



A-570-117
Investigation
POI: 7/01/2019-12/31/2019
Public Document
E&C/OVIII: Team

August 5, 2020

MEMORANDUM TO: Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

FROM: James Maeder
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Wood Mouldings and Millwork Products from the People's
Republic of China: Decision Memorandum for Preliminary
Affirmative Determination of Sales at Less Than Fair Value

I. SUMMARY

The Department of Commerce (Commerce) preliminarily determines that wood mouldings and millwork products (millwork products) 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 estimated weighted-average dumping margins are shown in the "Preliminary Determination" section of the accompanying *Federal Register* notice.

II. BACKGROUND

On January 8, 2020, Commerce received an antidumping duty (AD) petition covering imports of millwork products from China, filed in proper form on behalf of the Coalition of American Millwork Producers (the petitioner).¹ On January 28, 2020, Commerce initiated this investigation.² In the *Initiation Notice*, Commerce notified parties of the application process by which exporters and producers may obtain separate rate status in non-market economy (NME) LTFV investigations.³ The process requires exporters to submit a separate rate application

¹ See Petitioner's Letter, "Wood Mouldings and Millwork Products from Brazil and the People's Republic of China: Petitions for the Imposition of Antidumping and Countervailing Duties," dated January 8, 2019 (the Petition). The Coalition of American Millwork Producers is comprised of Bright Wood Corporation; Cascade Wood Products, Inc.; Endura Products, Inc.; Sierra Pacific Industries; Sunset Moulding; Woodgrain Millwork Inc.; and Yuba River Moulding.

² See *Wood Mouldings and Millwork Products from Brazil and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 85 FR 6502 (February 5, 2020) (*Initiation Notice*).

³ *Id.*, 85 FR at 6506-6507.



(SRA) and to demonstrate an absence of both *de jure* and *de facto* government control over their export activities.⁴ See the “Separate Rate” section for more information.

We also stated in the *Initiation Notice* that, in the event respondent selection became necessary, we intended to base our selection of mandatory respondents on responses to quantity and value (Q&V) questionnaires to be sent to each potential respondent named in the Petition.⁵ On January 31, 2020, Commerce issued Q&V questionnaires to 77 companies that the petitioner identified as potential producers/exporters of millwork products from China.⁶ In addition, Commerce posted the Q&V questionnaire on its website and invited parties who did not receive a Q&V questionnaire to file a response to the Q&V questionnaire by the applicable deadline.⁷ We received responses from a total of 47 producers/exporters of subject merchandise, which include the two mandatory respondents.⁸

Additionally, in the *Initiation Notice*, Commerce notified parties of an opportunity to comment on the scope of the investigation, as well as the appropriate physical characteristics of millwork products to be reported in response to Commerce’s AD questionnaire.⁹ We received comments and rebuttal comments from interested parties on the appropriate physical characteristics to be reported.¹⁰ We also received comments and rebuttal comments from interested parties on the

⁴ *Id.*; see also Policy Bulletin 05.1: Separate Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries, April 5, 2005, available at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

⁵ See *Initiation Notice*, 85 FR at 6506.

⁶ See Memorandum, “Quantity and Value Questionnaire,” dated January 31, 2020. Although the Petition identified 92 exporters or producers of millwork products from China, we issued Q&V questionnaires to only 77 of those companies because the address for certain companies listed in the Petition was incomplete. See Volume I of the Petition at Exhibit I-11. In addition to the companies listed in Exhibit I-11, Commerce issued a Q&V questionnaire to Shandong Jinluda International Trade Co., Ltd., a Chinese company identified as an exporter of the subject merchandise in the Petition but omitted from Exhibit I-11. Therefore, Commerce issued Q&V questionnaires to a total of 78 companies.

⁷ See *Initiation Notice*, 85 FR at 6506.

⁸ See Memorandum, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People’s Republic of China: Respondent Selection,” dated March 2, 2020 (Respondent Selection Memorandum) at 2.

⁹ See *Initiation Notice*, 85 FR at 6503-6504.

¹⁰ See Petitioner’s Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Petitioner’s Comments on Model Match and Physical Characteristics,” dated February 25, 2020; see also Braslumber Industria de Molduras Ltda. (Braslumber) and Braspine Madeiras Ltda. (Braspine)’s Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Comments on Product Characteristics,” dated February 25, 2020; Araupel S.A. (Araupel)’s Letter, “Wood Mouldings and Wood Products from Brazil and the People’s Republic of China: Comments on Product Characteristics for AD Questionnaires,” dated February 25, 2020; Bel Trade Industrial Co., Ltd. Youxi Fujian (Bel Trade) and Fujian Yinfeng Imp & Exp Trading Co., Ltd. (Yinfeng)/ Fujian Province Youxi City Mangrove Wood Machining Co., Ltd. (Mangrove’s) Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Proposed Product Characteristics,” dated February 25, 2020; Petitioner’s Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Petitioner’s Request to Refile a Portion of Comments on Model Match and Physical Characteristics,” dated March 2, 2020; Petitioner’s Letter, “Wood Mouldings and Millwork

scope of the investigation in response to Commerce’s solicitation in the *Initiation Notice*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this preliminary determination and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.¹¹

On February 24, 2020, 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 millwork products from China.¹²

On March 2, 2020, based on responses to the Q&V questionnaires, we selected Bel Trade and Yinfeng/Mangrove¹³ for individual examination as mandatory respondents.¹⁴

Between April 7, 2020 and April 24, 2020, Bel Trade¹⁵ and Yinfeng/Mangrove¹⁶ submitted responses to sections A, C, and D of the antidumping questionnaire. Between June 30, 2020, and

Products from Brazil and the People’s Republic of China: Petitioner’s Rebuttal Comments on Product Characteristics,” dated March 11, 2020; Braslumber and Braspine’s Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Rebuttal Comments on Product Characteristics,” dated March 11, 2020; Araupel’s Letter, “Wood Mouldings and Wood Products from Brazil and the People’s Republic of China: Rebuttal Comments on Product Characteristics for AD Questionnaires,” dated March 11, 2020; and Bel Trade and Yinfeng/Mangrove’s Letter, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Rebuttal Comments on Product Characteristics,” dated March 11, 2020.

¹¹ *See* Memorandum, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Preliminary Scope Decision Memorandum,” dated August 5, 2020 (Preliminary Scope Decision Memorandum).

¹² *See Wood Mouldings and Millwork Products from Brazil and China: Investigation Nos.701-TA-636 and 731-TA-1469-1470 (Preliminary)*, Publication 5030, February 2020 (ITC Prelim Report); *see also Wood Mouldings and Millwork Products from Brazil and China: Determinations*, 85 FR 11391 (February 27, 2020).

¹³ We have collapsed Yinfeng and Mangrove for purposes of this investigation. *See* “Affiliation and Single Entity” section of this memorandum for further discussion.

¹⁴ *See* Respondent Selection Memorandum at 1.

¹⁵ *See* Bel Trade’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Bel Trade’s Section A Questionnaire Response,” dated April 7, 2020 (Bel Trade’s AQR); *see also* Bel Trade’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Bel Trade’s Section C Questionnaire Response,” dated April 21, 2020 (Bel Trade’s CQR); and Bel Trade’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Bel Trade’s Section D Questionnaire Response,” dated April 21, 2020 (Bel Trade’s DQR).

¹⁶ *See* Yinfeng/Mangrove’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Yinfeng’s Section A Questionnaire Response,” dated April 7, 2020 (Yinfeng/Mangrove’s AQR); Yinfeng/Mangrove’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Yinfeng’s Section C Questionnaire Response,” dated April 21, 2020 (Yinfeng/Mangrove’s CQR); and Yinfeng/Mangrove’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Yinfeng’s Section D Questionnaire Response,” dated April 21, 2020 (Yinfeng/Mangrove’s DQR).

July 7, 2020, Bel Trade¹⁷ and Yinfeng/Mangrove¹⁸ submitted responses to supplemental questionnaires.

