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MEMORANDUM TO: Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

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

SUBJECT: Issues and Decision Memorandum for the Final Results of the Administrative Review of the Antidumping Duty Order on Wooden Bedroom Furniture from the People's Republic of China

SUMMARY

The Department analyzed the case and rebuttal briefs submitted by interested parties in the above-referenced review. As a result of our analysis, we have made changes in the margin calculation for the final results. We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum.

Background

On February 10, 2011, the Department published in the Federal Register the Preliminary Results of the administrative review of the antidumping duty order[1] on wooden bedroom furniture from the People's Republic of China (PRC).[2] We invited parties to comment on our Preliminary Results. Between March 14, 2011, and March 22, 2011, Butler Woodcrafters, Inc., Barry Imports East Corp., Zhangjiagang Zheng Yan Decoration Co., Ltd., Petitioners,[3] Huafeng, Dongguan Great Reputation Furniture Co., Ltd., Home Meridian, Import Services, Inc., Hooker Furniture Corporation, Nantong Yangzi Furniture Co., Ltd. (Nantong Yangzi), and Cambridge submitted case briefs with the Department. On March 24, 2011, the Department rejected a portion of Huafeng's case brief due to the inclusion of untimely new factual information. On March 25, 2011, Huafeng resubmitted its case brief with the new factual information excluded. On March 28, 2011, Petitioners, Huafeng, Home Meridian, Import Services, Inc., Nantong Yangzi, and Cambridge filed rebuttal briefs with the Department.

[1] See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture From the People's Republic of China, 70 FR 329 (January 4, 2005) ("Order").
[2] See Preliminary Results. All abbreviations and acronyms used in this memorandum are included in Attachment I.
[3] Petitioners are the American Furniture Manufactures Committee for Legal Trade and Vaughan-Bassett Furniture Company, Inc. (Petitioners).

Below is the complete list of the issues in this administrative review for which we received comments.

List of the Issues:

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DISCUSSION OF THE ISSUES:

Comment 1: Unreported Sales

At verification, we discovered that Huafeng failed to report all CEP sales of subject merchandise that were shipped directly to unaffiliated U.S. customers where the date of sale occurred prior to the POR, but the merchandise entered the United States during the POR.[4] In the Preliminary Results the Department applied an AFA margin of 216.01 percent to these unreported sales. Parties' arguments regarding this determination fall into two areas: (1) whether AFA should have been applied to the unreported sales; and (2) whether an appropriate AFA rate was applied in the Preliminary Results.

A. Whether AFA Should Have Been Applied to the Unreported Sales

Respondent's Arguments:

- Instead of applying AFA, the Department should at most apply FA to the unreported sales in recognition of its cooperation to the best of its ability in all facets of the review. The Department's application of partial AFA using a rate of 216.01 percent was punitive because it is "unrealistic to require perfection"[5] in this case since its sales database involves a very large number of observations.

- Huafeng's reliance on date of sale, rather than entry date for reporting direct CEP sales, was a mistake caused by a misunderstanding of the Department's instructions. There are instances where the Department did not apply AFA to companies failing to report all sales where, aside from the failure to report certain sales, the Department found that the company was cooperative and reported all other sales.

Petitioners' Arguments:

- The record does not support Huafeng's contention that its failure to report the sales in question was a simple misunderstanding of the Department's instructions and a simple oversight. Therefore, the Department properly relied on partial AFA to calculate Huafeng's dumping margin.

- Huafeng's failure occurred despite the clarity of the original questionnaire instructions telling it to report the sales in question and despite the Department sending a supplemental questionnaire to Huafeng informing it that "{a}ll CEP sales where the date of sale occurred prior to the date of entry into the United States should be reported based on whether the date of entry was during the POR."[6]

[4] See CEP Verification Report at 12-13 and Exhibits 1 and 7.
[5] See Huafeng's case brief at 3citing to Maui Pineapple Co. v. United States, 264 F. Supp. 2d 1244 (CIT 2003).
[6] See the August 26, 2010 supplemental questionnaire at question 5.

- Huafeng affirmatively misrepresented to the Department that it reported all of its sales after having been asked twice to confirm the accuracy of its dataset.

