 19 CFR 351.408(c)(1), where a factor is produced in one or more market economy countries, purchased from one or more market economy suppliers and paid for in a market economy currency, Commerce normally will use the prices paid to the market economy suppliers if substantially all (*i.e.*, 85 percent or more) of the total volume of the factor is purchased from the market economy suppliers. Alternatively, when the volume of an NME firm’s purchases of an input from ME suppliers during the period is below 85 percent of its total volume of purchases of the input during the period, Commerce will weight-average the ME purchase price with an appropriate SV, according to their respective shares of the total volume of purchases. When a firm has made ME input purchases that may have been dumped or subsidized, are not *bona fide*, or are otherwise not acceptable for use in a dumping calculation, Commerce will exclude them from the numerator of the ratio to ensure a fair determination of whether valid ME purchases meet the 85 percent threshold.<sup>240</sup> Only Foremost had raw material ME purchases, although none of those purchases met the 85 percent threshold. In accordance with 19 CFR 351.408(c)(1), because Foremost had less than 85 percent of its raw material purchases from ME suppliers, Commerce weight-averaged Foremost’s raw material ME purchase prices with its raw material NME purchase price in calculating the SVs for the raw material inputs purchased from ME sources.<sup>241</sup>

The record shows that for the remaining inputs, Romanian import data obtained through GTA, are broad market averages, product-specific, tax and duty-exclusive, and contemporaneous with the POI.<sup>242</sup>

Pursuant to section 773(c)(5) of the Act and Commerce’s long-standing practice, Commerce disregards SVs if it has a reason to believe or suspect the source data may comprise dumped or

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<sup>238</sup> See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value, Negative Preliminary Determination of Critical Circumstances and Postponement of Final Determination: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 42672, 42682 (July 16, 2004), unchanged in *Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the Socialist Republic of Vietnam*, 69 FR 71005 (December 8, 2004).

<sup>239</sup> See Preliminary SV Memorandum for further discussion.

<sup>240</sup> See *Market Economy Input Prices in NME Proceedings*.

<sup>241</sup> See Foremost Prelim Analysis Memo for a proprietary discussion of Foremost’s raw material ME purchases.

<sup>242</sup> See Preliminary SV Memorandum.

subsidized prices.<sup>243</sup> In this regard, Commerce has previously found that it is appropriate to disregard such prices from India, Indonesia, South Korea, and Thailand because we have determined that these countries maintain broadly available, non-industry specific export subsidies.<sup>244</sup> Based on the existence of the subsidy programs that were generally available to all exporters and producers in these countries at the time of the POI, Commerce finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea, and Thailand may have benefitted from these subsidies. Therefore, we have not used prices from these four countries in calculating the Romanian import-based SVs.

Additionally, we disregarded data from NME countries when calculating Romanian import-based per-unit SVs. We also excluded from the calculation of Romanian import-based per-unit SVs imports labeled as originating from an “unidentified” country because we could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.<sup>245</sup>

## 2. Energy

We preliminarily valued electricity at the utility cost of 0.0925 Euro per kWh based on the POI data from Eurostat.<sup>246</sup> Because the electricity data are contemporaneous with the POI, we did not adjust the data for inflation.

We preliminarily valued natural gas using the POI data from Eurostat. The preliminary SV is 0.20463 Euro per cubic meter (m<sup>3</sup>).<sup>247</sup>

We preliminarily valued water at 3.808 Lei per m<sup>3</sup> based on data from ANRSC, the Romanian National Authority for the Regulation of Public Utility Community Services, using rates applicable during the POI.<sup>248</sup>

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<sup>243</sup> See section 773(c)(5) of the Act; see also *Dates of Application of Amendments to the Antidumping and Countervailing Duty Laws Made by the Trade Preferences Extension Act of 2015*, 80 FR 46793, 46795 (August 6, 2015).

<sup>244</sup> See, e.g., *Certain Frozen Warmwater Shrimp from India: Final Results of Antidumping Duty Administrative Review and Final No Shipment Determination; 2011-2012*, 78 FR 42492 (July 16, 2013), and accompanying IDM at 7-19; see also *Certain Lined Paper Products from Indonesia: Final Results of the Expedited Sunset Review of the Countervailing Duty Order*, 76 FR 73592 (November 29, 2011), and accompanying IDM at 1, *Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea: Final Results of Countervailing Duty Administrative Review; 2012*, 79 FR 46770 (August 11, 2014), and accompanying IDM at 4, *Certain Frozen Warmwater Shrimp from Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying IDM at IV.

<sup>245</sup> See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Chlorinated Isocyanurates from the People's Republic of China*, 69 FR 75294, 75301 (December 16, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Chlorinated Isocyanurates from the People's Republic of China*, 70 FR 24502 (May 10, 2005).

<sup>246</sup> See Preliminary SV Memorandum, at Attachments 1 and 2. See also Petitioner SV Comments, at Exhibits 1 and 4.

<sup>247</sup> See Preliminary SV Memorandum, at Attachment 2. See also Petitioner Pre-prelim SV Comments, at Exhibits 1 and 3.

<sup>248</sup> See Preliminary SV Memorandum, at Exhibits 1 and 2. See also Petitioner Pre-prelim SV Comments, at Exhibits 1 and 6.

We preliminarily valued steam at 0.03 Euro per m<sup>3</sup>.<sup>249</sup> To value steam, Commerce calculated 14.52 percent of the SV of natural gas (obtained as described above), consistent with prior practice.<sup>250</sup>

### 3. Movement Expenses

As appropriate, we added freight costs to SVs. Specifically, we added surrogate inland freight costs to import values used as SVs. We calculated freight SVs using the shorter of the reported distance from the domestic supplier to the factory that produced the subject merchandise or the distance from the nearest port to the factory that produced the subject merchandise, where appropriate.<sup>251</sup>

We valued brokerage and handling and inland freight expenses using data from the World Bank Group's *Doing Business – Romania (Doing Business)*.<sup>252</sup> The value for truck freight in *Doing Business* is publicly available and current as of 2018.<sup>253</sup>

### 4. Labor

We calculated an hourly labor rate using industry-specific data from the primary surrogate country, Romania. In particular, we relied on manufacturing-specific labor data from the website Trading Economics.<sup>254</sup> We calculated a manufacturing-specific labor cost rate of 20.97 Lei per hour.

### 5. Financial Ratios

According to 19 CFR 351.408(c)(4), Commerce is directed to value overhead, selling, general and administrative (SG&A) expenses, and profit using non-proprietary information gathered from producers of merchandise that is identical or comparable to the merchandise under consideration in the primary surrogate country. Commerce's preference is to derive surrogate overhead expenses, SG&A expenses, and profit using financial statements covering a period that is contemporaneous with the POI, that show a profit, from companies with a production experience similar to the respondents' production experience, and that are not distorted or

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<sup>249</sup> See Preliminary SV Memorandum, at Attachment 1. See also Petitioner Pre-prelim SV Comments, at Exhibits 1 and 5.

<sup>250</sup> See *Certain Steel Wheels from the People's Republic of China: Notice of Preliminary Determination of Sales at Less Than Fair Value, Partial Affirmative Preliminary Determination of Critical Circumstances, and Postponement of Final Determination*, 76 FR 67703, 67714 (November 2, 2011), unchanged in *Certain Steel Wheels From the People's Republic of China: Notice of Final Determination of Sales at Less Than Fair Value and Partial Affirmative Final Determination of Critical Circumstances*, 77 FR 17021 (March 23, 2012).

