



A-122-857

Changed Circumstances Review

**Public Document**

EC/AD/IV: MC

July 6, 2021

**MEMORANDUM TO:** Ryan Majerus  
Deputy Assistant Secretary  
for Policy and Negotiations

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

**SUBJECT:** Initiation and Preliminary Results of Changed Circumstances  
Review: Certain Softwood Lumber Products from Canada

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## I. SUMMARY

As a result of our analysis, we recommend finding that CHAP Alliance, Inc. (CHAP) is the successor-in-interest to L'Atelier de Readaption au Travail de Beauce Inc. (L'Atelier).

## II. BACKGROUND

L'Atelier has not been individually investigated in this proceeding and is currently subject to the “all-others” antidumping duty (AD) rate if it ships subject merchandise to the United States. L'Atelier is currently subject to the current ongoing administrative review as a non-selected respondent.<sup>1</sup> L'Atelier reported that on January 29, 2021, its Board of Directors passed a resolution to change the name of the company from L'Atelier to CHAP.<sup>2</sup> The Registrar of Quebec approved the name change on February 11, 2021.<sup>3</sup>

During the course of the name change, L'Atelier reported that its Board of Directors, which also operated a charity corporation named Hichaud Inc., dissolved Hichaud, Inc. and transferred its assets to CHAP.<sup>4</sup> L'Atelier reported that Hichaud Inc. operated separate businesses than L'Atelier and was primarily involved in the fields of industrial sewing, private security, retail, and shoe manufacturing.<sup>5</sup> The assets transferred from L'Atelier to CHAP include real estate property, moveable assets (such as vehicles), Hichaud's clientele and trademarks and intellectual

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<sup>1</sup> See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 86 FR 12599, 12601 (March 4, 2021).

<sup>2</sup> See CHAP's Letter, “Certain Softwood Lumber from Canada: L'Atelier de Réadaptation au Travail de Beauce Inc. Request for Changed Circumstances Reviews,” dated May 5, 2021 at 2 (CCR Request).

<sup>3</sup> *Id.* at 2.

<sup>4</sup> *Id.* at 3; see also CHAP's Letter, “Certain Softwood Lumber from Canada: Supplemental Questionnaire Response,” dated June 24, 2021 at 1-2 and Exhibit 7 (Supplemental Response).

<sup>5</sup> See CCR Request at 3.



property.<sup>6</sup> L'Atelier asserts that the acquisition of Hichaud's assets will not affect any aspect of CHAP's softwood lumber activities.<sup>7</sup>

### **III. SCOPE OF THE SOFTWOOD LUMBER ORDER**

The merchandise covered by the order is softwood lumber, siding, flooring and certain other coniferous wood (softwood lumber products). The scope includes:

- Coniferous wood, sawn, or chipped lengthwise, sliced or peeled, whether or not planed, whether or not sanded, or whether or not finger-jointed, of an actual thickness exceeding six millimeters.
- Coniferous wood siding, flooring, and other coniferous wood (other than moldings and dowel rods), including strips and friezes for parquet flooring, that is continuously shaped (including, but not limited to, tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded) along any of its edges, ends, or faces, whether or not planed, whether or not sanded, or whether or not end-jointed.
- Coniferous drilled and notched lumber and angle cut lumber.
- Coniferous lumber stacked on edge and fastened together with nails, whether or not with plywood sheathing.
- Components or parts of semi-finished or unassembled finished products made from subject merchandise that would otherwise meet the definition of the scope above.

Finished products are not covered by the scope of this order. For the purposes of this scope, finished products contain, or are comprised of, subject merchandise and have undergone sufficient processing such that they can no longer be considered intermediate products, and such products can be readily differentiated from merchandise subject to this order at the time of importation. Such differentiation may, for example, be shown through marks of special adaptation as a particular product. The following products are illustrative of the type of merchandise that is considered "finished" for the purpose of this scope: I-joists; assembled pallets; cutting boards; assembled picture frames; garage doors.

The following items are excluded from the scope of this order:

- Softwood lumber products certified by the Atlantic Lumber Board as being first produced in the Provinces of Newfoundland and Labrador, Nova Scotia, or Prince Edward Island from logs harvested in Newfoundland and Labrador, Nova Scotia, or Prince Edward Island.
- U.S.-origin lumber shipped to Canada for processing and imported into the United States if the processing occurring in Canada is limited to one or more of the following: (1) Kiln drying; (2) planing to create smooth-to-size board; or (3) sanding.
- Box-spring frame kits if they contain the following wooden pieces--two side rails, two end (or top) rails and varying numbers of slats. The side rails and the end rails must be radius-cut at both ends. The kits must be individually packaged and must contain the

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<sup>6</sup> See CCR Request at Exhibit 6; *see also* Supplemental Response at 1-2 and Exhibit 8.