Department's Position:

We agree with Petitioners. Once the Department determines that the use of FA is warranted (a determination not contested here), section 776(b) of the Act permits the Department to apply an adverse inference if it makes the additional finding that "an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information." The CAFC, in Nippon Steel Corp. v. United States, 337 F.3d 1373, 1382 (Fed. Cir. 2003) (Nippon Steel), provided an explanation of the "failure to act to the best of its ability" standard, noting that it requires a respondent to "put forth its maximum effort to provide Commerce with full and complete answers to all inquiries in an investigation. While the standard does not require perfection and recognizes that mistakes sometimes occur, it does not condone inattentiveness, carelessness or inadequate record keeping." It assumes that respondents "are familiar with the rules and regulations that apply to the import activities undertaken" and, in order to avoid an adverse inference, it requires them to, among other things, "conduct prompt, careful, and comprehensive investigations of all relevant records that refer or relate to the imports in question to the full extent of" their ability to do so.[7] The CAFC noted that the statute does not require the Department to show that a respondent made more than a simple mistake in order to apply an adverse inference, nor is an excuse that the respondent "did not think through inadvertence" sufficient; rather "{i}nadequate inquiries may suffice. The statutory trigger for Commerce's consideration of an adverse inference is simply a failure to cooperate to the best of respondent's ability, regardless of motivation or intent."[8]

The record indicates that Huafeng failed to do the maximum it was able to do to comply with the Department's requests for information. Huafeng was provided with explicit instructions, on more than one occasion, to report the sales in question and was provided ample time in which to do so. The Department made the questionnaire available to Huafeng, on April 28, 2010.[9] In the questionnaire, the Department explicitly requested that Huafeng "{r}eport each U.S. sale of merchandise entered for consumption during the POR except for EP sales for which the entry date is not known and CEP sales made after importation."[10] Accordingly, from the earliest days of this review, Huafeng should have been aware of the reporting methodology that needed to be followed to provide a complete sales listing of its subject merchandise. Huafeng requested, and received, an extension to file its response to section C of the questionnaire which pertained to the reporting of U.S. sales. Huafeng filed its response to the questionnaire on July 6, 2010, two and a half months after the original issuance of the questionnaire. In its questionnaire response, Huafeng stated that it had "reported its sales of the subject merchandise to the United States during the POR . . . ."[11] To confirm that Huafeng had reported all sales consistent with the Department's questionnaire instructions, the Department reiterated to Huafeng in a supplemental questionnaire that "All CEP sales where the date of sale occurred prior to the date of entry into

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7 See Nippon Steel, 337 F.3d 1373 at 1382.
8 Id.
9 See April 28, 2010, Questionnaire issued to Huafeng at C-1.
10 See April 28, 2010, Questionnaire issued to Huafeng at C-1.
11 See Huafeng's July 6, 2010, submission at 2.

the United States should be reported based on whether the date of entry was during the POR." The Department then asked Huafeng "{h}ave you done so? If not, please do so at this time."[12] Huafeng requested, and received, an extension to file its response to the supplemental questionnaire which pertained to the reporting of U.S. sales. Huafeng filed its response to the supplemental questionnaire on September 20, 2010, two and a half months after it submitted its questionnaire response and nearly five months after the issuance of the questionnaire requesting the sales in question. In its supplemental questionnaire response Huafeng stated that it "confirms that all CEP sales where the date of sale occurred prior to the date of entry into the U.S. were reported based on whether the date of entry was during the POR."[13] Contrary to these claims, however, Huafeng did not report CEP sales where the date of sale occurred prior to the POR, but the merchandise entered the United States during the POR. It is reasonable for the Department to conclude that a respondent that incorrectly responds to a basic direct question about an important matter such as reporting methodology has failed to carefully consider the matter to the full extent of its ability to do so and thus it has not put forth its maximum effort to comply with the Department's request for information. As the CAFC noted, the "best of its ability" standard does not condone inattentiveness or carelessness.[14] Thus, we must conclude that Huafeng has not cooperated to the best of its ability with respect to the missing information.

While Huafeng claims that reporting three different sales channels was challenging, at no time did Huafeng notify the Department that it was having difficulty identifying its U.S. sales of subject merchandise. As noted above, the Department provided Huafeng with extensions that provided it with two and a half months to reply to each of the Department's first two questionnaires involving the sales in question. Further, the Department's questionnaire contains instructions noting that if there is a reason to report U.S. sales on a basis other than entry date, the respondent should "contact the official in charge before doing so."[15] Huafeng never consulted with Department officials about reporting sales using a different reporting methodology.