On May 26, 2020, pursuant to section 733(c)(1)(A) of the Act and 19 CFR 351.205(e), Commerce published in the *Federal Register* a postponement of the preliminary determination by 50 days, until no later than August 5, 2020.¹⁹

On July 2, 2020, Bel Trade and Yifeng/Mangrove (collectively, the mandatory respondents) submitted a request to extend the regulatory deadline to submit surrogate producer financial statements after the preliminary determination, which we denied on August 4, 2020.²⁰ The petitioner and mandatory respondents filed pre-preliminary determination comments on July 20 and 23, 2020, respectively.

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

III. PERIOD OF INVESTIGATION

The period of investigation (POI) is July 1, 2019 through December 31, 2019. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the Petition, which was January 2020.²¹

IV. DISCUSSION OF THE METHODOLOGY

A. Non-Market Economy Country

Commerce considers China to be an NME country.²² 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

¹⁷ See Bel Trade's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Bel Trade's Supplemental D-Q41," dated June 18, 2020; Bel Trade's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Bel Trade's Supplemental Sections A and C Questionnaire Response," dated June 30, 2020 (Bel Trade's ACSQR); and Bel Trade's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Bel Trade's Supplemental Section D Questionnaire Response," dated July 6, 2020.

¹⁸ See Yinfeng/Mangrove's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Yinfeng's Supplemental Questionnaire Response-Part 1," dated June 30, 2020; and Yinfeng/Mangrove's Supplemental Questionnaire Response – Part 2," dated July 7, 2020.

¹⁹ See *Wood Mouldings and Millwork Products from Brazil and the People's Republic of China: Postponement of Preliminary Determinations in the Less-Than-Fair-Value Investigations*, 85 FR 31459 (May 26, 2020).

²⁰ See Commerce's Letter, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Denial of Extension Request to Submit Surrogate Value Information," dated August 4, 2020.

²¹ See 19 CFR 351.204(b)(1).

²² 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) at "China's Status as a Non-Market Economy."

until revoked by the administering authority. Therefore, we continue to treat China as an NME country for purposes of this preliminary determination.

B. Surrogate Country and Surrogate Value Comments

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."²³ As a general rule, Commerce selects a surrogate country that is at the same level of economic development as the NME country unless it is determined that none of the countries are viable options because: (a) they either are not significant producers of comparable merchandise; (b) do not provide sufficient reliable sources of publicly available surrogate value (SV) data; or (c) are not suitable for use based on other reasons.²⁴ 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.²⁵ To determine which countries are at the same level of economic development, Commerce generally relies on per capita gross national income (GNI) data from the World Bank's World Development Report.²⁶ Further, Commerce normally values all FOPs in a single surrogate country.²⁷

On August 15, 2019, Commerce identified Brazil, Bulgaria, Malaysia, Mexico, Russia, and Turkey (collectively, the 2018 Countries) as countries that are at the same level of economic development as China based on per capita 2018 GNI data.²⁸ On May 8, 2020, we solicited comments on the list of potential surrogate countries and the selection of the primary surrogate country, and provided deadlines for submission of SV information for consideration in the preliminary determination.²⁹

²³ 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>.

²⁴ *Id.*

²⁵ See Commerce's Letter, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Request for Economic Development, Surrogate Country and Surrogate Value Comments and Information," dated May 8, 2020 (Surrogate Schedule Memorandum).

²⁶ *Id.*

²⁷ See 19 CFR 351.408(c)(2).

²⁸ See Surrogate Schedule Memorandum.

²⁹ *Id.*

On June 2, 2020, we received comments on surrogate country selection from the petitioner and the mandatory respondents, with the petitioner suggesting Brazil, Russia or Malaysia as possible surrogate countries, and the mandatory respondents suggesting Malaysia.³⁰

On June 17, 2020, the petitioner and mandatory respondents submitted SV information. Specifically, the petitioner submitted Brazilian SV data from Global Trade Atlas (GTA) to value material inputs and other Brazilian-specific pricing data to value labor, energy inputs, movement expenses, and other expenses that Chinese producers incur in the production, sale, and shipment of subject merchandise.³¹ With respect to financial ratio calculations, the petitioner submitted the 2019 fiscal year financial statements for three Brazilian producers of identical or comparable merchandise: Adami SA-Woods (Adami); Duratex SA (Duratex); and Eucatex SA Industria e Comercio e Sociedades Controladas (Eucatex).³² The mandatory respondents submitted Malaysian SV data from Trade Data Monitor (TDM) and Malaysian-specific data to value the above-referenced items, respectively. The mandatory respondents submitted 2018 fiscal year financial statements for two Malaysian producers of identical or comparable merchandise (*i.e.*, Sri Ledang Sdn Bhd (Sri Ledang) and Inter Moulding Industries Sdn Bhd (Inter Moulding)).³³

Both the petitioner and the mandatory respondents submitted rebuttal SV comments and information on June 29, 2020.³⁴ Finally, on July 6, 2020, as permitted under 19 CFR 351.301(c)(3), the petitioner and the mandatory respondents submitted additional SVs, which we will consider for the final determination, as they were not received in sufficient time to be considered for the preliminary determination.³⁵

1. Economic Comparability

For this investigation, as noted above, Commerce identified Brazil, Bulgaria, Malaysia, Mexico, Russia, and Turkey as countries at the same level of economic development as China, based on per capita GNI.³⁶ Therefore, we consider all six countries as having met this prong of the

³⁰ See Petitioner's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Surrogate Country Comments," dated June 2, 2020 (Petitioner's Surrogate Country Comments); *see also* Bel Trade and Yinfeng/Mangrove's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Surrogate Country Comments," dated June 2, 2020.

³¹ See Petitioner's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Surrogate Value Comments," dated June 17, 2020 (Petitioner's Surrogate Value Comments).

³² *Id.* at Exhibits 8A through 8C.

³³ See Bel Trade and Yinfeng/Mangrove's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Surrogate Value Submission," dated June 17, 2020.

³⁴ See Petitioner's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Rebuttal Surrogate Value Comments"; *see also* Bel Trade and Yinfeng/Mangrove's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Rebuttal Preliminary Surrogate Value Submission," both dated June 29, 2020.

³⁵ See Petitioner's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Final Surrogate Value Submission," dated July 6, 2020; *see also* Bel Trade and Yinfeng/Mangrove's Letter, "Wood Mouldings and Millwork Products from the People's Republic of China: Final Surrogate Value Submission," dated July 6, 2020.

³⁶ See Surrogate Schedule Memorandum.

surrogate country selection criteria. The countries identified are not ranked and are considered equivalent in terms of economic comparability.

2. 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."³⁷ Conversely, if identical merchandise is not produced, then a country producing comparable merchandise is sufficient in selecting a surrogate country.³⁸ Further, when selecting a surrogate country, the Act requires Commerce to consider the comparability of the merchandise, not the comparability of the industry.³⁹ "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."⁴⁰ 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, comparable merchandise should be identified narrowly, on the basis of a comparison of the major inputs, including energy, where appropriate.⁴¹

Further, the Act grants Commerce discretion to examine various data sources to determine the best available information.⁴² Moreover, while the legislative history provides that the term "significant producer" includes any country that is a significant "net exporter,"⁴³ it does not preclude reliance on additional or alternative metrics. It is Commerce's practice to evaluate

³⁷ See Policy Bulletin 04.1 at 2.

³⁸ 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 n.6.

³⁹ See, *e.g.*, *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.").

⁴⁰ See Policy Bulletin 04.1 at 2.

⁴¹ *Id.* at 3.

⁴² See section 773(c) of the Act; see also *Nation Ford Chem. Co. v. United States*, 166 F.3d 1373, 1377 (Fed. Cir. 1990).

⁴³ See Conference Report to the 1988 Omnibus Trade & Competitiveness Act, H.R. Rep. No. 100-576 at 590 (1988).

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).⁴⁴

Based on GTA import and export statistic data placed on the record of this investigation, Commerce determines that Brazil, Malaysia, and Russia are significant producers and net exporters of comparable merchandise.⁴⁵

3. 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.⁴⁶ 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.⁴⁷ There is no hierarchy among these criteria.⁴⁸ Commerce's preference is to satisfy the breadth of these aforementioned selection criteria.⁴⁹ 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.⁵⁰ 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.⁵¹ 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 have complete SV data and financial ratios on the record for both Brazil and Malaysia that are publicly available, contemporaneous with the POI, and generally include tax-exclusive broad market average prices.⁵² However, only the SV data from Brazil are sourced from GTA, which is Commerce's preferred source, because GTA import pricing data have been used in prior cases involving NME countries, and provide

⁴⁴ 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).