<sup>7</sup> See CCR Request at 3; *see also* Supplemental Response at 2.

exact number of wooden components needed to make a particular box-spring frame, with no further processing required. None of the components exceeds 1'' in actual thickness or 83'' in length.

- Radius-cut box-spring-frame components, not exceeding 1'' in actual thickness or 83'' in length, ready for assembly without further processing. The radius cuts must be present on both ends of the boards and must be substantially cut so as to completely round one corner.

Softwood lumber product imports are generally entered under Chapter 44 of the Harmonized Tariff Schedule of the United States (HTSUS). This chapter of the HTSUS covers "Wood and articles of wood." Softwood lumber products that are subject to this order are currently classifiable under the following ten-digit HTSUS subheadings in Chapter 44:

4406.11.0000; 4406.91.0000; 4407.10.01.01; 4407.10.01.02; 4407.10.01.15; 4407.10.01.16; 4407.10.01.17; 4407.10.01.18; 4407.10.01.19; 4407.10.01.20; 4407.10.01.42; 4407.10.01.43; 4407.10.01.44; 4407.10.01.45; 4407.10.01.46; 4407.10.01.47; 4407.10.01.48; 4407.10.01.49; 4407.10.01.52; 4407.10.01.53; 4407.10.01.54; 4407.10.01.55; 4407.10.01.56; 4407.10.01.57; 4407.10.01.58; 4407.10.01.59; 4407.10.01.64; 4407.10.01.65; 4407.10.01.66; 4407.10.01.67; 4407.10.01.68; 4407.10.01.69; 4407.10.01.74; 4407.10.01.75; 4407.10.01.76; 4407.10.01.77; 4407.10.01.82; 4407.10.01.83; 4407.10.01.92; 4407.10.01.93; 4407.11.00.01; 4407.11.00.02; 4407.11.00.42; 4407.11.00.43; 4407.11.00.44; 4407.11.00.45; 4407.11.00.46; 4407.11.00.47; 4407.11.00.48; 4407.11.00.49; 4407.11.00.52; 4407.11.00.53; 4407.12.00.01; 4407.12.00.02; 4407.12.00.17; 4407.12.00.18; 4407.12.00.19; 4407.12.00.20; 4407.12.00.58; 4407.12.00.59; 4407.19.05.00; 4407.19.06.00; 4407.19.10.01; 4407.19.10.02; 4407.19.10.54; 4407.19.10.55; 4407.19.10.56; 4407.19.10.57; 4407.19.10.64; 4407.19.10.65; 4407.19.10.66; 4407.19.10.67; 4407.19.10.68; 4407.19.10.69; 4407.19.10.74; 4407.19.10.75; 4407.19.10.76; 4407.19.10.77; 4407.19.10.82; 4407.19.10.83; 4407.19.10.92; 4407.19.10.93; 4409.10.05.00; 4409.10.10.20; 4409.10.10.40; 4409.10.10.60; 4409.10.10.80; 4409.10.20.00; 4409.10.90.20; 4409.10.90.40; 4418.50.0010; 4418.50.0030; 4418.50.0050 and 4418.99.10.00.

Subject merchandise as described above might be identified on entry documentation as stringers, square cut box-spring-frame components, fence pickets, truss components, pallet components, flooring, and door and window frame parts. Items so identified might be entered under the following ten-digit HTSUS subheadings in Chapter 44:

4415.20.40.00; 4415.20.80.00; 4418.99.90.05; 4418.99.90.20; 4418.99.90.40; 4418.99.90.95; 4421.99.70.40; and 4421.99.97.80.

Although these HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

#### **IV. DISCUSSION OF THE ISSUES**

We discussed issues involving initiation (information showing changed circumstances sufficient to warrant a CCR and whether expedited action is warranted) in the accompanying *Federal Register* notice. Thus, we turn to our analysis of whether CHAP is the successor-in-interest to

L'Atelier below.

#### L'Atelier Comments

- Commerce should determine that CHAP is the successor-in-interest to L'Atelier because the operations of the successor company (CHAP) are not materially dissimilar to those of the predecessor company (L'Atelier).
- CHAP made no changes to any softwood lumber operational or organization aspects, such as management, production facilities, supplier relationships, or customer base, as a result of the name change from L'Atelier to CHAP and absorption of Hichaud Inc.'s assets.<sup>8</sup>
  - Management – The management of CHAP after February 11, 2021, is the same as that of L'Atelier prior to that date.<sup>9</sup>
  - Production – The softwood lumber production facilities utilized by CHAP after February 11, 2021, are the same as those of L'Atelier prior to that date.<sup>10</sup>
  - Suppliers – CHAP's softwood lumber suppliers after February 11, 2021, are the same as those of L'Atelier prior to that date.<sup>11</sup>
  - Customers – CHAP's softwood lumber customers after February 11, 2021, are the same as those of L'Atelier prior to that date.<sup>12</sup>

No other parties submitted comments.