Further, we find the cases that Huafeng cited to support its argument unpersuasive. <u>NTN Bearing Corp.</u> involved the question of whether untimely information supporting a clerical error allegation should have been accepted after the preliminary results, not a determination of whether a respondent cooperated to the best of its ability. In <u>Maui Pineapple</u>, the respondent accurately explained which sales it was or was not reporting in its submissions prior to verification. The CIT found that the respondent's submissions demonstrated that it cooperated to the best of its ability. Moreover, the Department stated in that case that it found no evidence at verification that the respondent did not cooperate to the best of its ability.

In <u>Shrimp from Thailand</u>,[16] the respondent voluntarily disclosed the limited quantity of unreported sales early in the verification and provided a reasonable explanation for why the sales

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[12] <u>See</u> Huafeng's September 20, 2010, submission at 3.
[13] <u>See</u> Huafeng's September 20, 2010, submission at 3.
[14] <u>See</u> <u>Nippon Steel</u>, 337 F.3d 1373 at 1382.
[15] <u>See</u> the April 28, 2010, full questionnaire issued to Huafeng at C-1.
[16] Both parties incorrectly referred to <u>Certain Frozen Warmwater Shrimp from Thailand: Final Results and Final Rescission of Antidumping Duty Administrative Review</u>, 72 FR 52065 (Sept. 12, 2007) and accompanying Issues and Decision Memorandum at Comment 14 as pertaining to this issue. The Department understands that they were both referring to <u>Certain Frozen Warmwater Shrimp From Thailand: Final Results and Final Partial Rescission of</u>

were not reported (computer error) which the Department was able to substantiate.[17] In Pencils from the PRC, the respondent also disclosed the limited number of unreported sales at verification and provided a full explanation of the posting error which resulted in not reporting the sales.[18] These respondents did not simply claim that they erred but provided detailed explanations for the reporting deficiencies that allowed the Department to determine that it was not due to a lack of maximum effort on their part. In contrast, Huafeng never explained adequately how it could have been putting forth its maximum effort and still respond to a specific question about its reporting methodology with a very detailed response claiming it was using a reporting methodology which it was not actually using. Respondents should be able to accurately describe the methodology they have used in reporting U.S. sales. Huafeng's failure to do so demonstrates that it did not put forth its maximum effort to provide the Department with full and complete answers.

For all of the above reasons the Department continues to find that Huafeng failed to cooperate by not acting to the best of its ability and therefore, the use of an adverse inference is appropriate in selection of FA pursuant to section 776(b) of the Act.

B. Whether the AFA Rate Applied in the Preliminary Results is Appropriate

Respondent's Arguments:

- If the Department chooses to apply AFA to the small number of unreported sales by Huafeng, it cannot apply the 216.01 percent rate that was applied in the Preliminary Results because this is the rate applied to the PRC-entity and thus presumes Chinese government control over a respondent's exports. The Department determined that Huafeng was eligible for a separate rate in the Preliminary Results and thus that there was no Chinese government control over Huafeng's exports.

Petitioners' Arguments:

- The Department applied the 216.01 percent rate both to Huafeng (as partial AFA) and the PRC-wide entity (as total AFA) because both failed to cooperate to the best of their abilities.[19]

- The 216.01 percent rate selected by the Department is the highest published margin from any segment of the proceeding and this rate was corroborated by the Department in this review.

- The courts repeatedly have held that an AFA rate based on secondary information is corroborated when it is within the range of the respondent's own transaction-specific margins.

Antidumping Duty Administrative Review, 73 FR 50933 (August 29, 2009) and accompanying Issues and Decision Memorandum at Comment 14 (Shrimp I&D Memo).

[17] See Shrimp I&D Memo at Comment 14.

[18] See Pencils from the PRC, 69 FR 1965, 1969.

[19] See Preliminary Results, 76 FR at 7540.

Department's Position:

We disagree with Huafeng's position that the 216.01 percent rate is a rate that presumes Chinese government control of a respondent's export activities and thus it is only applicable to government-controlled entities. The 216.01 percent rate is a rate that was calculated in the 2004-2005 New Shipper Review[20] of the Order for Shenyang Kunyu Wood Industry Co., Ltd., which had a separate rate; thus, it was not based on a presumption of Chinese government control of a respondent. Moreover, the Department has not applied this rate in the instant review based on a finding of government control but based on a determination that the rate is appropriate to use as AFA.[21] The rate is consistent with the statute which authorizes the Department to use information from a prior review as AFA.[22] In addition, the rate is consistent with the Department's practice of selecting a corroborated AFA rate that is sufficiently adverse "as to effectuate the purpose of the facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner" and to ensure "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."[23] The fact that the Department also applied this rate to the PRC-wide entity because that entity also failed to cooperate to the best of its ability does not mean the rate is somehow invalidated for separate rate companies and therefore cannot be used as a partial AFA rate for Huafeng, provided the rate is corroborated as explained below.