<sup>251</sup> See *Sigma Corp.*, 117 F.3d at 1407-08.

<sup>252</sup> See Preliminary SV Memorandum, at Attachments 1 and 2.

<sup>253</sup> *Id.*

<sup>254</sup> See Preliminary SV Memorandum, at Attachments 1 and 2. See also Wen Bo Rebuttal SV Comments, at Exhibit 1.

otherwise unreliable, such as financial statements that indicate the company received subsidies.<sup>255</sup>

To value factory overhead, SG&A, and profit, we used the 2018 audited public financial statements of S.C. Sigstrat S.A. We preliminarily determine that this company best satisfies Commerce's criteria for selection of financial statements by which to value respondents' financial ratios because it represents the only record financial statements for a producer of wooden products and furniture that are contemporaneous, profitable, contain no evidence of countervailable subsidies, and specifically break out energy as a production expense.<sup>256</sup>

#### 6. By-Product Offset

Commerce's practice is to grant respondents an offset to reported FOPs for by-product generated during the production of the subject merchandise if evidence is provided that such by-product has commercial value.<sup>257</sup> We valued the respondent's reported by-product offsets using Romanian import statistics.<sup>258</sup>

### IX. CURRENCY CONVERSION

Where appropriate, we made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

### X. ADJUSTMENT UNDER SECTION 777A(F) OF THE ACT

In applying section 777A(f)(1) of the Act, Commerce examines: (A) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise; (B) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period; and (C) whether Commerce can reasonably estimate the extent to which that countervailable subsidy, in combination with the use of NV determined pursuant to section 773(c) of the Act, has increased the weighted-average dumping margin for the class or kind of merchandise.<sup>259</sup> As part of its analysis under section 777A(f)(1)(C) of the Act, Commerce examines whether the

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<sup>255</sup> See *Hand Trucks and Certain Parts Thereof from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 2010-2011, 78 FR 28801 (May 16, 2013), and accompanying IDM at Comment 2; *Certain Kitchen Appliance Shelving and Racks from the People's Republic of China; 2010-2011; Final Results of Antidumping Duty Administrative Review*, 78 FR 5414 (January 25, 2013), and accompanying IDM at Comment 1.

<sup>256</sup> See Preliminary SV Memorandum at Attachments 1, 2, and 11. See also Petitioner SV Comments, at Attachment 10B.

<sup>257</sup> See *Forged Steel Fittings from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 22948 (May 17, 2018), and accompanying PDM at "Factor Valuation Methodology." See also *Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, from the People's Republic of China: Final Results of Antidumping Duty Administrative Reviews and Final Rescission and Partial Rescission of Antidumping Duty Administrative Reviews*, 70 FR 54897 (September 19, 2005), and accompanying IDM at "Scrap Offset."

<sup>258</sup> See Preliminary SV Memorandum.

<sup>259</sup> See section 777A(f)(1)(A)-(C) of the Act.

respondent demonstrated: (1) a subsidies-to-cost link, *e.g.*, subsidy impact on cost of manufacture (COM); and (2) a cost-to-price link, *e.g.*, respondent's prices changed as a result of changes in the COM.<sup>260</sup> For a subsidy meeting these criteria, the statute requires Commerce to reduce the AD rate by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.<sup>261</sup>

In conducting this analysis, Commerce has not concluded that concurrent application of NME dumping duties and countervailing duties necessarily and automatically results in overlapping remedies. Rather, a finding that there is an overlap in remedies, and any resulting adjustment, is based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.<sup>262</sup>

As a result of our analysis, Commerce is preliminarily not making any adjustments to the calculation of the cash deposit rate for antidumping duties for Ancientree and Foremost and companies that are not being individually examined but preliminarily are being granted separate-rate status in this investigation, pursuant to section 777A(f) of the Act, in the manner described below.

In order to examine the effects of concurrent countervailable subsidies in calculating margins for Ancientree and Foremost, Commerce provided the respondent with an opportunity to submit information with respect to subsidies relevant to their eligibility for an adjustment to the calculated weighted-average dumping margins.<sup>263</sup> Ancientree and Foremost timely submitted their double remedy questionnaire responses.<sup>264</sup> A finding that there is an overlap in remedies and any resulting adjustments are based on a case-by-case analysis of the totality of facts on the administrative record for that segment of the proceeding as required by the statute.<sup>265</sup>

As discussed above, section 777A(f)(1)(B) of the Act requires consideration of whether the countervailable subsidy programs noted above have been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period. In *Passenger Vehicle and Light Truck Tires from China*, we examined the preliminary report issued by the ITC in order to conduct an analysis under section 777A(f)(1)(B) of the Act and found

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<sup>260</sup> See, *e.g.*, *Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 36876 (June 8, 2016), and accompanying PDM at 36, unchanged in *Certain Iron Mechanical Transfer Drive Components from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 81 FR 75032 (October 28, 2016).

<sup>261</sup> See section 777A(f)(1)-(2) of the Act.

<sup>262</sup> See *Drawn Stainless Steel Sinks from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2012-2014*, 80 FR 26227 (May 7, 2015) and accompanying PDM.

<sup>263</sup> See Letters to Ancientree, Foremost, and Meisen, dated August 16, 2019.

<sup>264</sup> See Ancientree's domestic subsidy response, dated August 26, 2019 (Ancientree DS Response); Foremost's domestic subsidy response, dated August 29, 2019 (Foremost DS Response).

<sup>265</sup> See, *e.g.*, *Certain Hardwood Plywood Products from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part*, 82 FR 28629 (June 23, 2017), and accompanying PDM at 43.

prices of imports of the class or kind of merchandise decreased during the relevant period.<sup>266</sup> In *Steel Racks from China*, we also examined U.S. import data in the preliminary report issued by the ITC and did not find a decrease in import prices during the relevant period.<sup>267</sup> Thus, we have examined the preliminary report issued by the ITC to determine whether section 777A(f)(1)(B) of the Act has been satisfied.<sup>268</sup>

The preliminary report issued by the ITC concluded that prices for U.S. imports from China of five of six types of wooden cabinets and vanities decreased by between seven percent and 37.2 percent from 2016 to 2018.<sup>269</sup> Based on this information, Commerce preliminarily finds that import prices of the class or kind of merchandise at issue during that relevant period decreased. Accordingly, we preliminarily find that the requirement under section 777A(f)(1)(B) of the Act has been met.

In accordance with section 777A(f)(1)(C) of the Act, Commerce examined whether Ancientree, and Foremost demonstrated: (1) a subsidies-to-cost link, *i.e.*, a subsidy effect on the COM of the merchandise under consideration; and (2) a cost-to-price link, *i.e.*, respondent's prices were dependent on changes in the COM. With respect to the subsidies-to-cost link, Ancientree and Foremost reported that they consumed electricity, water, plywood, veneers, urea, and/or sawn wood in the production of subject merchandise. However, the mandatory respondents failed to demonstrate that the subsidies received resulted in a change to their COM during the relevant period and that a change in their COM during the relevant period resulted in a change to the prices charged to their customers.

