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Sunset Reviews
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July 1, 2019

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

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

SUBJECT: Issues and Decision Memorandum for the Final Results of
Expedited Second Sunset Reviews of the Antidumping Duty
Orders on Uncovered Innerspring Units from the People's
Republic of China, South Africa, and the Socialist Republic of
Vietnam

I. SUMMARY

We analyzed the substantive responses of a domestic interested party in the second sunset reviews of the antidumping duty orders covering uncovered innerspring units (innersprings) from the People's Republic of China (China), South Africa, and the Socialist Republic of Vietnam (Vietnam). We recommend that you approve the positions we developed in the "Discussion of the Issues" section of this memorandum. Below is the complete list of the issues in these sunset reviews for which we received substantive responses:

1. Likelihood of continuation or recurrence of dumping
2. Magnitude of the margins likely to prevail

II. BACKGROUND

On March 1, 2019, the Department of Commerce (Commerce) published the *Initiation* of the sunset reviews of the antidumping duty orders on innersprings from China, South Africa, and Vietnam, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act).¹

¹ See *Initiation of Five-Year (Sunset) Reviews*, 84 FR 7021 (March 1, 2019) (*Initiation*); see also *Uncovered Innerspring Units from the People's Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (*China Antidumping Duty Order*), *Antidumping Duty Order: Uncovered Innerspring Units from South Africa*, 73 FR 75390 (December 11, 2008) (*SA Antidumping Duty Order*), and *Antidumping Duty Order: Uncovered Innerspring Units From the Socialist Republic of Vietnam*, 73 FR 75391 (December 11, 2008) (*Vietnam Antidumping Duty Order*) (collectively *Orders*).

Commerce received notices of intent to participate from a domestic interested party, Leggett & Platt, Incorporated (Leggett & Platt), within the deadline specified in 19 CFR 351.218(d)(1)(i).² Leggett & Platt claimed interested party status under section 771(9)(C) of the Act as a producer of the domestic like product. On April 1, 2019, Commerce received adequate substantive responses from Leggett & Platt within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i).³ Commerce received no responses from respondent interested parties with respect to the *Orders* covered by these sunset reviews. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), Commerce conducted expedited (120-day) sunset reviews of the antidumping duty orders on innersprings from China, South Africa, and Vietnam.

III. HISTORY OF THE *ORDERS*

China

On December 29, 2008, Commerce published its final affirmative determination of sales at less than fair value (LTFV) with respect to imports of innersprings from China.⁴ Commerce found the following *ad valorem* dumping margins:⁵

China:

Foshan Jingxin Steel Wire & Spring Co., Ltd	234.51 percent
Exporters with a separate rate	164.75 percent
Exporters which are part of the country-wide entity	234.51 percent

Following the issuance of Commerce's final determination, the International Trade Commission (ITC) found that the U.S. industry was materially injured by reason of subject imports from China pursuant to section 735(b) of the Act.⁶ Subsequently, Commerce published the antidumping duty order on innersprings from China.⁷

² See domestic interested party's submissions, "Uncovered Innerspring Units from the People's Republic of China: Notice of Intent to Participate," "Uncovered Innerspring Units from South Africa: Notice of Intent to Participate," and "Uncovered Innerspring Units from Vietnam: Notice of Intent to Participate," each dated March 11, 2019.

³ See domestic interested party's submissions, "Uncovered Innerspring Units from the People's Republic of China: Substantive Response to Notice of Initiation of Five-Year Review" (Substantive Response China), "Uncovered Innerspring Units from South Africa: Substantive Response to Notice of Initiation of Five-Year Review" (Substantive Response SA), and "Uncovered Innerspring Units from the Socialist Republic of Vietnam: Substantive Response to Notice of Initiation of Five-Year Review" (Substantive Response Vietnam), each dated April 1, 2019.

⁴ See *Uncovered Innerspring Units from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 79443 (December 29, 2008) (*China LTFV*).

⁵ *Id.* at 79446.

⁶ See *Uncovered Innerspring Units from China*, U.S. Int'l Trade Commission, Inv. No. 731-TA-1140 (Final), ITC Pub. 4061 (February 2009), at 1.

⁷ See *China Antidumping Duty Order*.