Additionally, Huafeng's reliance on the court's decisions in Gerber[24] and Qingdao Taifa is misplaced. In those cases the court found that the Department cannot apply as AFA an uncorroborated rate that bears no relation to a respondent that is eligible for a separate rate. The court's conclusion in Gerber was that the AFA rate applied to the respondent, which was also the PRC-wide entity rate, "bore no relationship to record evidence needed to calculate actual antidumping margins pertaining to shipments of mushrooms associated with {the respondent} during the period of review. Commerce does not attempt to establish such a relationship."[25] Similarly, in Qingdao Taifa, the court objected to the Department applying an AFA rate equal to the PRC-wide entity rate because the Department had not established a link between the experience of the respondent and the AFA rate.[26]

[20] See Wooden Bedroom Furniture from the People's Republic of China: Final Results of the 2004-2005 Semi-Annual New Shipper Reviews, 71 FR 70739, 70741 (December 6, 2006) ("2004-2005 New Shipper Review").
[21] See Preliminary Results, 76 FR at 7540-7541.
[22] See section 776(b) of the Act.
[23] See Notice of Final Determination of Sales at Less Than Fair Value: Static Random Access Memory Semiconductors From Taiwan, 63 FR 8909, 8911 (February 23, 1998); see also Brake Rotors From the People's Republic of China: Final Results and Partial Rescission of the Seventh Administrative Review; Final Results of the Eleventh New Shipper Review, 70 FR 69937, 69939 (November 18, 2005) and the Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103, 316, 838, 870 (1994).
[24] See Gerber, 387 F. Supp. at 1287
[25] See Gerber, 387 F. Supp. at 1287
[26] See Qingdao Taifa, 710 F. Supp. 2d at 1358 stating that the Department may not apply the PRC-wide rate to the respondent because "there is no connection between the PRC-wide rate and an estimate of {the respondent's} actual rate."

These Court decisions sharply contrast with this review where the Department corroborated the 216.01 percent rate using Huafeng's own transaction-specific margins. In this case, the Department found that the 216.01 percent rate fell within the range of the transaction-specific margins calculated for Huafeng. Further, we found that the transaction-specific dumping margins relied upon for corroboration were not unusually high or otherwise inappropriate for corroboration purposes. In fact, we found that the dumping margins used for corroborative purposes reflect commercial reality because they are based upon Huafeng's own transactions during the POR and were subject to verification by the Department.[27] We further note that the 216.01 AFA rate that the Department is using in this review is a company-specific rate calculated in the 2004-2005 New Shipper Review of the Order. No additional information has been presented in the current review which calls into question the reliability of the information. Thus, we have determined that this information continues to be reliable.

In a recent case involving another segment in the WBF proceeding, the CIT sustained the Department's application of an AFA rate equal to the PRC-wide rate of 216.01 percent after the Department corroborated the rate, finding that it fell "within the range of, and ties to, Starcorp's actual" model-specific margins."[28] We corroborated the AFA rate applied to Huafeng in a similar manner in this review. Therefore, the record evidence demonstrates that the 216.01 percent rate is relevant to Huafeng.

Comment 2: Electricity

Respondent's Arguments:

- The Department erred when it recalculated the reported electricity consumption to account for electricity consumed by production facilities indirectly involved in the production of furniture because it included the following items in indirect electricity consumption:

    i. Electricity consumed by the samples workshop which only produced non-subject merchandise destined for the domestic market.
    ii. Electricity consumed by administrative offices, which is already captured in the overhead ratio derived from surrogate financial statements.
    iii. Electricity consumed to kiln dry lumber not consumed during the POR.

Petitioners' Arguments:

- Huafeng stated that subject merchandise was produced at the sample workshop. Also, indirect electricity consumption labeled "headquarters" covers more than administrative offices because it includes electricity consumed by facilities indirectly involved in wooden bedroom furniture production but Huafeng could not itemize this total amount of

[27] See the July 11, 2011, Corroboration Memorandum.
[28] See Fujian Lianfu Forestry Co., Ltd. v. United States, Slip. Op. 2010-34 at 5-6 (CIT April 5, 2010) (Fujian).

indirect electricity by facility. Thus, the Department's recalculated electricity consumption figure is not overstated.