⁴⁵ See, e.g., Petitioner's Surrogate Country Comments at 4 and Exhibit 1-A.

⁴⁶ See Policy Bulletin 04.1; see also section 773(c)(1) of the Act.

⁴⁷ See Policy Bulletin 04.1

⁴⁸ 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.

⁴⁹ 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) (*Frozen Fish Fillets March 2013*), and accompanying IDM at Comment I(C).

⁵⁰ See *Mushrooms China* IDM at Comment 1.

⁵¹ *Id.*

⁵² See Petitioner's Surrogate Value Comments; see also Bel Trade and Yinfeng/Mangrove's Surrogate Value Comments.

broad market average pricing.⁵³ Additionally, we find that two of the three Brazilian producers' 2019 financial statements, Adami and Duratex, are preferable to the 2018 Malaysian financial statements for Sri Ledang and Inter Moulding because, although Adami, Duratex, Sri Ledang and Inter Moulding are producers of identical or comparable merchandise, Adami's and Duratex's financial statements are more contemporaneous with the POI than the financial statements for Sri Ledang and Inter Moulding.⁵⁴ For further discussion as to why we only selected two of the three Brazilian producers' 2019 financial data in the surrogate financial ratio calculation, *see* "Factor Valuation Methodology" section below.

Accordingly, Commerce preliminarily determines, pursuant to section 773(c)(4) of the Act, that it is appropriate to use Brazil as the primary surrogate country because it is: (1) at the same level of economic development as China; (2) a significant producer of merchandise comparable to the subject merchandise; and (3) provides the best useable data and information with which to value FOPs, such as direct materials, labor, energy, and financial ratios. Therefore, Commerce has calculated NV using Brazilian SV data to value each of the mandatory respondent's FOPs.

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.⁵⁵ In the *Initiation Notice*, Commerce notified parties of the application process by which exporters may obtain separate rate status in this investigation.⁵⁶ The process requires exporters to submit an SRA and to demonstrate an 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."⁵⁷

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.⁵⁸ Commerce analyzes whether each entity exporting the merchandise under consideration is sufficiently independent under a test established in

⁵³ See, e.g., *Certain Collated Steel Staples from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Critical Circumstances Determination*, 85 FR 33623 (June 2, 2020), and accompanying IDM at Comment 2.

⁵⁴ See Memorandum, "Less-Than-Fair-Value Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Surrogate Values for the Preliminary Determination," dated concurrently with this memorandum (Preliminary SV Memorandum).

⁵⁵ 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).

⁵⁶ See *Initiation Notice*.

⁵⁷ *Id.*

⁵⁸ 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*).

*Sparklers*⁵⁹ and further developed in *Silicon Carbide*.⁶⁰ 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.⁶¹ In particular, in litigation involving the diamond sawblades from China proceeding (Diamond Sawblades), the Court of International Trade (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.⁶² Following the CIT's reasoning, in proceedings since Diamond Sawblades, 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 potential to exercise control over the company's operations generally.⁶³ 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 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

⁵⁹ *Id.*

⁶⁰ 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*).

⁶¹ 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*), 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.

⁶² 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).

⁶³ 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.

necessary. From March 10, 2020, through April 6, 2020, we received SRAs from 44 entities.⁶⁴ One mandatory respondent included its SRA information in its response to section A of

⁶⁴ See Anji Golden Elephant Bamboo Wooden Industry Co., Ltd.’s (Golden Elephant’s) Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; *see also* Anji Huaxin Bamboo & Wood Products Co., Ltd.’s (Anji Huaxin’s) Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 10, 2020; Cao County Hengda Wood Products Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Evermark (Yantai) Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; Fujian Hongjia Craft Products Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Fujian Jinquan Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Fujian Nanping Yuanqiao Wood-Industry Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; Fujian Province Youxi County Chang Sheng Wood Machining Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; Fujian Sanming City Donglai Wood Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 2, 2020; Fujian Shunchang Shengsheng Wood Industry Limited Company’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Fujian Wangbin Decorative Material Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Yinfeng/Mangrove’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Fujian Youxi Best Arts & Crafts Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Fujian Zhangping Kimura Forestry Products Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Heze Huasheng Wooden Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Jiangsu Chen Sheng Forestry Development Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Huanan Longda Wood Industry Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 1, 2020; Jiangsu Wenfeng Wood Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 23, 2020; Lianyungang Tianke New Energy Technology Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 1, 2020; Lanzhou Xinyoulian Industrial Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Longquan Jiefeng Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Nanping Huatai Wood & Bamboo Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; Nanping Qiangmei Import and Export Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 6, 2020; Oppein Home Group Inc.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Putian Yihong Wood Industry Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 2, 2020; Qimen Jianxing Bamboo and Wood Goods Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 23, 2020; Qingdao Sanhe Dacheng International Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Rizhao Duli Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 23, 2020; Rizhao Guantong Woodworking Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-

Commerce’s antidumping questionnaire.⁶⁵ From April 1 to June 25, 2020, we issued supplemental questionnaires to many of the separate rate applicants, to which we received timely responses.⁶⁶

4. Separate Rate Recipients

Commerce preliminarily determines that the following exporters are eligible to receive a separate rate, as explained below:

- 1) Anji Golden Elephant Bamboo Wooden Industry Co., Ltd.;
- 2) Anji Huaxin Bamboo & Wood Products Co., Ltd.;
- 3) Bel Trade Wood Industrial Co., Ltd. Youxi Fujian;
- 4) Cao County Hengda Wood Products Co., Ltd.;
- 5) Evermark (Yantai) Co., Ltd.;
- 6) Fujian Hongjia Craft Products Co., Ltd.;
- 7) Fujian Jinquan Trade Co., Ltd.;

570-117; Separate Rate Application,” dated March 23, 2020; Sanming Lingtong Trading Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 2, 2020; Shandong Miting Household Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 23, 2020; Shaxian Hengtong Wood Industry Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Shaxian Shiyiwood., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Shuyang Kevin International Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 26, 2020; Suqian Sulu Import & Export Trading Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 1, 2020; The Ancientree Cabinet Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 10, 2020; Wuxi Boda Bamboo & Wood Industrial Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated April 6, 2020; Xiamen Jinxi Building Material Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application,” dated March 31, 2020; Xuzhou Goodwill Resource Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 3, 2020; Xuzhou Hexi Wood Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 23, 2020; Zhangping San Chuan Industrial & Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 2, 2020; Zhangzhou Green Wood Industry and Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated March 26, 2020; Zhangzhou Wangjiamei Industry and Trade Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 1, 2020; and Zhangzhou Yihong Industrial Co., Ltd.’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Separate Rate Application,” dated April 2, 2020.

⁶⁵ See Bel Trade’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Bel Trade’s Section A Questionnaire Response,” dated April 7, 2020.

⁶⁶ See, e.g., Commerce’s Letter to Anji Huaxin, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application Supplemental Questionnaire,” dated April 1, 2020; see also Anji Huaxin’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Supplemental SRA Questionnaire Response,” dated April 15, 2020; Commerce’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application Supplemental Questionnaire,” dated June 25, 2020; and Golden Elephant’s Letter, “Wood Mouldings and Millwork Products from the People’s Republic of China: Supplemental Response to Separate Rate Application Questionnaire,” dated July 2, 2020.