Since the issuance of the *China Antidumping Duty Order*, Commerce has completed nine administrative reviews and one new-shipper review of the order.⁸ There have been no changed-circumstances or duty-absorption reviews of the antidumping duty order. There have been two scope determinations and three circumvention determinations on uncovered innersprings from China.⁹ The *China Antidumping Duty Order* remains in effect for all manufacturers, producers, and exporters of innersprings from China.

South Africa

On October 21, 2008, Commerce published its final affirmative determination of sales at LTFV with respect to imports of innersprings from South Africa.¹⁰ Commerce found the following *ad valorem* dumping margins:¹¹

South Africa:

Bedding Component Manufacturers (Pty) Ltd.	121.39 percent
All Others	121.39 percent

Following the issuance of Commerce's final determination, the ITC found that the U.S. industry was materially injured by reason of subject imports from South Africa pursuant to section 735(b) of the Act.¹² Subsequently, Commerce published the antidumping duty order on innersprings from South Africa.¹³

Since the issuance of the *SA Antidumping Duty Order*, Commerce has not conducted any administrative reviews of the order. There have not been any new-shipper, changed-circumstances or duty-absorption reviews of the *SA Antidumping Duty Order*. There have been

⁸ See *Uncovered Innerspring Units from the People's Republic of China: Final Results of First Antidumping Duty Administrative Review*, 76 FR 4290 (January 25, 2011); *Uncovered Innerspring Units from the People's Republic of China: Final Results and Final Rescission, in Part, of Antidumping Duty Administrative Review*, 77 FR 21961 (April 12, 2012) (*Second China Review*); *Uncovered Innerspring Units from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012*, 78 FR 17635 (March 22, 2013); *Uncovered Innerspring Units From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2012-2013*, 79 FR 56338 (September 19, 2014); *Uncovered Innerspring Units from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013-2014*, 80 FR 53105 (September 2, 2015); *Uncovered Innerspring Units from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 81 FR 62729 (September 12, 2016); *Uncovered Innerspring Units from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2015-2016*, 82 FR 13975 (March 16, 2017); *Uncovered Innerspring Units From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2016-2017*, 83 FR 8967 (March 2, 2018); *Uncovered Innerspring Units from the People's Republic of China: Final Results of the Antidumping Duty Administrative Review; 2017-2018*, 84 FR 16245 (April 18, 2019) (collectively *China Administrative Reviews*); and *Uncovered Innerspring Units from the People's Republic of China: Rescission of Antidumping Duty New Shipper Review*, 76 FR 80337 (December 23, 2011) (*China New Shipper Review*).

⁹ See Scope, Circumventions and Sunset Determinations section below.

¹⁰ See *Notice of Final Determination of Sales at Less Than Fair Value: Uncovered Innerspring Units from South Africa*, 73 FR 62481 (October 21, 2008) (*SA LTFV*).

¹¹ *Id.* at 62482.

¹² See *Uncovered Innerspring Units from South Africa and Vietnam*, U.S. Int'l Trade Commission, Inv. No. 731-TA-1141-1142 (Final), ITC Pub. 4051 (December 2008), at 1 (*SA and Vietnam ITC Final Determination*).

¹³ See *SA Antidumping Duty Order*.

no scope determinations on innersprings from South Africa. The *SA Antidumping Duty Order* remains in effect for all manufacturers, producers, and exporters of innersprings from South Africa.

Vietnam

On October 21, 2008, Commerce published its final affirmative determination of sales at LTFV with respect to imports of innersprings from Vietnam.¹⁴ Commerce found the following *ad valorem* dumping margins:¹⁵

Vietnam:

Exporters which are part of the country-wide entity	116.31 percent
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Following the issuance of Commerce's final determination, the ITC found that the U.S. industry was materially injured by reason of subject imports from Vietnam pursuant to section 735(b) of the Act.¹⁶ Subsequently, Commerce published the antidumping duty order on innersprings from Vietnam.¹⁷

Since the issuance of the *Vietnam Antidumping Duty Order*, Commerce has not conducted any administrative reviews of the order. There have not been any new-shipper, changed-circumstances or duty-absorption reviews of the order. There have been no scope determinations on innersprings from Vietnam. The *Vietnam Antidumping Duty Order* remains in effect for all manufacturers, producers, and exporters of innersprings from Vietnam.