Department's Position:

We agree with both parties, in part. First, electricity consumption by the samples workshop should not be allocated to subject merchandise. While Huafeng initially stated that subject merchandise was produced by the samples workshop,[29] it later retracted this statement and the Department confirmed, at verification,[30] that none of the models of wooden bedroom furniture produced in the samples workshop were sold in the United States during the POR.[31] Second, the record lacks information that would allow the Department to determine the amount of electricity associated with administrative offices and thus we have not adjusted total indirect electricity consumption by this amount. At verification, the Department discovered that the electricity figure labeled "headquarters" also includes electricity consumed in workshops indirectly involved in producing furniture and Huafeng could not separate this consumption amount from electricity consumed by its headquarters.[32] Huafeng's failure to properly describe the "headquarters" figure prior to verification prevented the Department from questioning the company regarding potential bases for allocating the "headquarters" figure between administrative and production activities. Moreover, Huafeng indicated at verification that the portion of the "headquarters" figure associated with production would far exceed that associated with administrative activities.[33] Thus, it would not be appropriate to simply exclude the entire "headquarters" figure from our recalculation of electricity consumption. Therefore, we have continued to include all electricity consumption categorized as "headquarters" in indirect electricity consumption when allocating electricity consumption to subject and non-subject merchandise. Finally, the record shows that the lumber used to produce subject merchandise is kiln dried[34] and hence, consistent with the Department's practice of relying on FOPs employed during the POR, it is appropriate to include electricity consumed by the kilns during calendar year 2009 (the POR) in total indirect electricity consumption.

Comment 3: Warranty Expenses

Petitioners' Arguments:

- The Department was incorrect to calculate the warranty expense ratio using expenses and revenue from calendar years 2007, 2008, and 2009 because the Department will only base warranties on a three-year average when warranties incurred during the POR were found to be aberrational. The Department made no such finding here.

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[29] See Huafeng's July 12, 2010, Response at 3.
[30] See Huafeng's November 1, 2010, response at 5 and China Verification Report at 5.
[31] See China Verification Report at 5; also see Huafeng's November 1, 2010 submission at Exhibit 85.
[32] See China Verification Report at 37.
[33] See China Verification Report at 37, noting, according to company officials, "that the electricity consumption of any one workshop would far exceed that of the headquarters."
[34] See Huafeng's July 12, 2010, response at 3-4, and Exhibit 2.

Respondent's Arguments:

- Since the 2009 warranty expense ratio is not consistent with its experience, the Department correctly based the warranty expense ratio on data from 2007 through 2009.

Department's Position:

We agree with Huafeng. The Department's practice is to use a three-year average of warranty expenses in its calculations, rather than POR warranty expenses, if there is evidence that the POR expenses are not representative of a respondent's experience.[35] Given the considerable variation in the warranty expense ratio during the most recent three-year period,[36] the fact that warranty expenses pertaining to WBF sold during one period may be incurred after that period,[37] and the evidence on the record indicating that the warranty expense ratio reported for the POR is not in line with the company's historical experience,[38] we have determined that a three-year average warranty expense ratio would be more representative of the company's experience than using the warranty expense from any one year. Thus, for these final results we have continued to use a three-year average of warranty expenses in calculating the net U.S. price for CEP sales.

Comment 4: Freight Revenue

Respondent's Arguments:

- While acknowledging that the Department's actions in capping the freight revenue offset to freight costs by those costs were consistent with its practice, the practice of capping the freight revenue offset that is made to freight costs that are subtracted from U.S. price by the corresponding freight costs is contrary to the Act which requires all freight revenue to be deducted from movement expenses.

Petitioners' Arguments:

- The Department properly capped freight revenue in the Preliminary Results because section 772(c)(1) of the Act prohibits any upward adjustment to U.S. price that is not enumerated therein (i.e., packing expenses, duty drawback, and U.S. countervailing duties), and since freight revenue is not listed there it can only can be used to offset

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35 See Chlorinated Isocyanurates from Spain, 74 FR 50774 and accompanying Issues and Decision Memorandum at Comment 4 noting "{i}f the POR warranty expenses appear to be out of line with the company's historical experience, rather than use the POR warranty expenses, it is the Department's practice to use a three-year average of warranty expenses."

36 See, e.g., Notice of Final Results of Antidumping Duty Administrative Review: Carbon and Certain Alloy Steel Wire Rod from Mexico, 70 FR 25809 (May 16, 2005) and accompanying Issues and Decision Memorandum at Comment 6 noting "{a} review of this information shows that the POR and annual figures vary greatly and that the three-year period is a {sic} more reflective of Hylsa's warranty experience . . . . Pursuant to our practice, we have recalculated Hylsa's warranty expense, using a three-year average expense, which we feel is more reflection {sic} of Hylsa's historical experience, instead of the POR expense."