Ancientree only provided charts with the monthly prices of electricity and plywood.<sup>270</sup> However, no additional documents were provided, such as company accounting records, to demonstrate a connection between subsidies received and COM. Moreover, Ancientree reported if there is a “{s}ignificant change... in costs of manufacturing, the company would adjust and offer a new selling prices with its customers for the new purchase orders.”<sup>271</sup>

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<sup>266</sup> See *Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value; Preliminary Affirmative Determination of Critical Circumstances; In Part and Postponement of Final Determination*, 80 FR 4250 (January 27, 2015) and accompanying PDM at 33, unchanged in *Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part*, 80 FR 34893 (June 18, 2015) and accompanying IDM; see also *Antidumping Duty Investigation of Certain Passenger Vehicle and Light Truck Tires from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, In Part*, 80 FR 34893 (June 18, 2015) and accompanying IDM.

<sup>267</sup> See *Certain Steel Racks and Parts Thereof from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value*, 84 FR 35595 (July 24, 2019) and accompanying IDM at Comment 5.

<sup>268</sup> See, e.g., *Forged Steel Fittings from the People's Republic of China: Affirmative Preliminary Determination of Sales at Less Than Fair Value, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 22948 (May 17, 2018), and accompanying PDM at “IX. Adjustment Under Section 777A(f) of the Act,” unchanged in *Forged Steel Fittings from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 83 FR 50339 (October 5, 2018).

<sup>269</sup> See Preliminary ITC Report, at Table V-18.

<sup>270</sup> See Ancientree DS Response.

<sup>271</sup> See Ancientree DS Response, at 6.

However, they did not demonstrate that this occurred during the POI. Therefore, Ancientree has not satisfied the subsidies-to-cost linkage for this preliminary determination. Additionally, because Ancientree failed to identify a subsidies-to-cost link, it also failed to identify a cost-to-price linkage, as no price fluctuations were shown to result from a change in cost during the relevant period. Accordingly, Commerce is not making any adjustment under section 777A(f) of the Act for this preliminary determination with respect to Ancientree.

Foremost provided several charts and tables with the monthly prices of electricity, water, plywood, and veneers.<sup>272</sup> Foremost also provided a chart and table with the monthly “AUSP.”<sup>273</sup> These tables do not indicate or demonstrate any connection between price, the cost of the inputs, and any subsidies the company received. Foremost provided no explanation as to how these tables/charts would demonstrate a subsidies-to-cost link. Commerce notes that in the tables provided by Foremost for plywood and veneers, the changes in prices contrast the changes in costs, while the tables for water and electricity demonstrate no fluctuation in cost at all.<sup>274</sup> Moreover, in its efforts to demonstrate that changes in COM could impact changes in price, Foremost provided e-mails discussing the changes in price that resulted from tariffs, which Commerce finds is not a demonstration of a subsidy-to-cost linkage. Ultimately, in support of Commerce’s interpretation of the documentation provided by Foremost, it states, “there are no recent examples of Foremost lowering its prices in response to a decrease in an input cost or the overall cost of manufacturing.”<sup>275</sup> Accordingly, Commerce is not making any adjustment under section 777A(f) of the Act for this preliminary determination with respect to Foremost.

## **XI. ADJUSTMENT TO CASH DEPOSIT RATE FOR EXPORT SUBSIDIES**

In AD investigations where there is a concurrent CVD investigation, it is Commerce’s normal practice to calculate the cash deposit rate for each respondent by adjusting the respondent’s weighted-average dumping margin to account for export subsidies found for each respective respondent in the concurrent CVD investigation. Doing so is in accordance with section 772(c)(1)(C) of the Act, which states that U.S. price “shall be increased by the amount of any countervailing duty imposed on the subject merchandise... to offset an export subsidy.”<sup>276</sup>

Commerce determined in the preliminary determination of the companion CVD investigation that Ancientree and Foremost each benefitted from certain subsidy programs contingent on exports totaling 10.54 percent.<sup>277</sup> With respect to the separate rate companies, we find that an average of the export subsidy adjustment of 10.54 percent for Ancientree and Foremost is

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<sup>272</sup> See Foremost DS Response at DS-9a.

<sup>273</sup> *Id.* Commerce notes that Foremost did not define AUSP but based on the source of the AUSP table, AUSP is presumed to mean “price.”

<sup>274</sup> *Id.*

<sup>275</sup> See Foremost DS Response at 7.

<sup>276</sup> See *Carbazole Violet Pigment 23 from India: Final Results of Antidumping Duty Administrative Review*, 75 FR 38076, 38077 (July 1, 2010), and accompanying IDM at Comment 1.

<sup>277</sup> See *Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 84 FR 39798 (August 12, 2019) and accompanying PDM at 45-46 relating to the Export Buyer’s Credit Program.

warranted because this is the export subsidy rate included in the CVD all-others rate, to which the separate rate companies are subject in the companion CVD proceeding. For the China-wide entity, Commerce has adjusted the China-wide entity's AD cash deposit rate by the only export subsidy rate determined for any party in the companion CVD proceeding, which is the 10.54 percent rate applicable to Ancientree and Foremost.

**XII. RECOMMENDATION**

We recommend applying the above methodology for this preliminary determination.

\_\_\_\_\_  
Agree

\_\_\_\_\_  
Disagree

10/2/2019

X   
\_\_\_\_\_

Signed by: PRENTISS SMITH

\_\_\_\_\_  
P. Lee Smith  
Deputy Assistant Secretary  
for Policy and Negotiations  
Enforcement and Compliance

**Appendix I.a.**

**Wholly Foreign Owned Companies**

<b>Exporter</b>	<b>Producer</b>
China Friend Limited	Dongming Sanxin Wood Industry Co., Ltd.
Dalian Jiaye Wood Products Co., Ltd.	Dalian Jiaye Wood Products Co., Ltd.
DEHK LIMITED	DIAM DISPLAY (CHINA) CO., LTD.
Foremost Worldwide Company Limited	Rizhao Foremost Woodwork Manufacturing Company, Ltd.
Foremost Worldwide Company Limited	Henan AiDiJia Furniture Co., Ltd.
Foremost Worldwide Company Limited	Suzhou Weiye Furniture Co., Ltd.
Foremost Worldwide Company Limited	Changsha Minwan Furniture Manufacturing Co., Ltd.
Fuzhou Minlian Wood Industry Co., Ltd	Fuzhou Minlian Wood Industry Co., Ltd
GAOMI HONGTAI HOME FURNITURE CO., LTD	GAOMI HONGTAI HOME FURNITURE CO., LTD
Haiyang Kunlun Wood Co.,Ltd	Haiyang Kunlun Wood Co.,Ltd
HUIZHOU MANDARIN FURNITURE CO., LTD.	HUIZHOU MANDARIN FURNITURE CO., LTD.
Jiangsu Roc Furniture Industrial Co., Ltd.	Jiangsu Roc Furniture Industrial Co., Ltd.
Jiangsu Xiangsheng Bedtime Furniture Co., Ltd.	Jiangsu Xiangsheng Bedtime Furniture Co., Ltd.
King's Group Furniture (Enterprises) Co., Ltd.	Zhongshan King's Group Furniture (ENTERPRISES) Co., Ltd.
Liu Shu Woods Product (Huizhou) Co., Ltd also known as Liu Shu Wood Products Co., Ltd (trade name) and Liu Shu Woods Product Co., Ltd (trade name)	Liu Shu Woods Product (Huizhou) Co., Ltd
Master Door & Cabinet Co.,Ltd.	Master Door & Cabinet Co.,Ltd.
Masterwork Cabinetry Company Limited	Shandong Compete Wood Co., Ltd.
Masterwork Cabinetry Company Limited	Linyi Zhongsheng Jiaju Zhuangshi Co., Ltd