Scope, Circumvention and Sunset Determinations

Commerce issued two scope determinations and three circumvention determinations since the inception of the *Orders*. The following two scope determinations and circumvention determinations are applicable to the *China Antidumping Duty Order*.

On May 31, 2011, Commerce issued a scope determination with respect to two models of unfinished bed mattresses at the request of Wickline Bedding Enterprises.¹⁸ We found that Wickline's premium and standard unfinished mattresses are outside the scope of the *China Antidumping Duty Order*.

On July 21, 2011, Commerce issued a scope determination with respect to fabric encased upholstery coil units at the request of No Boundaries LLC.¹⁹ We found that No Boundaries' upholstery units are within the scope of the *China Antidumping Duty Order*.

¹⁴ See *Uncovered Innerspring Units from the Socialist Republic of Vietnam: Notice of Final Determination of Sales at Less Than Fair Value*, 73 FR 62479 (October 21, 2008) (*Vietnam LTFV*).

¹⁵ *Id.* at 62480.

¹⁶ See *SA and Vietnam ITC Final Determination*.

¹⁷ See *Vietnam Antidumping Duty Order*.

¹⁸ See Department memorandum entitled, "Uncovered Innerspring Units from the People's Republic of China: Wickline Bedding Enterprises Final Scope Ruling" dated May 31, 2011.

¹⁹ See Department memorandum entitled, "Uncovered Innerspring Units from the People's Republic of China: No Boundaries LLC Final Scope Ruling" dated July 21, 2011.

On January 21, 2014, Commerce published a final circumvention determination with respect to innerspring units completed and assembled in Malaysia by Reztec using components from China and exported from Malaysia to the United States. We found that the Reztec innerspring units are circumventing the *China Antidumping Duty Order* and thus are subject to the *China Antidumping Duty Order*.²⁰

On November 30, 2015, Commerce published a final circumvention determination with respect to innerspring units completed and assembled in Malaysia by Goldon Bedding Manufacturing Sdn. Bhd. (Goldon) using components from China and exported from Malaysia to the United States. We found that the Goldon innerspring units were circumventing the *China Antidumping Duty Order* and thus, were subject to the *China Antidumping Duty Order*.²¹

On December 21, 2018, Commerce published a final circumvention determination with respect to innerspring units completed and assembled in Macao by Macao Commercial and Industrial Spring Mattress Manufacturer (Macao Commercial) and the other companies that are part of the Macao Commercial Group, using components from China and exported from Macao to the United States. We found that the Macao Commercial innerspring units were circumventing the *China Antidumping Duty Order* and thus, were subject to the *China Antidumping Duty Order*.²²

Commerce has not issued any scope or circumvention determinations regarding subject merchandise from South Africa or Vietnam.

On March 10, 2014, Commerce published the first sunset determination with respect to innerspring units from China, South Africa, and Vietnam. Commerce found that revocation of these antidumping duty orders would be likely to lead to the continuation or recurrence of dumping.²³

IV. SCOPE OF THE ORDERS

The merchandise covered by these *Orders* are uncovered innerspring units composed of a series of individual metal springs joined together in sizes corresponding to the sizes of adult mattresses (e.g., twin, twin long, full, full long, queen, California king, and king) and units used in smaller constructions, such as crib and youth mattresses. All uncovered innerspring units are included in this scope regardless of width and length. Included within this definition are innersprings typically ranging from 30.5 inches to 76 inches in width and 68 inches to 84 inches in length. Innersprings for crib mattresses typically range from 25 inches to 27 inches in width and 50 inches to 52 inches in length.

²⁰ See *Uncovered Innerspring Units from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 79 FR 3345 (January 21, 2014).

²¹ See *Uncovered Innerspring Units from the People's Republic of China: Affirmative Final Determination of Circumvention of the Antidumping Duty Order*, 80 FR 74758 (November 30, 2015).

²² See *Uncovered Innerspring Units from the People's Republic of China: Final Affirmative Determination of Circumvention of the Antidumping Duty Order*, 83 FR 65626 (December 21, 2018).

²³ See *Uncovered Innerspring Units from the People's Republic of China, South Africa, and Socialist Republic of Vietnam: Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 79 FR 13277 (March 10, 2014) (*First Sunset Review*).

Uncovered innerspring units are suitable for use as the innerspring component in the manufacture of innerspring mattresses, including mattresses that incorporate a foam encasement around the innerspring.