37 See Huafeng's October 27, 2010 response at 13.

38 As noted by Huafeng, the ratio of warranty payments to sales during 2009 is over three times higher than in 2008 and five times higher than in 2007. See CEP Verification at Exhibit 15.

freight expenses that are deducted from U.S. price and cannot be used to increase U.S. price.

Department's Position:

We disagree with Huafeng that the Department erred by capping freight revenue at the value of the corresponding freight costs. Consistent with Departmental practice, in the Preliminary Results, we treated freight revenue as an offset to the movement expenses deducted from U.S. price, and not as a component of the price of the subject merchandise. The Department does this because freight revenue is not an upward adjustment to U.S. price under section 772 (c)(1) of the Act, but is related to the downward adjustment to U.S. price for movement charges pursuant to section 772(c)(2) of the Act. Therefore, we have capped the freight revenue offset at the amount of the related movement expense in accordance with section 772(c)(2) of the Act.

Freight Revenue is Not an Upward Adjustment to U.S. price

In past cases, we have refused to treat freight-related revenues as additions to U.S. price under section 772(c)(1) of the Act or price adjustments under 19 CFR 351.102(b)(38). Rather, we have incorporated these revenues as offsets to movement expenses because they relate to the transportation of subject merchandise or the foreign like product. Such treatment is dictated by section 772(c)(1) of the Act which provides that the Department shall increase the price used to establish either EP or CEP in only the following three instances:

> (A) when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the subject merchandise in condition packed ready for shipment to the United States,
> (B) the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the subject merchandise to the United States, and
> (C) the amount of any countervailing duty imposed on the subject merchandise under subtitle A to offset an export subsidy.

Freight revenue is not included in section 772(c)(1) of the Act as an upward adjustment to U.S. price. Further, 19 CFR 351.401(c) directs the Department to use a price in the calculation of U.S. price which is net of any price adjustment that is reasonably attributable to the subject merchandise. The term "price adjustments" is defined under 19 CFR 351.102(b)(38) as "any change in the price charged for subject merchandise or the foreign like product, such as discounts, rebates and post-sale price adjustments, that are reflected in the purchaser's net outlay." Again, freight revenue is not included in this list.

Freight Revenue is an Offset to Movement Expenses

Rather than treat freight revenue as an upward adjustment to U.S. price, the Department has incorporated freight-related revenues as offsets to movement expenses because they all relate to the movement and transportation of subject merchandise which are covered under section 772(c)(2) of the Act. We further note that section 772(c)(2) of the Act only permits a downward adjustment to U.S. price for movement charges.[39] Even if freight revenue is viewed as a negative charge that should be subtracted from U.S. price (thereby increasing U.S. price), this approach disregards the plain meaning of the term "reduced by," of section 772(c)(2) of the Act which only permits a downward adjustment to U.S. price for movement charges. Moreover, as acknowledged by Huafeng, it is current Department practice to cap freight revenue by the amount of the corresponding actual freight expense.[40] Thus, consistent with the current practice, we have treated freight revenue as an offset to freight costs and capped freight revenue by the amount of corresponding freight costs.

Comment 5: The Appropriate Methodology for Valuing Cardboard Cartons

Respondent's Arguments:

- The Department should value finished cardboard cartons rather than the inputs that Huafeng used to make cardboard cartons because doing otherwise significantly overstates the value of cartons. Huafeng's sole reason for making cartons is because it costs less to make than buy them and yet basing the carton SV on inputs used to make the cartons resulted in a value that is significantly higher than the SV for carton used by the Department in the final results of the annual 2009 new shipper review.

- The Department will deviate from practice and value a self-produced intermediate product rather than the inputs used to make the product if valuing the inputs leads to an inaccurate result. The preliminary SV for cartons is extremely high and thus the Department should deviate from practice and value the finished carton using Philippine HTS category 4819.10.00.

- Additionally, the Department improperly valued the linerboard paper and tea paperboard used to make cartons as kraft paper based on verification observations when the record shows these items are not kraft paper.

Petitioners' Arguments:

- The Department should value cartons using the inputs used by Huafeng to make cartons because the exception Huafeng noted to the practice of using inputs to value self-produced products only applies if certain costs would not be captured if a product were valued based on inputs. Such circumstances are not present here.