MEILIN WOOD PRODUCTS(DALIAN)CO.,LTD	MEILIN WOOD PRODUCTS(DALIAN)CO.,LTD
MJB Supply (Dalian) Co., Ltd	Mulin City Baimiantong Linyeju Jisen Wood
Pneuma Asia Sourcing & Trading Co. LIMITED	Dalian Tianxin Home Product Co., Ltd.
Pneuma Asia Sourcing & Trading Co. LIMITED	Qingdao Haiyan Drouot Household Co., Ltd.
Ronbow Hong Kong Limited	Wuxi Yusheng Kitchen-Bathroom Equipment Co., Ltd.
Shanghai Jiang Feng Furniture Co., Ltd.	Shanghai Jiang Feng Furniture Co., Ltd.
Silver Stone Group Co., Ltd	QINGDAO FAMILY CRAFTS CO., LTD
Silver Stone Group Co., Ltd	QingDao XiuZhen Furniture Co., Ltd.
Smart Gift International	Anhui GeLun Wood Industry Co., Ltd.
Smart Gift International	Ning'an City Jiude Wood Co., Ltd.
Smart Gift International	Muling City Bamiantong Forestry Bureau Jisen Wood Co., Ltd.
Smart Gift International	Dalian Ruiyu Mountain Wood Co., Ltd.
Smart Gift International	Jiamusi City Quanhong Wood Industry Co., Ltd.
Smart Gift International	Dalian Chunyao Wood Industry Co., Ltd.
Supree (Fujian) Wood Co., Ltd.	Supree (Fujian) Wood Co., Ltd.
Supree (Fujian) Construction Materials Co., Ltd	Supree (Fujian) Construction Materials Co., Ltd
The Frame Manufacturing Co. Ltd	HUIZHOU DIWEIXIN JIATINGYONGPIN CO., LTD
Top Goal International Group Ltd.(Hong Kong)	Dongguan City Top Goal Furniture Co., Ltd.
Tradewinds Furniture Ltd.	Tradewinds Furniture Ltd.
Wa Fok Art Craft Furniture (MACAO) Co., Ltd	Zhongshan Huafu Art Craft Furniture Co., Ltd
WEIFANG KITCHINET CORPORATION	WEIFANG KITCHINET CORPORATION
Weifang Yuanlin Woodenware Co., Ltd	Weifang Yuanlin Woodenware Co., Ltd

Weihai Adornus Cabinetry Manufacturing Co., Ltd	Weihai Adornus Cabinetry Manufacturing Co., Ltd
WEIHAI JARLIN CABINETY MANUFACTURE CO., LTD	WEIHAI JARLIN CABINETY MANUFACTURE CO., LTD
Wuxi Yusheng Kitchen-Bathroom Equipment Co., Ltd.	Wuxi Yusheng Kitchen-Bathroom Equipment Co., Ltd.
Xiamen Sintop Display Fixtures Co., Ltd.	Xiamen Sintop Display Fixtures Co., Ltd.
XINGZHI INTERNATIONAL TRADE LIMITED	XUZHOU YIHE WOOD CO., LTD.
Zhaoqing Centech Decorative Material Company Ltd	Zhaoqing Centech Decorative Material Company Ltd
Zhongshan Fookyik Furniture Co., Ltd.	Zhongshan Fookyik Furniture Co., Ltd.
ZHONGSHAN HENGFU FURNITURE COMPANY LIMITED	ZHONGSHAN HENGFU FURNITURE COMPANY LIMITED
Zhongshan King's Group Furniture (ENTERPRISES) Co., Ltd.	Zhongshan King's Group Furniture (ENTERPRISES) Co., Ltd.

**Appendix I.b.**

**Absence of De Jure and De Facto Control**

<b>Exporter</b>	<b>Producer</b>
ANHUI JIANLIAN WOOD PRODUCTS CO.,LTD	ANHUI JIANLIAN WOOD PRODUCTS CO.,LTD
Anhui Swanch Cabinetry Co., Ltd.	Anhui Swanch Cabinetry Co., Ltd.
ANHUI XINYUANDA CUPBOARD CO., LTD.	ANHUI XINYUANDA CUPBOARD CO., LTD.
Beijing Oulu Jinxin International Trade Co., Ltd.	Beijing Oulu Jinxin International Trade Co., Ltd.
Boloni Smart Home Decor (Beijing) Co., LTD	Boloni Smart Home Decor (Beijing) Co., LTD
Caoxian Brothers Hengxin Wood Industry Co., Ltd	Caoxian Brothers Hengxin Wood Industry Co., Ltd
Changyi Zhengheng Woodwork Co., Ltd	Changyi Zhengheng Woodwork Co., Ltd
CHAOZHOU YAFENG BATHROOM EQUIPMENT CO., LTD	CHAOZHOU YAFENG BATHROOM EQUIPMENT CO., LTD
Dalian Meisen Woodworking Co., Ltd.	Dalian Meisen Woodworking Co., Ltd.
Dalian Xingsen Wooden Products Co.,Ltd	Dalian Xingsen Wooden Products Co.,Ltd
Dandong City Anmin Wooden Products Group Co., Ltd	Dandong City Anmin Wooden Products Group Co., Ltd
Dandong Laroyal Cabinetry Co., Ltd.	Dandong Laroyal Cabinetry Co., Ltd.
Deqing China-Africa Foreign Trade Port Co., Ltd.	Suqian Welcomewood Products Co., Ltd.
Dewell Wooden Products Haian Co., Ltd.	Dewell Wooden Products Haian Co., Ltd.
Dongguan American Parts Supplier Co., Ltd	Dongguan American Parts Supplier Co., Ltd
Dongguan Niusaiqu Wood Industry Co., Ltd	Dongguan Niusaiqu Wood Industry Co., Ltd
Dongguan Unique Life Furniture Co., Ltd. also known as Unique Life Furniture Co., Ltd (trade name)	Dongguan Unique Life Furniture Co., Ltd.
Dorbest Ltd.	Rui Feng Woodwork (Dongguan) Co., Ltd.

EZIDONE DISPLAY CORPORATION LTD	EZIDONE DISPLAY CORPORATION LTD
EZIDONE DISPLAY CORPORATION LTD	EZIDONE DISPLAY INC
Forcer International Limited	QUFU XINYU FURNITURE CO., LTD.
Forcer International Limited	LINYI RUNKANG CABINET CO., LTD
Forcer International Limited	BEIJING OULU JINXIN INTERNATIONAL TRADE CO., LTD
Foshan City Shunde District Refined Furniture Co., Ltd. also known as Refined Furniture Co., Ltd. (trade name)	Foshan City Shunde District Refined Furniture Co., Ltd. also known as Refined Furniture Co., Ltd. (trade name)
Foshan Liansu building material Trading Co., Ltd.	Guangdong Lesso Home Furnishing Co., Ltd.
FOSHAN NANHAI HONGZHOU WOOD CO., LTD	FOSHAN NANHAI HONGZHOU WOOD CO., LTD
Foshan Shunde Yajiasi Kitchen Cabinet Co., Ltd.	Foshan Shunde Yajiasi Kitchen Cabinet Co., Ltd.
FOSHAN SOURCEVER (CN) CO., LIMITED	FOSHAN DIBIAO BATHROOM CO., LTD
FOSHAN SOURCEVER (CN) CO., LIMITED	FOSHAN MK HOME FURISHING CO., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	PROUDER INDUSTRIAL LIMITED.
FOSHAN SOURCEVER (CN) CO., LIMITED	FOSHAN DEMAX SANITARY WARE CO., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	HEBEI SHUANGLI FURNITURE CO., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	ZHANGZHOU GUOHUI INDUSTRIAL & TRADE CO., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	SHOUGUANG FUSHI WOOD CO., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	Foshan Virtu Bathroom Furniture Ltd.
FOSHAN SOURCEVER (CN) CO., LIMITED	Guangdong Purefine Kitchen & Bath Technology Co., LTD.
FOSHAN SOURCEVER (CN) CO., LIMITED	KAIPING HONGITARYWARE TECHNOLOGY LTD.
Foshan Sourcever Company Limited	FOSHAN DIBIAO BATHROOM CO., LTD
Foshan Sourcever Company Limited	FOSHAN MK HOME FURISHING CO., LTD.