Pocketed and non-pocketed innerspring units are included in this definition. Non-pocketed innersprings are typically joined together with helical wire and border rods. Non-pocketed innersprings are included in this definition regardless of whether they have border rods attached to the perimeter of the innerspring. Pocketed innersprings are individual coils covered by a “pocket” or “sock” of a nonwoven synthetic material or woven material and then glued together in a linear fashion.

Uncovered innersprings are classified under subheading 9404.29.9010 and have also been classified under subheadings 9404.10.0000, 7326.20.0070, 7320.20.5010, or 7320.90.5010 of the Harmonized Tariff Schedule of the United States (HTSUS). On January 11, 2011, Commerce included HTSUS classification numbers 9404.29.9005 and 9404.29.9011 to the customs case reference file, pursuant to a request by U.S. Customs and Border Protection (CBP). On January 7, 2013, Commerce included the HTSUS classification 7326.20.0071 number to the customs case reference file, pursuant to a request by CBP. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

V. DISCUSSION OF THE ISSUES

Legal Framework

In accordance with section 751(c)(1) of the Act, Commerce is conducting these sunset reviews to determine whether revocation of the *Orders* would be likely to lead to continuation or recurrence of dumping. Sections 752(c)(1)(A) and (B) of the Act provide that, in making these determinations, Commerce shall consider both the weighted-average dumping margins determined in the investigations and subsequent reviews, and the volume of imports of the subject merchandise for the periods before and after the issuance of the *Orders*.

As explained in the Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act, Commerce normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping when: (a) dumping continued at any level above *de minimis* after issuance of the order; (b) imports of the subject merchandise ceased after issuance of the order; or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly. Alternatively, Commerce normally will determine that revocation of an antidumping duty order is not likely to lead to continuation or recurrence of dumping where dumping was eliminated after issuance of the order and import volumes remained steady or increased.²⁴ In addition, as a base period for import volume comparison, it is Commerce’s practice to use the one-year period immediately preceding the initiation of the investigation, rather than the level of pre-order import volumes, as

²⁴ See SAA, H.R. Doc. 103-316, Vol. 1 (1994) at 889-90.

the initiation of an investigation may dampen import volumes and, thus, skew comparison.²⁵ When analyzing import volumes for second and subsequent sunset reviews, Commerce's practice is to compare import volumes during the year preceding initiation of the underlying investigation to import volumes since the issuance of the last continuation notice.²⁶

Further, section 752(c)(3) of the Act states that Commerce shall provide to the ITC the magnitude of the margin of dumping likely to prevail if the order were revoked. Generally, Commerce selects the margin(s) from the final determination in the original investigation, as this is the only calculated rate that reflects the behavior of exporters without the discipline of an order in place.²⁷ However, Commerce may use a rate from a more recent review where the dumping margin increased, as this rate may be more representative of a company's behavior in the absence of an order (*e.g.*, where a company increases dumping to maintain or increase market share with an order in place).²⁸ Finally, pursuant to section 752(c)(4)(A) of the Act, a dumping margin of zero or *de minimis* shall not by itself require Commerce to determine that revocation of an antidumping duty order would not be likely to lead to a continuation or recurrence of sales at LTFV.

In the *Final Modification for Reviews*, Commerce announced that it was modifying its practice in sunset reviews, such that it will not rely on weighted-average dumping margins that were calculated using the methodology determined by the Appellate Body to be World Trade Organization (WTO)-inconsistent.²⁹ Commerce also noted that “*only in the most extraordinary circumstances* will Commerce rely on margins other than those calculated and published in prior determinations.”³⁰ Commerce further noted that it does not anticipate that it will need to recalculate the dumping margins in the vast majority of sunset determinations to avoid WTO inconsistency, apart from the “most extraordinary circumstances” provided for in its regulations.³¹

Below we address the comments submitted by Leggett & Platt.

²⁵ See, *e.g.*, *Stainless Steel Bar from Germany: Final Results of the Sunset Review of the Antidumping Duty Order*, 72 FR 56985 (October 5, 2007), and accompanying Issues and Decision Memorandum (IDM) at Comment 1.

²⁶ See *Ferrovanadium from the People's Republic of China and the Republic of South Africa: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Orders*, 79 FR 14216 (March 13, 2014) and accompanying IDM.