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[39] See Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Fifteenth Administrative Review, 75 FR 13490 (March 22, 2010), and accompanying Issues and Decision Memorandum at Comment 2 (Carbon Steel I&D Memo); see Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Revocation of an Order in Part, 74 FR 44819 (August 31, 2009), and accompanying Issues and Decision Memorandum at Comment 12 (Ball Bearings I&D Memo); see Poly Bags from the PRC Final 2009, and accompanying Issues and Decision Memorandum at Comment 6 (Poly Bags I&D Memo); see OJ from Brazil, and accompanying Issues and Decision Memorandum at Comment 7 (OJ from Brazil I&D Memo).

[40] See Carbon Steel I&D Memo at Comment 2; see Ball Bearings I&D Memo at Comment 12; see Poly Bags I&D Memo at Comment 6; and OJ from Brazil I&D Memo at Comment 7.

- Imports under the HTS category suggested for cartons by Huafeng cover a broader range of cartons than those produced by Huafeng, including inexpensive cartons; hence it is not surprising that the value derived from this HTS category is less than the value based on inputs.

Department's Position:

We disagree with Huafeng. The Department's practice is to take into account the FOPs utilized in each stage of production, including factors related to self-produced packaging.[41] Huafeng has not provided any basis for deviating from this practice. Huafeng's argument that valuing the FOPs for cardboard cartons results in a significantly overstated carton value when compared to the SV for completed cardboard cartons is unpersuasive because it is based on comparing incorrect figures. The value of cardboard cartons, based on FOPs, does not significantly exceed the SV for completed cartons.[42] Also, Huafeng has provided no evidence that its production costs are less, or its production more efficient than that of other companies whose sales values make up the import statistics for purchased cardboard cartons.

Furthermore, Huafeng's reliance on several exceptions to the practice of basing a product's value on FOPs is misplaced. In Honey from the PRC[43] the Department stated that it will value the factors used to produce intermediate inputs except:

> 1) when the intermediate input accounts for an insignificant share of total output, and the potential increase in accuracy to the overall calculation that results from valuing each of the FOPs is outweighed by the resources, time, and burden such an analysis would place on all of the parties to the proceeding; or 2) when valuing the factors used in a production process yielding an intermediate product may lead to an inaccurate result because a significant element of cost would not be adequately accounted for in the overall factors buildup.[44]

Neither of the above situations are present in this review. Even if we significantly reduced our valuation of cardboard carton packaging in line with Huafeng's argument, this item would remain a significant item among all of the items that compose the final product. Further, we have a surrogate or market value for each input that Huafeng used to produce cardboard cartons;[45] hence, we are accounting for all of the elements of cost in the factors buildup.

Lastly, there is no information on the record regarding the type of paper used as linerboard and tea paperboard in the cardboard cartons other than the Department's observation at verification that these paperboards appeared to be made of kraft paper. Thus, we have continued to value

[41] See Polyvinyl Alcohol from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, 70 FR 67434 (November 7, 2005), noting that the Department took into account the factors utilized in each stage of producing canned mushrooms "including any used to manufacture the cans (if produced in-house) and citing Final Results of First New Shipper Review and First Antidumping Duty Administrative Review: Certain Preserved Mushrooms From the People's Republic of China, 66 FR 31204 (June 11, 2001).
[42] See Final Results Analysis Memo at "Calculation of Cost of Manufacturing One Carton."
[43] See Honey from the PRC 72 FR 37713 and accompanying Issues and Decision Memorandum at Comment 2.
[44] See Honey from the PRC, 72 FR 37713, and accompanying Issues and Decision Memorandum at Comment 2.
[45] See Preliminary Results SV Memorandum.

Huafeng's tea paperboard and linerboard based on the HTS category relied on in the Preliminary Results corresponding to kraft paper.

Comment 6: Brokerage and Handling

In the Preliminary Results, the Department calculated a per-unit SV for B&H by dividing surrogate B&H charges by the maximum weight capacity of a standard 20-foot container.

Petitioners' Arguments:

- The Department's calculations understate Huafeng's B&H charges because Huafeng's average shipment weight was significantly less than the maximum weight capacity of a container. The Department should follow its practice in the prior review and calculate a volume-based SV for B&H.

- Huafeng's finished product weights are underreported and inherently inaccurate and thus using product weights to allocate B&H costs understate those costs.

- If the Department continues to calculate a per-unit SV for B&H based on weight, the Department should use Huafeng's actual average packed weight in the calculation.

Respondent's and Importer's Arguments:

- Huafeng agrees that the Department should use a volume-based B&H figure.