Foshan Sourcever Company Limited	PROUDER INDUSTRIAL LIMITED.
Foshan Sourcever Company Limited	FOSHAN DEMAX SANITARY WARE CO., LTD.
Foshan Sourcever Company Limited	HEBEI SHUANGLI FURNITURE CO., LTD.
Foshan Sourcever Company Limited	ZHANGZHOU GUOHUI INDUSTRIAL & TRADE CO., LTD.
Foshan Sourcever Company Limited	SHOUGUANG FUSHI WOOD CO., LTD.
Foshan Sourcever Company Limited	Foshan Virtu Bathroom Furniture Ltd.
Foshan Sourcever Company Limited	Guangdong Purefine Kitchen & Bath Technology Co., LTD.
Foshan Sourcever Company Limited	KAIPING HONGITARYWARE TECHNOLOGY LTD.
Foshan Xinzhongwei Economic & Trade Co., Ltd.	Foshan Lihong Furniture Sanitary Ware Co., Ltd
FUJIAN DUSHI WOODEN INDUSTRY CO., LTD.	FUJIAN DUSHI WOODEN INDUSTRY CO., LTD.
FUJIAN LEIFENG CABINERY CO., LTD.	FUJIAN LEIFENG CABINERY CO., LTD.
Fujian Panda Home Furnishing Co., Ltd	Fujian Panda Home Furnishing Co., Ltd
Fujian Senyi Kitchen Cabinet Co., Ltd	Fujian Senyi Kitchen Cabinet Co., Ltd
Fuzhou Biquan Trading Co., Ltd.	Biquan (Fujian) Group Co., Ltd.
Fuzhou CBM Import & Export Co., Ltd.	Fuzhou CBM Import & Export Co., Ltd.
Fuzhou Desource Home Décor Co., Ltd.	Fuzhou Desource Home Decor Co., Ltd.
FUZHOU LIMIN STONE PRODUCTS CO., LTD.	Fuzhou YST Cabinet Co., Ltd.
FUZHOU MASTONE IMPORT & EXPORT CO.,LTD	Fuzhou Yuansentai Cabinet Co., Ltd
FUZHOU SUNRISING HOME DECO MANUFACTURING CO., LTD.	FUZHOU SUNRISING HOME DECO MANUFACTURING CO., LTD.
FUZHOU XINRUI CABINET CO., LTD	FUZHOU XINRUI CABINET CO., LTD
Gaomi City Haitian Wooden Ware Co., Ltd	Gaomi City Haitian Wooden Ware Co., Ltd
Guangde Bozhong Trade Company, Ltd.	Guangde Bozhong Trade Company, Ltd.

GUANGDONG CACAR KITCHEN TECHNOLOGY CO., LTD	GUANGDONG CACAR KITCHEN TECHNOLOGY CO., LTD
Guangdong G-Top Import and Export Co., Ltd.	Foshan Shunde Rongao Furniture CO., LTD
Guangzhou Nuolande Import and Export Co., Ltd.	Guangzhou Nuolande Import and Export Co., Ltd.
Hangzhou Bestcraft Sanitary Equipments Co., Ltd.	Hangzhou Bestcraft Sanitary Equipments Co., Ltd.
Hangzhou Entop Houseware Co., Ltd.	Jinhua Aonika Sanitary Ware Co., Ltd.
Hangzhou Entop Houseware Co., Ltd.	Hangzhou Bestcraft Sanitary Equipments Co., Ltd.
Hangzhou Hansen Sanitary Ware Co., Ltd	Hangzhou Hansen Sanitary Ware Co., Ltd
Hangzhou Hoca Kitchen & Bath Products Co., Ltd.	Hangzhou Hoca Kitchen & Bath Products Co., Ltd.
Hangzhou Home Dee Sanitary Ware Co., Ltd.	Hangzhou Home Dee Sanitary Ware Co., Ltd.
Hangzhou Oulang Bathroom Equipment Co., Ltd	Hangzhou Oulang Bathroom Equipment Co., Ltd
Hangzhou Royo Import & Export Co., Ltd.	Jinhua Aonika Sanitary Ware Co., Ltd.
Hangzhou Royo Import & Export Co., Ltd.	Hangzhou Yuxin Sanitary Ware Co., Ltd.
Hangzhou Royo Import & Export Co., Ltd.	Hangzhou Fuyang Beautiful Sanitary Ware Co., Ltd.
Hangzhou Sunlight Sanitary Co., Ltd	Hangzhou Sunlight Sanitary Co., Ltd
Hangzhou Weinuo Sanitary Ware Co., Ltd.	PINGHU AIPA SANITARY WARE CO., LTD
Hangzhou Weinuo Sanitary Ware Co., Ltd.	HANGZHOU QILONG SANITARY WARE CO., LTD
Hangzhou Xinhai Sanitary Ware Co., Ltd	Hangzhou Xinhai Sanitary Ware Co., Ltd
Hangzhou Yewlong Import&Export Co., Ltd	Hangzhou Yewlong Industry Co., Ltd
Hangzhou Zhuangyu Import & Export Co., Ltd	Hangzhou Zhuangyu Import & Export Co., Ltd
Henan Aotin Home Furnishing Co., Ltd.	Henan Aotin Home Furnishing Co., Ltd.
Heyond Cabinet Co.,Ltd.	Heyond Cabinet Co.,Ltd.
Homestar Corporation	Homestar Corporation