²⁷ See SAA at 890. See, *e.g.*, *Persulfates from the People's Republic of China: Notice of Final Results of Expedited Second Sunset Review of Antidumping Duty Order*, 73 FR 11868 (March 5, 2008), and accompanying IDM at Comment 2.

²⁸ See SAA at 890-91.

²⁹ See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8101, 8103 (February 14, 2012) (*Final Modification for Reviews*).

³⁰ *Id.* (emphasis added); see also 19 CFR 351.218(e)(2).

³¹ See *Final Modification for Reviews*; see also 19 CFR 351.218(e)(2).

1. Likelihood of Continuation or Recurrence of Dumping

Interested-Party Comments

Leggett & Platt asserts that revocation of the *Orders* would lead to a continuation or recurrence of dumping by producers and exporters of innersprings from China, South Africa, and Vietnam.³²

For South Africa and Vietnam, Leggett & Platt argues that there have been no reviews of the orders, the applicable dumping margins, as established in the investigation, remain above *de minimis* levels, and imports virtually ceased after the issuance of the orders.³³ Leggett & Platt attributes this dramatic decrease of subject imports to the inability or unwillingness of producers and exporters of subject merchandise from South Africa and Vietnam to participate significantly in the U.S. market at prices that are above or close to normal value.³⁴ Thus, Leggett & Platt argues that the halt in imports of subject merchandise from South Africa and Vietnam after the issuance of the order and the continued existence of dumping margins above *de minimis* support the conclusion that dumping would likely continue or recur if the orders were revoked.³⁵

In Leggett & Platt's view, HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 and 9404.29.9011 (for 2011 through 2015), and 9404.29.9005, 9404.29.9013 and 9404.29.9050 (for 2016-2018) contain the subject imports.³⁶ For South Africa, Leggett & Platt demonstrates that imports under the aforementioned HTSUSs fell from approximately 58 thousand units in 2008, to 0 units in 2009 through 2018.³⁷ In Leggett & Platt's view, this dramatic decrease of subject imports reflects that the producers and exporters of subject merchandise from South Africa have been unable or unwilling to participate significantly in the US market at prices that are above or even close to normal value.³⁸

For Vietnam, Leggett & Platt demonstrates that imports under the aforementioned HTSUSs, fell from approximately 5 thousand units in 2008, to 0 units in 2009 through 2018.³⁹ In Leggett & Platt's view, this dramatic decrease of subject imports reflects that the producers and exporters of subject merchandise from Vietnam have been unable or unwilling to participate significantly in the US market at prices that are above or even close to normal value.⁴⁰

For China, Leggett & Platt argues that at the time of the *First Sunset Review*, Commerce completed three administrative reviews of the antidumping duty order and that all of the producers/exporters examined in the reviews received above *de minimis* margins based on total

³² See Substantive Response China at 9; *see also* Substantive Response SA at 5; and Substantive Response Vietnam at 5.

³³ See Substantive Response SA; *see also* Substantive Response Vietnam.

³⁴ See Substantive Response SA at 7; *see also* Substantive Response Vietnam at 6.

³⁵ See Substantive Response SA at 8; *see also* Substantive Response Vietnam at 7.

³⁶ See Substantive Response SA at 7; *see also* Substantive Response Vietnam at 7; and Substantive Response China at 12.

³⁷ See Substantive Response SA at 7.

³⁸ *Id.*

³⁹ See Substantive Response Vietnam at 7.

⁴⁰ *Id.* at 6.

adverse facts available (AFA).⁴¹ Thus, Leggett & Platt contends that the history of the antidumping duty order and subsequent reviews shows that dumping continued at a level above *de minimis* after the issuance of the order.⁴²

Leggett & Platt asserts that U.S. imports of innersprings from China declined significantly after the issuance of the *China Antidumping Duty Order*. Leggett & Platt attributes this significant decrease of subject imports to the inability or unwillingness of producers and exporters of subject merchandise from China to participate significantly in the U.S. market at prices that are above or close to normal value.⁴³

Leggett & Platt argues that the significant decline in the volume of subject merchandise from China after the imposition of the *China Antidumping Duty Order* and the continued existence of dumping margins above *de minimis* support the conclusion that dumping would likely continue or recur if the *China Antidumping Duty Order* was revoked.⁴⁴