- 8) Fujian Nanping Yuanqiao Wood-Industry Co., Ltd.;
- 9) Fujian Province Youxi County Chang Sheng Wood Machining Co., Ltd.;
- 10) Fujian Sanming City Donglai Wood Co., Ltd.;
- 11) Fujian Shunchang Shengsheng Wood Industry Limited Company;
- 12) Fujian Wangbin Decorative Material Co., Ltd.;
- 13) Fujian Yinfeng Imp & Exp Trading Co., Ltd./ Fujian Province Youxi City Mangrove Wood Machining Co., Ltd.;
- 14) Fujian Youxi Best Arts & Crafts Co., Ltd.;
- 15) Fujian Zhangping Kimura Forestry Products Co., Ltd.;
- 16) Heze Huasheng Wooden Co., Ltd.;
- 17) Huaan Longda Wood Industry Co., Ltd.;
- 18) Jiangsu Chen Sheng Forestry Development Co., Ltd.;
- 19) Jiangsu Wenfeng Wood Co., Ltd.;
- 20) Lianyungang Tianke New Energy Technology Co., Ltd.;
- 21) Longquan Jiefeng Trade Co., Ltd.;
- 22) Nanping Huatai Wood & Bamboo Co., Ltd.;
- 23) Nanping Qiangmei Import and Export Co., Ltd.;
- 24) Oppein Home Group Inc.;
- 25) Putian Yihong Wood Industry Co., Ltd.;
- 26) Qimen Jianxing Bamboo and Wood Goods Co., Ltd.;
- 27) Qingdao Sanhe Dacheng International Trade Co., Ltd.;
- 28) Rizhao Duli Trade Co., Ltd.;
- 29) Rizhao Guantong Woodworking Co., Ltd.;
- 30) Sanming Lingtong Trading Co., Ltd.;
- 31) Shandong Miting Household Co., Ltd.;
- 32) Shaxian Hengtong Wood Industry Co., Ltd.;
- 33) Shaxian Shiyiwood., Ltd.;
- 34) Shuyang Kevin International Co., Ltd.;
- 35) Suqian Sulu Import & Export Trading Co., Ltd.;
- 36) The Ancientree Cabinet Co., Ltd.;
- 37) Xiamen Jinxi Building Material Co., Ltd.;
- 38) Xuzhou Goodwill Resource Co., Ltd.;
- 39) Xuzhou Hexi Wood Co., Ltd.;
- 40) Zhangping San Chuan Industrial & Trade Co., Ltd.;
- 41) Zhangzhou Green Wood Industry and Trade Co., Ltd.;
- 42) Zhangzhou Wangjiamei Industry and Trade Co., Ltd.; and
- 43) Zhangzhou Yihong Industrial Co., Ltd.

a. Wholly Foreign-Owned Applicant

One company, Evermark, reported that it is wholly-foreign owned. As there is no Chinese ownership in this company, and because Commerce has no evidence indicating that this company is under the control of the Chinese government, further analyses of the *de jure* and *de facto* criteria are not necessary to determine whether it is independent from government control

of its export activities.⁶⁷ Therefore, we preliminarily determine that Evermark is eligible for a separate rate.

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.⁶⁸

Evidence provided by each of the remaining 42 eligible separate rate applicants listed above supports a preliminary finding of an absence of *de jure* government control.

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 export prices (EPs) or constructed export prices (CEPs) 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.⁶⁹ Commerce has determined that an analysis of *de facto* control is critical in determining whether the respondents are, in fact, subject to a degree of government control which would preclude Commerce from assigning separate rates.

The separate rate information provided by 42 of the companies listed above (*i.e.*, the companies other than Evermark, which is foreign-owned) also supports a preliminary finding of an absence of *de facto* government control, based on record statements and supporting documentation showing that the companies: (1) set their own EPs or CEPs 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 the disposition of profits or financing of losses.

⁶⁷ 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); see also *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).

⁶⁸ See *Sparklers* at 56 FR 20589.

⁶⁹ See *Silicon Carbide* at 59 FR 22586-87.

Therefore, the evidence placed on the record of this investigation by these companies demonstrates an absence of *de jure* and *de facto* government control under the criteria identified in *Sparklers* and *Silicon Carbide*. Accordingly, Commerce preliminarily grants separate rates to these companies.

d. Companies Preliminarily Not Receiving a Separate Rate

In the *Initiation Notice*, Commerce explained that it:

requires that companies from China submit a response to both the Q&V questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status. Companies not filing a timely Q&V questionnaire response will not receive separate rate consideration.⁷⁰

Commerce finds that the non-responsive companies⁷¹ to which we issued a Q&V questionnaire failed to submit the requested information and, further, did not provide documentation indicating that these companies were having difficulty providing the information, nor did they request to submit the information in an alternate form. Therefore, we are preliminarily not granting these companies a separate rate.

In addition, Wuxi Boda Bamboo & Wood Industrial Co., Ltd. (Wuxi Boda) did not timely respond to our supplemental questionnaire⁷² requesting additional information with respect to its separate rate eligibility.⁷³ Therefore, we preliminarily find that Wuxi Boda did not rebut the presumption of government control, and thus, are preliminarily not granting Wuxi Boda a separate rate.

Finally, the record information with respect to Lanzhou Xinyoulian Industrial Co., Ltd. (Lanzhou Xinyoulian),⁷⁴ requires further clarification regarding evidence of an absence of *de facto* government control.⁷⁵ Therefore, we preliminarily find that Lanzhou Xinyoulian did not rebut the presumption of government control, and thus, are preliminarily not granting Lanzhou

⁷⁰ See *Initiation Notice*, 85 FR at 6507.

⁷¹ See Memorandum, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People’s Republic of China: Quantity and Value Questionnaire Delivery Confirmation,” dated April 6, 2020 for a complete list of companies.

⁷² See Commerce’s Letter, “Antidumping Duty Investigation from Wood Mouldings and Millwork Products from the People’s Republic of China: Separate Rate Application Supplemental Questionnaire,” dated June 25, 2020.

⁷³ See Wuxi Boda’s Letter, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products: Request to Submit Supplemental Questionnaire Response,” dated July 23, 2020; see also Commerce’s Letter (to Wuxi Boda denying its request), dated July 28, 2020.

⁷⁴ See Lanzhou Xinyoulian’s Letter, “Wood Mouldings and Millwork Products from China; A-570-117; Supplemental Questionnaire Response,” dated July 2, 2020 at 2-3.

⁷⁵ See Memorandum, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People’s Republic of China: Preliminary Separate Rate Determination for Lanzhou Xinyoulian Industrial Co., Ltd.,” dated concurrently with this memorandum.

Xinyoulian a separate rate. However, we intend to issue this company an additional supplemental questionnaire and consider any additional information received for the final determination.

e. Margin for the Separate Rate Companies

The Act and Commerce's regulations do not address the establishment of a separate rate to be applied to companies not selected for individual examination when Commerce limits its examination pursuant to section 777A(c)(2) of the Act. Normally, Commerce's practice is to assign to separate rate entities that were not individually examined a rate equal to the weighted average of the rates calculated for the individually examined respondents, excluding any rates that are zero, *de minimis*, or based entirely on facts available, using as guidance section 735(c)(5)(A) of the Act.⁷⁶ However, pursuant to section 735(c)(5)(B) of the Act, if the estimated weighted-average dumping margins established for all exporters and producers individually examined are zero, *de minimis* or determined based entirely under section 776 of the Act, Commerce may use any reasonable method to establish the estimated weighted-average dumping margin for all other producers or exporters.⁷⁷

As stated above, Commerce's practice is to assign to separate rate entities that were not individually examined a rate equal to the weighted average of the rates calculated for the individually examined respondents, excluding any rates that are zero, *de minimis*, or based entirely on facts available. In this proceeding, Commerce calculated above-*de minimis* rates that are not based entirely on facts available for both mandatory respondents under individual examination. Thus, consistent with our practice,⁷⁸ we assigned the average of the weighted average rates calculated for Bel Trade and Yinfeng/Mangrove as the rate for non-individually examined companies that have preliminarily qualified for a separate rate.⁷⁹

D. Combination Rates

In the *Initiation Notice*, Commerce stated that it would calculate combination rates for the

⁷⁶ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

⁷⁷ See Statement of Administrative Action Accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol 1 (1994) (SAA) at 870-873; see also section 735(c)(5)(B) of the Act.

⁷⁸ See, e.g., *Cast Iron Soil Pipe Fittings 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, Postponement of Final Determination and Extension of Provisional Measures*, 83 FR 7145 (February 20, 2018), and accompanying Preliminary Determination Memorandum, unchanged in *Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Determination of Critical Circumstances, in Part*, 83 FR 33205 (July 17, 2018).

⁷⁹ See Memorandum, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Determination Margin Calculation for Separate Rate Companies," dated concurrently with this memorandum.

respondents that are eligible for a separate rate in this investigation.⁸⁰ This practice is described in Policy Bulletin 05.1.