HONG KONG JIAN CHENG TRADING CO., LIMITED	ZHONGSHAN YAYUE FURNITURE CO., LTD.
Honsoar New Building Material Co., Ltd	Shandong Honsoar Cabinet Materials Co., Ltd
Hua Yin Trading Development Co., Ltd of Jiangmen City	Jianfa Wooden Co., Ltd
Hua Yin Trading Development Co., Ltd of Jiangmen City	Heshan Yingmei Cabinets Co., Ltd
Hua Yin Trading Development Co., Ltd of Jiangmen City	Hesha Feiqiu Cabinet Co., Ltd
Huimin Hanlong Furniture Co., Ltd.	Huimin Hanlong Furniture Co., Ltd.
HUISEN FURNITURE (LONG NAN) CO., LTD. also known as HUISEN FURNITURE (LONGNAN) CO., LTD.	HUISEN FURNITURE (LONG NAN) CO., LTD. also known as HUISEN FURNITURE (LONGNAN) CO., LTD.
Jiang Su Rongxin Cabinets Ltd	Jiang Su Rongxin Cabinets Ltd
Jiangmen Kinwai Furniture Decoration Co., Ltd.	Jiangmen Kinwai Furniture Decoration Co., Ltd.
Jiangmen Kinwai International Furniture Co., Ltd.	Jiangmen Kinwai International Furniture Co., Ltd.
Jiangsu Beichen Wood Co., Ltd	Jiangsu Beichen Wood Co., Ltd
Jiangsu Meijun Intelligent Home Co., Ltd	Jiangsu Meijun Intelligent Home Co., Ltd
Jiangsu Pusite Furniture Co., Ltd.	Jiangsu Pusite Furniture Co., Ltd.
JIANGSU SUNWELL CABINETRY CO.,LTD.	JIANGSU SUNWELL CABINETRY CO.,LTD.
JIANGSU WEISEN HOUSEWARE CO .,LTD	JIANGSU WEISEN HOUSEWARE CO .,LTD
Jiayuan (Xiamen) Industrial Co., Ltd	Jiayuan (Xiamen) Industrial Co., Ltd
JINJIANG PERFECT GENERATION IMP.&EXP. CO.,LTD	Homebi Technology Co., LTD.
KM Cabinetry Co., Limited	Zhongshan KM Cabinetry Co., Ltd
Kunshan Baiyulan Furniture Co., Ltd.	Kunshan Baiyulan Furniture Co., Ltd.
Kunshan Home Right Trade Corporation	Kunshan Fangs Furniture Co., Ltd
LIANYUNGANG SUN RISE TECHNOLOGY CO., LTD.	LIANYUNGANG SUN RISE TECHNOLOGY CO., LTD.

Linshu Meibang Furniture Co., Ltd.	Linshu Meibang Furniture Co., Ltd.
Linyi Bomei Furniture Co., Ltd	Linyi Bomei Furniture Co., Ltd
LINYI BONN FLOORING MANUFACTURING CO.,LTD.	LINYI BONN FLOORING MANUFACTURING CO.,LTD.
Linyi Kaipu Furniture Co., Ltd.	Linyi Kaipu Furniture Co., Ltd.
Linyi Runkang Cabinet Co., Ltd.	Linyi Runkang Cabinet Co., Ltd.
Minhou Beite Home Decor Co., Ltd.	Minhou Beite Home Decor Co., Ltd.
MOREWOOD CABINETRY CO.,LTD	MOREWOOD CABINETRY CO.,LTD
Nanjing Kaylang Co., Ltd	Nanjing Kaylang Co., Ltd
Nantong Aershin Cabinets Co., Ltd	Nantong Aershin Cabinets Co., Ltd
Nantong Ouming Wood Co., Ltd.	Nantong Ouming Wood Co., Ltd.
NANTONG YANGZI FURNITURE CO., LTD.	NANTONG YANGZI FURNITURE CO., LTD.
NINGBO KINGWOOD FURNITURE CO., LTD.	NINGBO KINGWOOD FURNITURE CO., LTD.
NINGBO ROVSA HOME FURNISHING CO., LTD.	NINGBO ROVSA HOME FURNISHING CO., LTD.
Ojans Company Limited	Foshan Shunde Ojans Intelligent Sanitary Ware Co., Ltd.
Oppein Home Group Inc.	Oppein Home Group Inc.
PIZHOU OUYME IMPORT&EXPORT TRADE CO., LTD	XUZHOU OUMEC WOOD-BASED PANEL CO.,LTD
Putian Jinggong Furniture Co.,Ltd	Putian Jinggong Furniture Co.,Ltd
Qingdao Coomex Sources Co., Ltd. also known as Coomex Sources Co., Ltd.	Nantong Aershin Cabinets Co., Ltd
Qingdao Haiyan Drouot Household Co., Ltd.	Qingdao Haiyan Drouot Household Co., Ltd.
Qingdao Liangmu Hongye Co., Ltd.	Qingdao Liangmu Hongye Co., Ltd.
Qingdao Liangmu Jinshan Woodwork Co., Ltd.	Qingdao Liangmu Jinshan Woodwork Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Lankao Sanqiang Wooden Products Co., Ltd.

Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Linyi Lanshan Chengxinli Woods Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Shouguang Shi Qifeng Woods Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Linyi Mingzhu Woods Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Yichun Senhai Woods Industry Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Linyi Jinde Arts&Crafts Co., Ltd.
Qingdao Northriver Wooden Resource Industry & Trading Co., Ltd.	Qingdao Ruirong Woods Co., Ltd.
Qingdao Shousheng Industry Co., Ltd	Qingdao Shousheng Industry Co., Ltd
Qingdao Yimei Wood Work Co.,Ltd	Qingdao Yimei Wood Work Co.,Ltd
QINGDAOHONGXINCHENGDA WOOD INDUSTRY CO., LTD.	QINGDAOHONGXINCHENGDA WOOD INDUSTRY CO., LTD.
QUFU XINYU FURNITURE CO., LTD.	QUFU XINYU FURNITURE CO., LTD.
Sagarit Bathroom Manufacturer Limited	Shouguang Fushi Wood Co., Ltd.
Sagarit Bathroom Manufacturer Limited	Zhangzhou Guohui Industrial & Trade Co., Ltd
Sagarit Bathroom Manufacturer Limited	Qingdao Runpeng Wood Industrial Co., Ltd
Sankok Arts Co., Ltd.	Sankok Arts Co., Ltd.
Senke Manufacturing Company	Qindao Yimei Wood Work Co., Ltd.
Senke Manufacturing Company	Linyi Kaipu Furniture Co.,Ltd.
Senke Manufacturing Company	Shandon Honsoar Cabinetry Co., Ltd.
Senke Manufacturing Company	Huimin Hanlong Furniture Co, Ltd.
Shandong Cubic Alpha Timber Co.,Ltd.	Shandong Cubic Alpha Timber Co.,Ltd.
Shandong Fusheng Wood Co., Ltd	Shandong Fusheng Wood Co., Ltd
Shandong Huanmei Wood Co., Ltd	Shandong Huanmei Wood Co., Ltd
SHANDONG JINGYAO HOME DECORATION PRODUCTS CO., LTD	SHANDONG JINGYAO HOME DECORATION PRODUCTS CO., LTD

Shandong Longsen Woods Co., Ltd.	Shandong Longsen Woods Co., Ltd.
Shandong Sanfortune Home and Furniture Co., Ltd	Shandong Sanfortune Home and Furniture Co., Ltd
Shanghai Aiwood Home Supplies Co., Ltd.	Jiangsu Gangxing Kitchen Cabinet Co., Ltd.
Shanghai Aiwood Home Supplies Co., Ltd.	Shanghai Homebase SanSheng Household Product Co., Ltd.
Shanghai Baiyulan Furniture Co., Ltd.	Kunshan Baiyulan Furniture Co., Ltd.
Shanghai Beautystar Cabinetry Co., Ltd.	Jiangsu Sunwell Cabinetry Co., Ltd.
Shanghai Beautystar Cabinetry Co., Ltd.	Nantong Jiegao Furniture Co., Ltd.
SHANGHAI LINE KING INTERNATIONAL TRADING CO.,LTD.	SHANGHAI YAZHI WOODEN INDUSTRY CO.,LTD.
Shanghai Mebo Industry Co. Ltd.	Shanghai Mebo Industry Co. Ltd.
Shanghai Qingzhou Woodenware Co., Ltd.	Shanghai Qingzhou Woodenware Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Anhui GeLun Wood Industry Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Ning'an City Jiude Wood Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Muling City Bamiantong Forestry Bureau Jisen Wood Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Dalian Ruiyu Mountain Wood Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Linshu Meibang Furniture Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Jiamusi City Quanhong Wood Industry Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Kunshan Fangs Furniture Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Dalian Chunyao Wood Industry Co., Ltd.
Shanghai S&M Trade Co., Ltd.	Anhui Juxin Wood Industry Co., Ltd.
Shanghai Wang Lei Industries- Taicang Branch	Shanghai Wang Lei Industries- Taicang Branch
Shanghai Wen Bo Industries Co. Ltd.	Shanghai Yinbo Manufacturing Co. Ltd.
Shanghai Wen Bo Industries Co. Ltd.	Dalian Jiaye Wood Products Co., Ltd.