For China, Leggett & Platt argues that imports under HTSUS 9404.29.9010 (for 2005 through 2010), and HTSUS 9404.29.9005 or 9404.29.9011 (for 2011 through 2012) fell from approximately 723,000 units in 2008, to approximately 36,000 units in 2009, to approximately 16,000 units in 2010, to approximately 9,000 units in 2011, and further to approximately 6,000 units in 2012.⁴⁵ Thus, the lack of recovery to pre-order levels of imports, in Leggett & Platt's view, indicates that imports would increase in the absence of the order.⁴⁶

Commerce's Position

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act, specifically the SAA, the House Report, H. Rep. No. 103-826, pt. 1 (1994) (House Report), and the Senate Report, S. Rep. No. 103-412 (1994) (Senate Report), Commerce's determination of likelihood of continuation or recurrence will be made on an order-wide basis for each case.⁴⁷ In addition, Commerce will normally determine that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of an order and import volumes for the subject merchandise declined significantly.⁴⁸

In considering import volumes, pursuant to section 752(c)(1)(B) of the Act, Commerce will consider the volume of imports of subject merchandise for the period before and after the issuance of an antidumping order. For all three countries, *i.e.*, China, South Africa, and Vietnam, we analyzed import volumes under HTSUS subheadings listed in the scope of the

⁴¹ See Substantive Response China at 11.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.* at 12

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ See SAA at 879; *see also* House Report at 56.

⁴⁸ See SAA at 889-890; *see also* House Report at 63-64; and Senate Report at 52.

Orders (HTSUS 9404.29.9010 for 2007; HTSUS 9404.29.9005 and 9404.29.9011 for 2013 through 2015; and 9404.29.9005, 9404.29.9013 and 9404.29.9050 for 2016 through 2017) using the ITC Interactive Tariff and Trade DataWeb (DataWeb) import data placed on the record by Leggett & Platt. We compared the volume of imports for the relevant periods for each country, and our determination with respect to each order is explained below.

As stated above, if companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed.⁴⁹ The SAA also provides that the existence of dumping margins after the order is highly probative of the likelihood of continuation or recurrence of dumping.⁵⁰

In addition, the SAA also provides that declining import volumes accompanied by the continued existence of dumping margins after the issuance of an order may provide a strong indication that, absent an order, dumping would be likely to continue because the evidence would indicate that the exporter needs to dump to sell at pre-order volumes.⁵¹

With respect to imports from China, Commerce completed five administrative reviews during this sunset review period. In all completed AR reviews, we applied AFA to all companies selected for individual examination because they did not participate in the reviews.⁵² Therefore, in all completed proceedings in this sunset review period we calculated no new margins. Thus, the separate rate margins have not changed and the AFA rate that was established in the investigation is the same AFA rate applied in subsequent reviews. As noted above, these rates range from 164.75 to 234.51 percent. Therefore, we find that dumping continued at levels above *de minimis* during the period of this sunset review.

With respect to South Africa and Vietnam, we have not conducted any reviews of the orders nor have there been any requests from exporters for reviews, to change the applicable rates. Therefore, since the imposition of the orders, we did not calculate a margin, meaning that the rates established in the investigation are still in effect. As noted above, the rate applicable to imports from South Africa is 121.39 percent and the rate applicable to imports from Vietnam is 116.31 percent. Therefore, we find that dumping continued at levels above *de minimis* during the period of this sunset review.

Our review of DataWeb import statistics for innersprings from China under HTSUS subheadings 9404.29.9010 for 2007 and 9404.29.9005 or 9404.29.9011 for 2013 through 2015, and 9404.29.9005, 9404.29.9013 and 9404.29.9050 for 2016 through 2017 demonstrates that imports of subject merchandise from China declined since the imposition of the *China Antidumping Duty Order* and have not returned to the level of pre-order volumes. DataWeb statistics show that imports of innersprings from China under the subheadings declined at the inception of the *China Antidumping Duty Order*.⁵³ The total volume of imports under the HTSUS subheadings for 2007

⁴⁹ See SAA at 890.

⁵⁰ *Id.*

⁵¹ *Id.* at 889.

⁵² See *China Administrative Reviews*.