E. Affiliation and Single Entity

As indicated above, Commerce selected Yinfeng as one of the mandatory respondents in this investigation. In its responses to the AD NME questionnaire, Yinfeng reported that it is affiliated with Mangrove, which is a producer of subject merchandise.⁸¹ Based on the evidence on the record in this investigation, Commerce preliminarily finds Yinfeng affiliated with Mangrove.⁸² Further, based on the evidence presented in Yinfeng's questionnaire responses, we preliminarily find that Yinfeng and Mangrove should be treated as a single entity (*i.e.*, Yinfeng/Mangrove) for the purposes of this investigation, pursuant to 19 CFR 351.401(f).⁸³

F. The China-Wide Entity

For the reasons discussed below, we have preliminarily based the dumping margin for the China-wide entity, which includes the non-responsive companies to which we issued a Q&V questionnaire, Wuxi Boda, and Lanzhou Xinyoulian, on adverse facts available (AFA).

1. Statutory Framework

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 antidumping 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

⁸⁰ See *Initiation Notice*.

⁸¹ See Yinfeng/Mangrove's AQR at 3.

⁸² See Memorandum, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Affiliation and Single Entity Determination," dated concurrently with this memorandum.

⁸³ *Id.*

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 LTFV investigation, a previous administrative review, or other information placed on the record.⁸⁴

2. Use of Facts Available

Commerce issued Q&V questionnaires to 78 exporters/producers of millwork products in China but only received responses to the Q&V questionnaire from 47 of these companies.⁸⁵ The companies that received a Q&V questionnaire but did not respond are not eligible for separate rate status, and are part of the China-wide entity. Thus, the China-wide entity withheld information requested by Commerce, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested Q&V information. Moreover, necessary Q&V information is not available on the record because of these non-responsive companies. Accordingly, we preliminarily determine that use of facts available is warranted in determining the dumping margin of the China-wide entity, pursuant to sections 776(a)(1) and (a)(2)(A)-(C) of the Act.⁸⁶

3. Use of Adverse Facts Available

Section 776(b) of the Act provides that Commerce, in selecting from among the facts otherwise available, may use an inference that is adverse to the interests of a party if that party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Given the China-wide entity's failure to provide the requested information, it is reasonable to conclude that the China-wide entity was not cooperative.⁸⁷ The companies that did not respond to the Q&V questionnaire did not indicate they were having difficulty providing the requested information, nor did they request to submit the information 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).⁸⁸

⁸⁴ See 19 CFR 351.308(c).

⁸⁵ See Memorandum, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Respondent Selection," dated March 2, 2020.

⁸⁶ 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).

⁸⁷ See *Nippon Steel Corporation v. United States*, 337 F. 3d 1373, 1383 (Fed. Cir. 2003) (*Nippon Steel*) (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.")).

⁸⁸ See *Nippon Steel*, 337 F. 3d at 1382-83.

4. Selection and Corroboration of the AFA Rate

When applying facts otherwise available, section 776(c) of the Act provides that, where Commerce relies on secondary information (such as the petition) rather than information obtained in the course of an investigation, it must corroborate, to the extent practicable, 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.⁸⁹ The SAA clarifies that “corroborate” means that Commerce will satisfy itself that the secondary information to be used has probative value,⁹⁰ however, section 776(c)(2) of the Act provides that Commerce is not required to corroborate any dumping margin applied in a separate segment of the same proceeding.⁹¹ To corroborate secondary information, Commerce will, to the extent practicable, examine the reliability and relevance of the information to be used.⁹² Finally, under the new section 776(d) of the Act, Commerce may use any dumping margin from any segment of a proceeding under an AD order when applying an adverse inference, including the highest of such margins.⁹³ Section 776(d) also provides that when selecting an AFA margin, Commerce is not required to estimate what the dumping margin would have been if the interested party failing to cooperate had cooperated or to demonstrate that the dumping margin reflects an “alleged commercial reality” of the interested party.

In selecting a rate for AFA, Commerce selects one that is sufficiently adverse “as to effectuate the purpose of the facts available rule to induce the respondents to provide Commerce with complete and accurate information in a timely manner.”⁹⁴ It is Commerce’s practice to select, as AFA, the higher of the: (a) highest margin alleged in the petition; or (b) the highest calculated rate of any respondent in the investigation.⁹⁵

⁸⁹ See SAA at 870.

⁹⁰ See SAA at 870; see also 19 CFR 351.308(d).

⁹¹ See section 776(c)(2) of the Act.

⁹² See, e.g., *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan*; *Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan*; *Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

⁹³ See section 776(d)(1)-(2) of the Act.

⁹⁴ See *Notice of Final Determination of Sales at Less Than Fair Value: Static Random-Access Memory Semiconductors from Taiwan*, 63 FR 8909, 8932 (February 23, 1998).

⁹⁵ See, e.g., *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 36884 (June 8, 2016), and accompanying Preliminary Determination Memorandum at Section 3E, unchanged in *Circular Welded Carbon-Quality Steel Pipe from the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 81 FR 75042, 75043 (October 28, 2016).

To corroborate the highest petition margin of 359.16 percent,⁹⁶ we compared this rate to Bel Trade’s highest transaction-specific dumping margins and found the petition rate to be within the range of the highest calculated transaction-specific dumping margins.⁹⁷ Therefore, we were able to corroborate the highest petition margin to the extent practicable within the meaning of section 776(c) of the Act. Accordingly, we assigned to the China-wide entity a dumping margin of 359.16 percent in the preliminary determination.

G. Date of Sale

Section 351.401(i) of Commerce’s regulations states that, in identifying the date of sale of the subject merchandise, the Secretary normally will use the date of invoice, as recorded in the exporter or producer’s records kept in the ordinary course of business. Additionally, the Secretary may use a date other than the date of invoice if the Secretary is satisfied that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.⁹⁸ The CIT has stated that a “party seeking to establish a date of sale other than invoice date bears the burden of producing sufficient evidence to ‘satisfy’ {Commerce} that a different date better reflects the date on which the exporter or producer establishes the material terms of sale.”⁹⁹ The date of sale is generally the date on which the parties establish the material terms of the sale,¹⁰⁰ which normally include the price, quantity, delivery terms and payment terms.¹⁰¹ In addition, Commerce has a long-standing practice of finding that, where the shipment date precedes the invoice date, the shipment date better reflects the date on which the material terms of sale are established.¹⁰²

Yinfeng/Mangrove reported the earlier of the invoice date and the shipment date as the date of sale for its U.S. sales and demonstrated that the material terms of sale were established on that date.¹⁰³ In light of 19 CFR 351.401(i), Commerce preliminarily used the earlier of the invoice date and the shipment date as the date of sale as reported by Yinfeng for all of Yinfeng’s sales of subject merchandise made during the POI.

⁹⁶ See Memorandum, “Wood Mouldings and Millwork Products from the People’s Republic of China: Initiation Checklist,” dated January 28, 2020, at 13.

⁹⁷ See Memorandum, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People’s Republic of China: Preliminary Determination Margin Calculation for Bel Trade,” dated concurrently with this memorandum (Bel Trade Preliminary Determination Calculation Memorandum).

⁹⁸ See 19 CFR 351.401(i); see also *Allied Tube & Conduit Corp. v. United States*, 132 F. Supp. 2d 1087, 1090 (CIT 2001) (*Allied Tube*) (quoting 19 CFR 351.401(i)).

⁹⁹ See *Allied Tube*, 132 F. Supp. 2d at 1090 (brackets and citation omitted).

¹⁰⁰ See 19 CFR 351.401(i).

¹⁰¹ See *USEC Inc. v. United States*, 31 CIT 1049, 1055 (CIT 2007).

¹⁰² See, e.g., *Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 81 FR 36881 (June 8, 2016), and accompanying Preliminary Determination Memorandum at Section VII, unchanged in *Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates: Final Determination of Sales at Less Than Fair Value*, 81 FR 75030 (October 28, 2016).

¹⁰³ See Yinfeng/Mangrove’s CQR at 13-14.