#### Commerce's Position:

In determining whether one company is the successor to another for AD purposes, Commerce examines a number of factors including, but not limited to, changes in: (1) management; (2) production facilities; (3) suppliers; and (4) customer base.<sup>13</sup> While no one, or several, of these factors will necessarily provide a dispositive indication of succession, Commerce will generally consider one company to be the successor to another company if its resulting operations are essentially the same as those of its predecessor.<sup>14</sup> Thus, if the evidence demonstrates that, with respect to the production and sale of the subject merchandise, the company, in its current form, operates as essentially the same business entity as the prior company, Commerce will assign the new company the cash deposit rate of its predecessor.<sup>15</sup>

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<sup>8</sup> See CCR Request at 4-6.

<sup>9</sup> *Id.* at Exhibit 4, Attachment A.

<sup>10</sup> *Id.* at Exhibit 4, Attachment B.

<sup>11</sup> *Id.* at Exhibit 4, Attachment C.

<sup>12</sup> *Id.* at Exhibit 4, Attachment D.

<sup>13</sup> See *Initiation and Preliminary Results of Antidumping Duty Changed Circumstances Review: Multilayered Wood Flooring from the People's Republic of China*, 79 FR 48117, 48118 (August 15, 2014), unchanged in *Multilayered Wood Flooring from the People's Republic of China: Final Results of Changed Circumstances Review*, 79 FR 58740 (September 30, 2014).

<sup>14</sup> *Id.*

<sup>15</sup> See, e.g., *Certain Circular Welded Carbon Steel Pipes and Tubes from Taiwan: Initiation of Antidumping Duty Changed Circumstance Review*, 70 FR 17063, 17064 (April 4, 2005); and *Fresh and Chilled Atlantic Salmon from Norway: Final Results of Changed Circumstances Antidumping Administrative Review*, 64 FR 9979, 9980 (March 1, 1999).

As discussed below, we preliminarily find that there have been no major changes with respect to L'Atelier once L'Atelier changed its name to CHAP in terms of its : (1) ownership and management; (2) production facilities; (3) supplier relationships; and (4) customer base.

### Ownership and Management

Prior to the name change, L'Atelier's senior management team was comprised of three individuals.<sup>16</sup> Those same three individuals remain in their positions post-name change from L'Atelier to CHAP.<sup>17</sup> Moreover, pre-name change, L'Atelier's Board of Directors was comprised of nine individuals.<sup>18</sup> Those same nine individuals remain in their positions post-name change from L'Atelier to CHAP.<sup>19</sup>

### Production Facilities

Post-name change CHAP has maintained the same softwood lumber production facilities with the same address and the same structure as pre-name change L'Atelier.<sup>20</sup>

### Supplier Relationships

CHAP has maintained pre-name change L'Atelier's supplies and supplier codes in its internal accounting system.<sup>21</sup> The list of suppliers provided by CHAP shows that its suppliers related to the production and sales of softwood lumber are identical both pre-name change (L'Atelier) and post-name change (CHAP).<sup>22</sup>

### Customer Base

Post-name change, CHAP has maintained the same top-10 customers as pre-name change, L'Atelier.<sup>23</sup>

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<sup>16</sup> See CCR Request, at 5 and Exhibit 4, Attachment A.

<sup>17</sup> *Id.*; see also Supplemental Response at 4 and Exhibit 13.

<sup>18</sup> See CCR Request, Exhibit 4, Attachment A; see also Supplemental Response at 4 and Exhibits 14 and 15.

<sup>19</sup> *Id.*

<sup>20</sup> See CCR Request at Exhibit 4, Attachment B; see also Supplemental Response at 2-3.

<sup>21</sup> See CCR Request at Exhibit 4, Attachment C.

<sup>22</sup> *Id.*; see also Supplemental Response at 3 and Exhibit 11.

<sup>23</sup> See CCR Request at Exhibit 4, Attachment D; see also Supplemental Response at 4 and Exhibit 12.

## V. RECOMMENDATION

Based on our analysis of the information contained in the CCR request, we recommend that Commerce preliminarily determine that CHAP is the successor-in-interest to L'Atelier for purposes of the Canadian softwood lumber AD order and is entitled to the same antidumping cash-deposit rates that Commerce may assign (for ongoing reviews) to L'Atelier.

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Agree

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Disagree

7/6/2021

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Signed by: RYAN MAJERUS

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Ryan Majerus  
Deputy Assistant Secretary  
for Policy and Negotiations