Shanghai Wen Bo Industries Co. Ltd.	Shanghai Baiyulan Furniture Co., Ltd
Shanghai Xietong (Group) Co., Ltd.	Nantong Jiegao Furniture Co., Ltd.
Shanghai Xietong (Group) Co., Ltd.	Jiangsu Senwei Smart Home Co., Ltd.
SHANGHAI ZIFENG INTERNATIONAL TRADING CO., LTD	SHANDONG GAINVAST WOODEN PRODUCTS CO., LTD
SHANGHAI ZIFENG INTERNATIONAL TRADING CO., LTD	SHANGHAI WENYI WOODEN CO., LTD
SHANGHAI ZIFENG INTERNATIONAL TRADING CO., LTD	NAN TONG DI LIN FURNITURE CO., LTD
SHANGHAI ZIFENG INTERNATIONAL TRADING CO., LTD	JIANGSU YANAN WOODEN CO., LTD
Sheen Lead International Trading (Shanghai)Co.,Ltd.	SHANGHAI RUIYING FURNITURE CO.,LTD.
Shouguang Fushi Wood Co., Ltd	Shouguang Fushi Wood Co., Ltd
Shouguang Honsoar Imp. & Exp. Trading Co., Ltd	Shouguang Honsoar Imp. & Exp. Trading Co., Ltd
SHOUGUANG JIAXIU WOOD CO., LTD	SHOUGUANG JIAXIU WOOD CO., LTD
SHOUGUANG JIAXIU WOOD CO., LTD	SHOUGUANG JIAXIU WOOD CO., LTD
Shouguang Jinxiangyuan Home Furnishing Co., Ltd	Shouguang Jinxiangyuan Home Furnishing Co., Ltd
Shouguang Sanyang Wood Industry Co., Ltd	Shouguang Sanyang Wood Industry Co., Ltd
SUNCO TIMBER(KUNSHAN) CO., LTD.	SUNCO TIMBER(KUNSHAN) CO., LTD.
SUZHOU BAOCHENG INDUSTRIES CO., LTD.	WALLBEYOND (SHUYANG) HOME DECOR CO., LTD.
Suzhou Five Cubic Wood Co., Ltd.	Suzhou Geda Office Equipment Manufacturing Co., Ltd.
Suzhou Oriental Dragon Import and Export Co., Ltd. also known as Suzhou Oriental Dragon Import and Export Corp., Ltd.	Lingbi Xianghe Wood Co., Ltd
Tai Yuan Trading Co., Ltd also known as Heshan Tai Yuan Trading Co., Ltd	Heshan Yingmei Cabinet Co., Ltd
Taishan Changfa Wood Industry Co., Ltd	Taishan Changfa Wood Industry Co., Ltd
TAISHAN HONGXIANG TRADING CO., LTD.	Chang He Xing Wood Manufacturer Co., Ltd.
TAISHAN HONGXIANG TRADING CO., LTD.	Heshan Yingmei Cabinets Co., Ltd

TAISHAN HONGXIANG TRADING CO., LTD.	Heshan Feiqiu Cabinet Co., Ltd.
TAISHAN HONGXIANG TRADING CO., LTD.	Yuanwang Wood Product Factory Dajiang Taishan
TAISHAN HONGXIANG TRADING CO., LTD.	Can-Am Cabinet Ltd.
Taishan Hongzhou Cabinet Co., Ltd	Taishan Hongzhou Cabinet Co., Ltd
Taishan Jiahong Trade Co., Ltd.	Taishan Dajiang Town Dutou Wood Furniture Factory
Taishan Jiahong Trade Co., Ltd.	Foshan Nanhai Jinwei Cabinet Furniture Co., Ltd.
Taishan Jiahong Trade Co., Ltd.	Taishan Huali Kitchen Cabinet Co., Ltd.
Taishan Jiahong Trade Co., Ltd.	Taishan Empire Wood Co.,Ltd
TAISHAN OVERSEA TRADING COMPANY LTD.	TAISHAN GANHUI STONE KITCHEN CO., LTD.
TAISHAN OVERSEA TRADING COMPANY LTD.	Can-Am Cabinet Ltd.
TAISHAN OVERSEA TRADING COMPANY LTD.	TAISHAN QUANMEI KITCHEN WARE CO., LTD
TAISHAN OVERSEA TRADING COMPANY LTD.	TAISHAN JIAFU CABINET CO., LTD.
TAISHAN OVERSEA TRADING COMPANY LTD.	TAISHAN DAJIANG TOWN DUTOU FURNITURE FACTORY
TAISHAN OVERSEA TRADING COMPANY LTD.	Feiteng Kitchen Cabinets Taishan Corporation
Taizhou Overseas Int'l Ltd.	Zhejiang Royal Home Co., Ltd.
TANGSHAN BAOZHU FURNITURE CO., LTD.	TANGSHAN BAOZHU FURNITURE CO., LTD.
Tech Forest Cabinetry Co., Ltd	Tech Forest Cabinetry Co., Ltd
The Ancientree Cabinet Co., Ltd	The Ancientree Cabinet Co., Ltd
Weifang Fuxing Wood Co., Ltd.	Weifang Fuxing Wood Co., Ltd.
Weifang Lan Gu Wood Industry Co., Ltd.	Weifang Lan Gu Wood Industry Co., Ltd.
Weifang Master Wood Industry Co., Ltd	Weifang Master Wood Industry Co., Ltd
Wellday International Company Limited also known as Dongguan Wellday Household Co., Ltd.	Wellday International Company Limited also known as Dongguan Wellday Household Co., Ltd.