Bel Trade indicated that it reported all of its sales based on the date of shipment because this date best determines when the terms of sale can no longer change.¹⁰⁴

For Bel Trade's CEP sales, Commerce preliminarily used the invoice date as the date of sale in accordance with 19 CFR 351.401(i) because the date of the sales invoice and the date of shipment do not differ for any of Bel Trade's reported CEP sales.¹⁰⁵

For Bel Trade's EP sales, Commerce finds that the terms of sale did not change for the vast majority of these sales from the invoice date to the shipment date.¹⁰⁶ For the limited number of sales for which Bel Trade claims the quantity changed from the date of invoice to the date of shipment, we find Bel Trade's explanation for those quantity changes to be insignificant. Specifically, we find that the quantity changes that occurred between the issuance of the sales invoice and shipment of the subject merchandise are rare and infrequent.¹⁰⁷ For these reasons, we find that the earlier date, which in this case is the invoice date, is the more appropriate date of sale, and have used the invoice date as the date of sale in accordance with section 19 CFR 351.401(i) for all of Bel Trade's EP sales.

H. Comparisons to Normal Value

Pursuant to section 773(a) of the Act and 19 CFR 351.414(c)(1) and (d), to determine whether each mandatory respondent's sales of the subject merchandise from China to the United States were made at less than NV, Commerce compared the EP or CEP, as appropriate, to the NV as described in the "U.S. Price" and "Normal Value" sections of this memorandum.

1. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1), Commerce calculates weighted-average dumping margins by comparing weighted-average normal values 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 LTFV 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 numerous investigations, Commerce has applied a "differential pricing" analysis for determining whether application of the average-to-transaction method is appropriate in a

¹⁰⁴ See Bel Trade's AQR at 23; *see also* Bel Trade's CQR at 8-10; and Bel Trade's ACSQR at 43.

¹⁰⁵ See Bel Trade's CQR at 10; *see also* Bel Trade's ACSQR at Exhibit SC-1.

¹⁰⁶ See Bel Trade's ACSQR at Exhibit SCQ21 and Exhibit SC-1.

¹⁰⁷ See Bel Trade's ACSQR at 43.

particular situation pursuant to 19 CFR 351.414(c)(1) and section 777A(d)(1)(B) of the Act.¹⁰⁸ 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 EPs (or CEPs) 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 (CUSCODU). Regions are defined using the reported destination code (*i.e.*, zip code (DESTU)) 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 POI 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 EP (or CEP) and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* 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

¹⁰⁸ See, e.g., *Xanthan Gum from the People's Republic of China: Final Determination of Sales at Less Than Fair*, 78 FR 33351 (June 4, 2013); *Steel Concrete Reinforcing Bar from Mexico: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances*, 79 FR 54967 (September 15, 2014); or *Welded Line Pipe from the Republic of Turkey: Final Determination of Sales at Less Than Fair Value*, 80 FR 61362 (October 13, 2015).

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 this preliminary determination, including arguments for modifying the group definitions used in this proceeding.

2. Results of the Differential Pricing Analysis

In order to determine whether to consider an alternative to the average-to-average comparison method for the preliminary determination, Commerce performed a differential pricing analysis of each mandatory respondent's U.S. sales. The results of the differential pricing analysis are as follows:

For Bel Trade, based on the results of the differential pricing analysis, Commerce preliminarily finds that 53.10 percent of the value of U.S. sales pass the Cohen's *d* test.¹⁰⁹ Given that the value of U.S. sales passing the differential pricing test is more than 33 and less than 66 percent of the value of total U.S. sales, the test results confirm the existence of a pattern of prices for comparable merchandise that differ among customers, regions, or time periods. However, we find that there is not a meaningful difference in the weighted-average dumping margins calculated using the average-to-average comparison method and the mixed comparison method when both methods are applied to all sales. Accordingly, Commerce preliminarily determines to apply the average-to-average method to all U.S. sales to calculate the weighted-average dumping margin for Bel Trade.

For Yinfeng/Mangrove, based on the results of the differential pricing analysis, Commerce preliminarily finds that 95.1 percent of the value of U.S. sales pass the Cohen's *d* test.¹¹⁰ Given that the value of U.S. sales passing the differential pricing test is greater than 66 percent of the value of total U.S. sales, the test results confirm the existence of a pattern of EPs for comparable merchandise that differ among customers, regions, or time periods. However, the test results also show that there is not a meaningful difference in the weighted-average dumping margins when calculated using the average-to-average method and the average-to-transaction method. Thus, for this preliminary determination, Commerce is applying the average-to-average method to all U.S. sales to calculate the weighted-average dumping margin for Yinfeng/Mangrove.

I. U.S. Price

1. Export Price

Section 772(a) of the Act defines EP as “the price at which subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of the subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States, as adjusted under subsection (c)” of section 772 of the Act. In accordance with section 772(a) of the Act, for certain U.S. sales made by Bel Trade and all sales made by Yinfeng/Mangrove, we used the EP methodology because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States before the date of importation by the producer or exporter of the subject merchandise outside the United States.

We based EP on the packed prices to unaffiliated purchasers in the United States. In accordance with section 772(c)(2)(A) of the Act, where appropriate, we made deductions from the starting

¹⁰⁹ See Bel Trade Preliminary Determination Calculation Memorandum.

¹¹⁰ See Memorandum, “Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People’s Republic of China: Preliminary Determination Margin Calculation for YinfengMangrove,” dated concurrently with this memorandum (Yinfeng/Mangrove Preliminary Determination Calculation Memorandum).

price (gross unit price) for movement expenses, including foreign inland freight, and domestic brokerage and handling, using SVs.¹¹¹

We preliminarily made no deduction for irrecoverable value-added tax (VAT) from the reported U.S. price because the VAT levy and VAT rebate are the same (*i.e.*, the net result is zero). See “Value-Added Tax” section below for further discussion.¹¹²

2. Constructed Export Price

For some of Bel Trade’s U.S. sales, we used CEP methodology, in accordance with section 772(b) of the Act, because the subject merchandise was first sold in the United States by a U.S. seller affiliated with the producer or exporter, and EP methodology was not otherwise warranted. We calculated CEP based on packed prices to the first unaffiliated purchasers in the United States. We made an adjustment, where appropriate, from the starting price for price and billing adjustments. We also made deductions, where appropriate, for movement expenses, *i.e.*, foreign inland freight, foreign brokerage and handling expenses, and international freight with SVs, as appropriate; and marine insurance, U.S. brokerage and handling expenses, U.S. customs duties (including merchandise processing and harbor maintenance fees), U.S. inland freight to the U.S. warehouse, and U.S. inland freight to the unaffiliated U.S. customer, in accordance with section 772(c)(2)(A) of the Act. For specific CEP sales transactions for which Bel Trade used a NME service provider, we calculated international freight using ocean shipping rates obtained from Descartes, an online provider of market-economy freight quotes.¹¹³ We valued foreign brokerage and handling, using average rates from the World Bank’s report, *Doing Business 2019: Brazil (Doing Business)*.¹¹⁴ As noted above, we did not make a deduction for irrecoverable VAT from the reported U.S. price.

In accordance with section 772(d)(1) of the Act, we calculated CEP by deducting selling expenses associated with economic activities occurring in the United States, which include direct selling expenses (*i.e.*, imputed credit expenses, U.S. warehousing expenses, and warranty expenses) and indirect selling expenses (including inventory carrying costs). Finally, we made an adjustment for profit allocated to these expenses, in accordance with section 772(d)(3) of the Act. In accordance with section 772(f) of the Act, we calculated the CEP profit rate based on information contained in the financial statements for producers of the subject merchandise in the surrogate country selected in this investigation (*see* “Factor Valuation Methodology” section for further discussion).

3. Value-Added Tax

¹¹¹ See Bel Trade Preliminary Determination Calculation Memorandum and Yinfeng/Mangrove Preliminary Determination Calculation Memorandum for further discussion.

¹¹² 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).

¹¹³ See Bel Trade Preliminary Determination Calculation Memorandum and Preliminary SV Memorandum for further discussion.

¹¹⁴ See Preliminary SV Memorandum for further discussion.