⁵³ See Substantive Response China at 12.

was 1,057,488 units per year.⁵⁴ During the course of this sunset review period (2013-2017), total imports under the subheadings were still well below pre-order volumes, *i.e.*, from 0.14 percent to 22.22 percent of pre-order volumes.⁵⁵

Our review of DataWeb import statistics for innersprings from South Africa and Vietnam under HTSUS subheadings 9404.29.9010 for 2007 and 9404.29.9005 or 9404.29.9011 for 2013 through 2015, and 9404.29.9005, 9404.29.9013 and 9404.29.9050 for 2016 through 2017 demonstrates that imports of subject merchandise from South Africa and Vietnam ceased since the imposition of the *South Africa and Vietnam Antidumping Duty Orders* and have not returned to the level of pre-order volumes. DataWeb statistics show that imports of innersprings from South Africa and Vietnam under the three subheadings ceased at the inception of the order.⁵⁶ For South Africa the total volume of imports under the HTSUS subheadings for 2007 was 227,288 units per year.⁵⁷ During the course of this sunset review period, total imports under the subheadings were 0 units from 2013 through 2017.⁵⁸ Thus, for South Africa, imports during 2013 through 2017 were significantly below pre-order volumes.⁵⁹

For Vietnam the total volume of imports under the HTSUS subheadings for 2007 was 104,295 units per year.⁶⁰ During the course of this sunset review period, total imports under the subheadings were zero units from 2013 through 2017.⁶¹ Thus, for Vietnam, imports during 2013 through 2017 were significantly below pre-order volumes.⁶²

Here, the decreased volumes of innersprings from China and halt of imports of innersprings from South Africa and Vietnam support a conclusion that exporters could not sell in the United States without dumping and that to reenter the United States market they would have to resume dumping.⁶³ Furthermore, we find that declining import volumes and halt of imports accompanied by the continued existence of dumping margins at above *de minimis* levels after the issuance of an order (as described above) provide a strong indication that, absent the order, dumping would be likely to continue. Therefore, Commerce concludes that the significant decrease in import volumes of innersprings from China and halt of imports of innersprings from South Africa and Vietnam, along with the continued existence of dumping margins, support a finding that dumping is likely to continue or recur if the *Orders* were revoked.

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ See Substantive Response SA at 7; *see also* Substantive Response Vietnam at 7.

⁵⁷ See Substantive Response SA at 7.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ See Substantive Response Vietnam at 7.

⁶¹ See Substantive Response SA at 7.

⁶² *Id.*

⁶³ See SAA at 890.

2. Magnitude of the Margins Likely to Prevail

Interested-Party Comments

According to Leggett & Platt, the *Policy Bulletin* and SAA indicate that, when determining the magnitude of dumping margins likely to prevail if an order were revoked, Commerce is to select a dumping margin from the original investigation.⁶⁴ Leggett & Platt cites the rationale provided in the SAA which provides that “{t}he Administration intends that Commerce normally will select the rate from the investigation, because that is the only calculated rate that reflects the behavior of exporters . . . without the discipline of an order or suspension agreement in place.”⁶⁵ Leggett & Platt asserts that the *Policy Bulletin* acknowledges that the SAA reflects appropriate policy and provides the following guidance:

{T}he Department normally will provide the company-specific margin from the investigation for each company regardless of whether the margin was calculated using a company’s own information or based on best information available or facts available.⁶⁶

Leggett & Platt argues that given the lack of administrative reviews of the orders for South Africa and Vietnam, and the lack of a calculated margin in all completed proceedings since the imposition of the order for China, the original antidumping duty investigation rates represent the best evidence of the likely behavior of the Chinese, South African, and Vietnamese producers and exporters in the absence of the applicable orders.⁶⁷ Thus, the application of the principles set forth in the SAA and *Policy Bulletin* call for Commerce to rely on the margins from the original investigations identified above.

Commerce’s Position

Normally, Commerce will provide to the ITC the company-specific, weighted-average dumping margins from the investigation for each company.⁶⁸ For companies not individually examined, or for companies that did not begin shipping until after the order was issued, Commerce normally will provide a rate based on the all-others rate from the investigation.⁶⁹ However, for China and Vietnam, which Commerce considers to be non-market economies under section 771(18)(A) of the Act, Commerce does not have an all-others rate. Thus, in non-market economy cases, instead of an all-others rate, Commerce uses separate rates for non-individually

⁶⁴ See Substantive Response China at 13, Substantive Response SA at 8-9, and Substantive Response Vietnam at 8 (all citing SAA and *Policies Regarding the Conduct of Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 18871 (April 16, 1998) (*Policy Bulletin*)).