Wenzhou Youbo Industrial Co., Ltd	Wenzhou Youbo Industrial Co., Ltd
Wuxi Yushea Furniture Co., Ltd	Wuxi Yushea Furniture Co., Ltd
Xiamen Adler Cabinetry Co., Ltd.	Xiamen Adler Cabinetry Co., Ltd.
XIAMEN GOFOR STONE CO., LTD.	KAICHENG (FUJIAN) KITCHEN CABINET CO., LTD.
XIAMEN GOLDEN HUANAN IMP.& EXP. CO., LTD.	Changtai Guanjia Industrial Co., Ltd.
XIAMEN GOLDENHOME CO., LTD	XIAMEN GOLDENHOME CO., LTD
Xiamen Honglei Imp.&Exp. Co., Ltd. also known as Honglei (Xiamen) Stone Co., Ltd.	Changtai Guanjia Industry & Trade Company Co., Ltd.
Xiamen Honglei Imp.&Exp. Co., Ltd. also known as Honglei (Xiamen) Stone Co., Ltd.	Zhangzhou Huihua Industry and Trade Co., Ltd.
Xiamen Honglei Imp.&Exp. Co., Ltd. also known as Honglei (Xiamen) Stone Co., Ltd.	Fujian Xinanlong Wood Industry Co., Ltd.
XIAMEN KAICHENG TRADING LIMITED COMPANY	KAICHENG (FUJIAN) KITCHEN CABINET CO., LTD.
XUZHOU JIA LI DUO IMPORT&EXPORT CO., LTD	XUZHOU OUMEC WOOD-BASED PANEL CO.,LTD
XUZHOU YIHE WOOD CO., LTD.	XUZHOU YIHE WOOD CO., LTD.
YEKALON INDUSTRY, INC.	DONGGUAN TODA FURNITURE CO., LTD.
YEKALON INDUSTRY, INC.	GUANGZHOU SHI BAISEN DECORATIVE MATERIALS COMPANY LIMITED
YEKALON INDUSTRY, INC.	DONGGUAN FANYANUO FURNITURE CO., LTD.
YEKALON INDUSTRY, INC.	DONGGUAN SHI ANKE BUILDING MATERIALS CO., LTD.
YEKALON INDUSTRY, INC.	Oriental Chic Furniture Company Limited
YEKALON INDUSTRY, INC.	DONGGUAN FRANCIS FURNITURE CO., LTD.
YEKALON INDUSTRY, INC.	SHANGHAI YUANYANG WOODEN CO., LTD.
Yi Sen Wood Industry Limited Company of Ning An City	Yi Sen Wood Industry Limited Company of Ning An City
Yichun Dongmeng Wood Co., Ltd	Yichun Dongmeng Wood Co., Ltd

Yichun Dongmeng Wood Co., Ltd	Qingdao Dimei Wood Co., Ltd
Yichun Sunshine Wood Products Co., Ltd.	Yichun Sunshine Wood Products Co., Ltd.
Yixing Pengjia Cabinetry Co. Ltd	Yixing Pengjia Cabinetry Co. Ltd
Zhangjiagang Daye Hotel Furniture Co., Ltd.	Zhangjiagang Daye Hotel Furniture Co., Ltd.
ZHANGJIAGANG PRO-FIXTURE CO., LTD.	Zhangjiagang Yuanjiahe Home Furniture Co., Ltd.
ZHANGZHOU CITY XIN JIA HUA FURNITURE CO., LTD.	ZHANGZHOU CITY XIN JIA HUA FURNITURE CO., LTD.
Zhangzhou Guohui Industrial & Trade Co., Ltd.	Zhangzhou Guohui Industrial & Trade Co., Ltd.
Zhangzhou OCA Furniture Co., Ltd	Zhangzhou OCA Furniture Co., Ltd
Zhejiang Jindi Holding Group Co., Ltd.	Zhejiang Jindi Holding Group Co., Ltd.
Zhong Shan Shi Yicheng Furniture & Craftwork Co., Ltd	Zhong Shan Shi Yicheng Furniture & Craftwork Co., Ltd
Zhong Shan Yue Qin Imp. & Exp. Co., Ltd	Zhongshan Jinpeng Furniture Co., Ltd
Zhongshan City Shenwan Meiting Furniture Factory	Zhongshan City Shenwan Meiting Furniture Factory
ZHONGSHAN GAINWELL FURNITURE CO., LTD.	ZHONGSHAN GAINWELL FURNITURE CO., LTD.
Zhongshan Guanda Furniture Manufacturing Co., Ltd also known as Guanda Furniture Co., Ltd	Zhongshan Guanda Furniture Manufacturing Co., Ltd
Zhoushan For-strong Wood Co., Ltd.	Zhoushan For-strong Wood Co., Ltd.
Zhoushan For-strong Wood Co., Ltd.	Shanghai Wanmuda Furniture Co., Ltd.
Zhucheng Tonghe Woodworks Co., ltd	Zhucheng Tonghe Woodworks Co., ltd
Zhuhai Seagull Kitchen and Bath Products Co., Ltd.	Zhuhai Seagull Kitchen and Bath Products Co., Ltd.
ZIEL INTERNATIONAL CO., LIMITED	DONGGUAN FANG CHENG FURNITURE LTD
ZIEL INTERNATIONAL CO., LIMITED	ZhongShan PRO-YEARN Crafts Product Co., Ltd.
ZIEL INTERNATIONAL CO., LIMITED	FUJIAN NEWMARK INDUSTRIAL CO.,LTD
ZIEL INTERNATIONAL CO., LIMITED	Fuzhou Zhonghe Houseware CO., LTD.

ZIEL INTERNATIONAL CO., LIMITED	MING LIANG FURNITURE PRODUCT CO.,LTD
ZIEL INTERNATIONAL CO., LIMITED	XIANJU JUNYANG HOUSEHOLD PRODUCTS CO., LTD
ZIEL INTERNATIONAL CO., LIMITED	DongGuan HeTai Homewares CO., LTD
ZIEL INTERNATIONAL CO., LIMITED	CHENG TONG HARDWARE RPRODUCT LTD
ZIEL INTERNATIONAL CO., LIMITED	Nantong Jon Ergonomic office Co.,Ltd

**Appendix I.c.**

**Companies Not Receiving a Separate Rate**

<b>Exporter</b>	<b>Producer</b>	<b>Reason for Denial</b>
BRENTRIDGE HOLDING CO., LTD.		Companies that failed to cooperate
Harbin Hongsen Wood Co., Ltd.		Companies that failed to cooperate
SAICG International Trading Co., Ltd	KUNSHAN BAIYULAN FURNITURE CO., LTD	Companies owned by the Chinese government
SAICG International Trading Co., Ltd	GANGXING JIANGSU KITCHEN CABINET CO.,LTD.	Companies owned by the Chinese government
SAICG International Trading Co., Ltd	SHANGHAI SENBAI CABINET CO.,LTD.	Companies owned by the Chinese government
SAICG International Trading Co., Ltd	HUZHOU BAI SI JIE FURNITURE CO.,LTD	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Shanghai Jiesheng Wood Industry Limited Company	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Woodworth (Nantong) Cabinetry Co., Ltd.	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Aershin Cabinet Co., Ltd.	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Aershin Cabinet Co., Ltd.	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Shanghai Shuang Jiao Wood Products Co., Ltd.	Companies owned by the Chinese government
Shanghai East Best Foreign Trade Co., Ltd.	Kunshan Shuangjiao Wooden Co., Ltd.	Companies owned by the Chinese government
SHANGHAI TIMBER IMPORT& EXPORT CORP.	ANHUI BOHUA WOOD CO., LTD	Companies owned by the Chinese government
SHANGHAI TIMBER IMPORT& EXPORT CORP.	DEWELL WOODEN PRODUCTS, HAIAN CO., LTD	Companies owned by the Chinese government
SHANGHAI TIMBER IMPORT& EXPORT CORP.	JIANGSU SUNWELL CABINETRY CO., LTD	Companies owned by the Chinese government
SHANGHAI TIMBER IMPORT& EXPORT CORP.	Suzhou Geda Office Equipment Manufacturing Co., Ltd.	Companies owned by the Chinese government
SHANGHAI TIMBER IMPORT& EXPORT CORP.	SHANGHAI ZHANGTAI FURNITURE	Companies owned by the Chinese government

	MANUFACTURING CO.,LTD	
ZHONG SHAN KING YUANDUN WOOD PRODUCTS CO., LTD. also known as CHIN-SHU WOODEN LTD	ZHONG SHAN KING YUANDUN WOOD PRODUCTS CO., LTD. also known as CHIN- SHU WOODEN LTD	Companies that did not separately submit an application