Commerce's recent practice in NME cases is to adjust EP (or the CEP) for the amount of any unrefunded (herein irrecoverable) VAT in certain non-market economies, in accordance with section 772(c)(2)(B) of the Act.¹¹⁵ In adopting this 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.¹¹⁶ 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.¹¹⁷

As such, in the initial questionnaires, Commerce instructed the 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.¹¹⁸ Information placed on the record of this investigation indicates that according to the China VAT schedule, the standard VAT rate and VAT refund rate applicable to the subject merchandise during the POI was 13 percent.¹¹⁹

Consistent with our standard methodology, for purposes of this preliminary determination we based the calculation of irrecoverable VAT on the difference between those standard rates, applied to a free-on-board EP.¹²⁰ Thus, because the VAT levy and VAT rebate rate on exports are the same (and the net result is zero), Commerce did not adjust either Bel Trade's or Yinfeng/Mangrove's sales prices for irrecoverable VAT.

J. 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

¹¹⁵ 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).

¹¹⁶ *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.

¹¹⁷ *Id.*

¹¹⁸ See, e.g., Commerce's March 3, 2020 antidumping questionnaire.

¹¹⁹ See Bel Trade's CQR at 36-37 and Exhibits C-20 and C-21 and Yinfeng/Mangrove's CQR at 30 and Exhibits C-3 and C-4.

¹²⁰ See *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.

costs invalid under Commerce's normal methodologies.¹²¹ Therefore, in accordance with sections 773(c)(3) and (4) of the Act and 19 CFR 351.408(c), Commerce calculated NV based on FOPs. Under section 773(c)(3) of the Act, FOPs include, but are not limited to: (1) hours of labor required; (2) quantities of raw materials employed; (3) amounts of energy and other utilities consumed; and (4) representative capital costs.¹²²

K. Factor Valuation Methodology

In accordance with section 773(c) of the Act, Commerce calculated NV based on FOP data reported by each mandatory respondent. To calculate NV, Commerce multiplied the reported per-unit factor consumption rates by publicly available SVs. When selecting the SVs, Commerce considered, among other factors, the quality, specificity, and contemporaneity of the data.¹²³ As appropriate, Commerce adjusted input prices by including freight costs to make them delivered prices. Specifically, Commerce 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.¹²⁴ A detailed description of SVs used for each mandatory respondent can be found in the Preliminary SV Memorandum.

As discussed above, for the preliminary determination, Commerce is using Brazilian import data, as published by GTA, and other publicly available sources from Brazil to calculate SVs for each mandatory respondent's FOPs. In accordance with section 773(c)(1) of the Act, Commerce applied the best available information for valuing FOPs by selecting, to the extent practicable, SVs which are: (1) tax-exclusive, non-export average values; (2) contemporaneous with, or closest in time to, the POI; (3) product-specific; and (4) broad-market averages.¹²⁵ The record indicates that Brazilian import data obtained through GTA, as well as data from other Brazilian sources, are broad-market averages, product-specific, tax-exclusive, and generally contemporaneous with the POI.¹²⁶

¹²¹ 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).

¹²² See section 773(c)(3)(A)-(D) of the Act.

¹²³ 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.

¹²⁴ See *Sigma Corp. v. United States*, 117 F.3d 1401, 1407-08 (Fed. Cir. 1997).

¹²⁵ 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) (*Vietnam Shrimp*), 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).

¹²⁶ See Preliminary SV Memorandum.

Pursuant to 19 CFR 351.408(c)(1), when a respondent sources inputs from an ME supplier in meaningful quantities (*i.e.*, not insignificant quantities) and pays in an ME currency, Commerce uses the actual price paid by the respondent to value those inputs, except when prices may have been distorted by findings of dumping and/or subsidization.¹²⁷ Where Commerce finds ME purchases to be of significant quantities (*i.e.*, 85 percent or more), in accordance with our statement of policy as outlined in *Antidumping Methodologies: Market Economy Inputs*,¹²⁸ Commerce uses the actual purchase prices to value the inputs. 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, but where these purchases are otherwise valid and there is no reason to disregard the prices, Commerce will weight-average the ME purchase price with an appropriate SV, according to their respective shares of the total volume of purchases, unless case-specific facts provide adequate grounds to rebut the presumption. 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.¹²⁹

Both Bel Trade and Yinfeng/Mangrove provided evidence that each had direct ME purchases of pine wood during the POI and paid for their purchases in a ME currency.¹³⁰ Therefore, for each respondent, Commerce derived an average pine wood price based on each company's reported direct ME purchase data and a selected Brazilian SV for pine wood.¹³¹

We did not include in the pine wood price calculation Bel Trade's reported ME pine wood purchase data involving another entity because documentation in Bel Trade's questionnaire responses indicated that these purchases involved a NME third party entity and Bel Trade paid for those purchases in an NME currency.

In addition, for sealing strip, which Bel Trade's U.S. affiliate provided Bel Trade free-of-charge and paid for in an ME currency, Commerce derived an average sealing strip price based on the reported ME purchase data and a selected Brazilian SV for sealing strip.¹³²

Commerce continues to apply its long-standing practice of disregarding SVs if it has a reason to believe or suspect the source data may be dumped or subsidized.¹³³ In this regard, Commerce has previously found that it is appropriate to disregard such prices from India, Indonesia, South

¹²⁷ See, e.g., *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27366 (May 19, 1997).

¹²⁸ See *Use of Market Economy Input Prices in Nonmarket Economy Proceedings*, 78 FR 46799 (August 2, 2013) (*Antidumping Methodologies: Market Economy Inputs*).

¹²⁹ *Id.*

¹³⁰ See Bel Trade's July 6, 2020 Section D Supplemental Response at Exhibit SD-Q42; see also Yinfeng/Mangrove's DQR at Exhibit D-4; and Yinfeng/Mangrove's July 7, 2020, Section D Supplemental Response at Exhibits SQ1-34 and SQ1-39.

¹³¹ See Bel Trade Preliminary Determination Calculation Memorandum and Yinfeng/Mangrove Preliminary Determination Calculation Memorandum.

¹³² See Bel Trade's Section D Supplemental Response at Exhibit SD-Q48.1.

¹³³ See section 773(c)(5) of the Act.

Korea and Thailand because we have determined that these countries maintain broadly available, non-industry-specific export subsidies.¹³⁴ Based on the existence of these 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, Commerce has not used prices from those countries in calculating the Brazilian import-based SVs. Commerce also excluded, from the calculation of the import-based per-unit SVs, imports labeled as originating from an “unidentified” country, because Commerce could not be certain that these imports were not from either an NME country or a country with generally available export subsidies.¹³⁵ We used Brazilian import statistics from GTA to value raw materials and packing materials.¹³⁶ With respect to electricity, we calculated an average rate using publicly-available data applicable during 2018 from the Brazilian Government’s publication, “2019 Statistical Yearbook for Electricity,” and inflated the rate to the POI using the International Monetary Fund’s monthly Consumer Price Index (CPI).¹³⁷ We valued water using a 2019 industrial usage water rate obtained from RHA Engenharia e Consultoria SS Ltda.¹³⁸

We valued truck freight using average rates from *Doing Business*.¹³⁹ This World Bank report gathers information concerning the distance and cost to transport a containerized shipment weighing 15 metric tons in Brazil.¹⁴⁰

In NME AD proceedings, Commerce prefers to value labor solely based on data from the surrogate country.¹⁴¹ In *Labor Methodologies*, Commerce determined that the best methodology to value labor is to use industry-specific labor rates from the surrogate country. Additionally, we determined that the best data source for industry-specific labor rates is manufacturing labor rates from ILOSTAT, the labor database compiled by the International Labor Organization.¹⁴² In this investigation, we find that the ILOSTAT 2019 data on the record from Brazil are the best available information for valuing labor because they also include the

¹³⁴ 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; and *Certain Frozen Warmwater Shrimp from Thailand: Final Negative Countervailing Duty Determination*, 78 FR 50379 (August 19, 2013), and accompanying IDM at IV.

¹³⁵ See, e.g., *Vietnam Shrimp*, 69 FR at 42682-42683.

¹³⁶ See Preliminary SV Memorandum.

¹³⁷ *Id.*

¹³⁸ *Id.*

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (*Labor Methodologies*).