⁶⁵ *Id.* (citing SAA at 889-890).

⁶⁶ *Id.* (citing *Policy Bulletin*, 63 FR at 18875-76).

⁶⁷ See Substantive Response China at 13, Substantive Response SA at 9, and Substantive Response Vietnam at 8.

⁶⁸ See *Eveready Battery Co., Inc. v. United States*, 77 F. Supp. 2d 1327, 1333 (CIT 1999).

⁶⁹ See, e.g., *Certain Hot-Rolled Carbon Steel Flat Products from Argentina, the People’s Republic of China, India, Indonesia, Kazakhstan, Romania, South Africa, Taiwan, Thailand, and Ukraine; Final Results of Expedited Sunset Reviews of the Antidumping Duty Orders*, 71 FR 70506 (December 5, 2006), and accompanying IDM at Comment 2.

examined respondents as well as an established rate which applies to all exporters that have not established their eligibility for a separate rate.⁷⁰

Commerce prefers to select a margin from the investigation because it is the only calculated rate that reflects the behavior of producers or exporters without the discipline of an order or suspension agreement in place.⁷¹ Under certain circumstances, however, Commerce may select a more recent rate to report to the ITC. As explained above, in accordance with the *Final Modification for Reviews*, Commerce will not rely on weighted-average dumping margins that were calculated using the WTO-inconsistent methodology.⁷²

In these sunset reviews, Commerce relied upon antidumping duty rates that were not affected by the WTO-inconsistent methodology, *i.e.*, zeroing, because the final antidumping duty rates determined in the original LTFV investigations were not affected by the denial of offsets, in accordance with the *Final Modification for Reviews*. In South Africa, the mandatory respondent received the single petition rate and thus also the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act, and the all-others rate was established using the single petition rate pursuant to section 735(c)(5)(B) of the Act.⁷³ In Vietnam, the country-wide entity received the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act.⁷⁴ In China, the mandatory respondent, Foshan Jingxin Steel Wire & Spring Co., Ltd., received the highest petition rate as AFA pursuant to sections 776(a)(2) and (b) of the Act; all companies that were not individually examined but established their eligibility for a separate rate received a rate that was a simple average of the petition rates as a “reasonable method” pursuant to section 735(c)(5)(B) of the Act; and the China-wide entity received the highest petition rate as AFA, pursuant to section 776(a)(2)(A) and 776(b) of the Act.⁷⁵ Thus, Commerce finds it appropriate to report to the ITC the rates from the original investigation, in accordance with our normal practice, as the magnitudes of the margins of dumping likely to prevail because they are WTO-consistent rates that best reflect the behavior of the producers and exporters subject to the orders without the discipline of the orders in place.

VI. FINAL RESULTS OF REVIEWS

We determine that revocation of the antidumping duty orders on innersprings from China, South Africa, and Vietnam would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins: China, up to 234.51 percent; South Africa, up to 121.39 percent; and Vietnam, up to 116.31 percent.

⁷⁰ See *Bristol Metals L.P. et al. v. United States*, 703 F. Supp. 2d 1370, 1378 (CIT 2010) (citation omitted); see also *Amanda Foods (Vietnam) Ltd v. United States*, 647 F. Supp. 2d 1368, 1379 (CIT 2009) (citation omitted).

⁷¹ See *Eveready Battery*, 77 F. Supp. 2d at 1333; see also SAA at 890.

⁷² See *Final Modification for Reviews*, 77 FR at 8103.

⁷³ See *SA LTFV*, 73 FR at 62482; see also *SA Antidumping Duty Order*, 73 FR at 75931.

⁷⁴ See *Vietnam LTFV*, 73 FR at 62480; see also *Vietnam Antidumping Duty Order*, 73 FR at 75392.

⁷⁵ See *China LTFV*, 73 FR at 79444 – 79446; see also *China Antidumping Duty Order*, 73 FR at 75391.

VII. RECOMMENDATION

Based on our analysis of the substantive responses received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of sunset reviews in the *Federal Register* and notify the ITC of our determination.

☒

Agree

☐

Disagree

X



Jeffrey I. Kessler
Assistant Secretary
for Enforcement and Compliance