¹⁴² See Preliminary SV Memorandum.

manufacturing sector and represent the closest labor valuation to the industry in question from the surrogate country.¹⁴³

Commerce's criteria for choosing surrogate financial statements from which we derive the financial ratios are the availability of contemporaneous financial statements, comparability to the respondent's experience, and public availability of information.¹⁴⁴ Moreover, for valuing factory overhead, SG&A expenses, and profit, Commerce normally will use non-proprietary information gathered from producers of identical or comparable merchandise in the surrogate country.¹⁴⁵ In addition, the CIT has held that in the selection of surrogate producers, Commerce may consider how closely the surrogate producers approximate the NME producer's experience.¹⁴⁶

To value factory overhead, SG&A expenses, and profit, Commerce relied on the 2019 financial statements of Adami and Duratex, because these two Brazilian companies are producers of products that are identical to subject merchandise, based on information the petitioner placed on the record.¹⁴⁷ With respect to Eucatex, another Brazilian producer of subject merchandise whose 2019 financial statements are also on the record, we find that this company's 2019 financial results are not a reliable source because the company's financial statements were given a qualified opinion by its auditors.¹⁴⁸ Therefore, we have not relied on Eucatex's financial data and preliminarily find that the financial data of Adami and Duratex are appropriate to approximate the financial costs of the mandatory respondents' production of the subject merchandise.¹⁴⁹

Commerce's practice is to grant the respondents an offset to the reported FOPs for by-product generated during the production of the subject merchandise if evidence is provided that such by-product has commercial value and is produced during the POI.¹⁵⁰ Bel Trade and Yinfeng/Mangrove claimed by-product offsets for wood scrap and provided evidence of having earned by-product revenue during the POI and provided the records necessary to prove production of this wood scrap. Regarding Bel Trade's claim for a by-product offset for plastic drum scrap, we find that based on the information it provided in its supplemental questionnaire response, plastic drum scrap is not generated during the production of the subject merchandise

¹⁴³ *Id.*

¹⁴⁴ See, e.g., *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), and accompanying IDM at Comment 3.

¹⁴⁵ See, e.g., *Diamond Sawblades and Parts Thereof from the People's Republic of China, Final Determination in the Antidumping Duty Investigation*, 71 FR 29303 (May 22, 2006), and accompanying IDM at Comment 2; see also section 773(c)(4) of the Act; 19 CFR 351.408(c)(4).

¹⁴⁶ See *Rhodia, Inc. v. United States*, 240 F. Supp. 2d 1247, 1253-54 (CIT 2002); see also *Persulfates from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 70 FR 6836 (February 9, 2005), and accompanying IDM at Comment 1.

¹⁴⁷ For more information on the surrogate financial ratios calculations, see the Preliminary SV Memorandum.

¹⁴⁸ See Petitioner's Surrogate Value Comments at Exhibit 8C.

¹⁴⁹ *Id.*

¹⁵⁰ See *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.

but rather, is an item used as a container for another material which is used in the production process. Accordingly, we did not make a by-product offset for plastic drum scrap in the calculation of the NV for Bel Trade.

V. CURRENCY CONVERSION

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.

VI. ADJUSTMENT UNDER SECTION 777A(f) OF THE ACT

In applying section 777A(f) of the Act, Commerce examines: (1) whether a countervailable subsidy (other than an export subsidy) has been provided with respect to a class or kind of merchandise; (2) whether such countervailable subsidy has been demonstrated to have reduced the average price of imports of the class or kind of merchandise during the relevant period; and (3) whether 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.¹⁵¹ For a subsidy meeting these criteria, the statute requires Commerce to reduce the AD cash deposit rate by the estimated amount of the increase in the weighted-average dumping margin subject to a specified cap.¹⁵²

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

In order to examine the effects of concurrent countervailable subsidies in calculating dumping margins for respondents in this investigation, Commerce requested that Bel Trade and Yinfeng/Mangrove submit information with respect to subsidies relevant to their eligibility for an adjustment to the calculated weighted-average dumping margins.¹⁵³

Both Bel Trade and Yinfeng/Mangrove submitted a double remedy questionnaire response.¹⁵⁴ Each company reported that it benefitted from the following programs, preliminarily found to be

¹⁵¹ See section 777A(f)(1)(A)-(C) of the Act.

¹⁵² See section 777A(f)(1)-(2) of the Act.

¹⁵³ See Commerce's Letters, "Antidumping Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Double Remedy Questionnaire," both dated June 15, 2020.

¹⁵⁴ See Bel Trade's and Yinfeng/Mangrove's Double Remedies Questionnaire Responses, both dated June 29, 2020 (DRQR).

countervailable in the companion CVD investigation,¹⁵⁵ that have an impact on its cost of manufacture (COM): Provision of Sawn Wood and Continuously Shaped Wood for less than adequate remuneration (LTAR); Provision of Plywood for LTAR; Provision of Wood Glues and Adhesives for LTAR; Provision of Primer, Including Gesso (Primer) for LTAR; Provision of Water for LTAR, and Provision of Electricity for LTAR.¹⁵⁶

Pursuant to section 777A(f)(2) of the Act, in investigations, we normally examine the preliminary report issued by the ITC¹⁵⁷ to determine whether prices of the subject merchandise increased or decreased during the POI. Pursuant to section 777A(f)(1)(B) of the Act, we examined whether ITC import data showed a reduction in the price of imports of the class or kind of merchandise during the relevant period. In this case, we found that ITC import data for the subject merchandise showed a general increase in the U.S. average import price during the relevant period.¹⁵⁸

Furthermore, we find that both Bel Trade and Yinfeng/Mangrove did not provide sufficient evidence that the above-referenced subsidies had an impact on their COM, nor did either company demonstrate a decrease in prices due to changes in its COM.¹⁵⁹ Rather, both respondents provided monthly cost for inputs included in each subsidy program and documentation showing how the cost of each input is recorded in their accounting records.¹⁶⁰ However, this information fails to show that the subsidies had an impact on their COMs. Accordingly, we preliminarily determine that both companies' questionnaire responses did not indicate a subsidies-to-cost linkage or a cost-to-price linkage. Therefore, Commerce finds that there is no basis to make an adjustment for either Bel Trade or Yinfeng/Mangrove, pursuant to section 777(A)(f) of the Act.

VII. ADJUSTMENT FOR COUNTERAVAILABLE 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."¹⁶¹

¹⁵⁵ See *Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 35900 (June 12, 2020), and accompanying PDM at 33-52.

¹⁵⁶ See Bel Trade's DRQR at 6; see also Yinfeng/Mangrove's DRQR at 6.

¹⁵⁷ See ITC Prelim Report at IV-4 at Table IV-2.

¹⁵⁸ *Id.*

¹⁵⁹ See Bel Trade's Preliminary Determination Calculation Memorandum and Yinfeng/Mangrove's Preliminary Determination Calculation Memorandum.

¹⁶⁰ See Bel Trade's DRQR at Exhibits DR-2 through DR-4; see also Yinfeng/Mangrove's DRQR at Exhibits DR-2 through DR-4.

¹⁶¹ 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.

Commerce determined in the preliminary determination of the companion CVD investigation that Yinfeng/Mangrove, the only cooperative mandatory respondent in that investigation, benefited from a subsidy program contingent on exports totaling 10.73 percent.¹⁶² With respect to Bel Trade and the separate rate companies, we find that an export subsidy adjustment of 10.73 percent to the cash deposit rate is warranted because this is the export subsidy rate included in the CVD all-others rate, to which these companies are subject in the companion CVD proceeding. For the China-wide entity, which preliminarily received an AFA margin, as an extension of the adverse inference found necessary pursuant to section 776(b) of the Act, Commerce also has adjusted the China-wide entity's AD cash deposit rate by 10.73 percent, as this rate is also the lowest export subsidy rate determined for any party in the companion CVD proceeding.¹⁶³

VIII. CONCLUSION

We recommend applying the above methodology for this preliminary determination.

Agree

Disagree

8/5/2020

X 

Signed by: JEFFREY KESSLER

Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance

¹⁶² See *Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 85 FR 35900 (June 12, 2020), and accompanying PDM at 34-41, relating to the inclusion of the following export-related programs in the subsidy rate for Yinfeng/Mangrove and for the all others subsidy rate: Export Buyer's Credit, Transition and Updating Project for 2018, Export Transition and Upgrade Fund for 2018, Youxi County Export Prize for 2018, Foreign Trade and Cooperation Development Fund for 2013, and Foreign Trade and Cooperation Development Fund for 2014.

¹⁶³ See, e.g., *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 IDM at 35.