- However, if the Department calculates a weight-based figure, Huafeng notes that the weight of each of its shipments varied. Thus, it makes sense for the Department to calculate per-unit B&H charges by dividing the B&H cost for a container by the standard maximum cargo weight of a container weight.

- Home Meridian argues that the Department has used weight-based B&H surrogates in other cases, which is consistent with the way the Department calculates other movement expenses such as inland and ocean freight and other transportation costs. Moreover, Home Meridian claims that the Department verified the weight-based data provided by Huafeng.

Department's Position:

We have recalculated the per-unit SV for B&H by dividing the total B&H cost identified in Doing Business in the Philippines by 10 metric tons, rather than the maximum container weight or Huafeng's average packed container weight. We determined that 10 metric tons should be used in the recalculation because this is the weight of the shipment for which participants in the Doing Business in the Philippines survey reported a B&H cost.[46] While the survey asks for B&H costs for a 20-foot container FCL (full container load) of dry cargo weighing 10 metric tons, it

[46] See the Preliminary Results SV Memorandum at Attachment VI at 59 and Attachment VII at 3.

does not explicitly state the volume of the shipment. FCL is a shipping term which could have indicated to the survey participants that they were to assume that the dry cargo to be shipped made up the entire shipment (i.e., no other goods for other customers were to be shipped in the container). Given that we have the actual weight of the shipment described in the survey, but the record lacks the details necessary to calculate a per-volume SV for B&H, we have continued to calculate a weight-based SV for B&H.

Comment 7: The Appropriate SV for Plywood

Petitioners' Arguments:

- HTS category 4412.13.10 (plywood with at least one outer ply of tropical wood, with each ply not exceeding 6 mm in thickness) should be used to value Huafeng's plywood rather than HTS category 4412.92 (plywood with at least one ply of tropical wood where each ply exceeds 6 mm in thickness) because the description for HTS category 4412.92 is not consistent with the plywood used by Huafeng.

Importer's and Respondent's Arguments:

- Huafeng and Home Meridian maintain that Huafeng's pre-POR ME purchase prices should be used to value plywood.

- If purchase prices are not used to value plywood, Huafeng contends that HTS category 4412.14, which covers non-coniferous wood less than 6 mm thick, should be used because purchase invoices show that its plywood is a hardwood, not tropical wood. Because there were no imports during the instant POR under HTS category 4412.14. the Department should either value plywood by inflating 2007 import prices under HTS category 4412.14, as it did in the 2008 WBF administrative review, or base the SV for plywood on all imports under HTS category 4412.

- Home Meridian disagrees with Petitioners suggested HTS category for tropical woods because Huafeng described its plywood as having an outer ply made of a type of wood (which is proprietary) that it claims is not a tropical wood as defined by the Philippine HTS.[47] Further, Home Meridian argues that invoices show that Huafeng purchased mixed hardwood plywood. If the Department changes the HTS category to reflect a different ply thickness, Home Meridian suggests using HTS category 4412.19 which is for plywood with at least one outer ply of non-coniferous wood.

Department's Position:

As stated in Comment 20, we have not considered ME purchases made outside the POR when valuing plywood. Because Huafeng did not purchase plywood from a ME supplier during the POR, we turned to the SVs on the record to value Huafeng's plywood consumption. We agree with Petitioners that we should value plywood based on an HTS category covering plywood with

[47] The Philippine HTS is on the record at Petitioners' June 15, 2010, submission at Exhibit 1.

at least one outer ply of tropical wood with each ply not exceeding 6 mm in thickness. A number of documents on the record support this determination. Huafeng's original section D response and its subsequent supplemental response both identified its plywood purchases as classified under the HTS for plywood with at least one outer ply of tropical wood.[48] In its November 8, 2010, submission to the Department at 2, Huafeng stated that its plywood has an outer ply of a type of tropical wood[49] and that it does not exceed 6 mm in thickness. While Huafeng is correct that certain purchase invoices show that its plywood is made from hardwood (e.g., a purchase invoice examined at verification identifies the plywood to be a hardwood)[50] this does not contradict Huafeng's statements that its plywood consists of a type of tropical wood because the type of tropical wood identified by Huafeng is a tropical hardwood.[51] Home Meridian's argument that the outer ply of Huafeng's plywood is not considered a tropical wood under the Philippine HTS is directly refuted by the Philippine HTS.[52] Therefore, we have valued Huafeng's plywood using Philippine HTS category 4412.13.10.

Comment 8: The Appropriate SV for Tape

Petitioners' Arguments:

- HTS category 3919.10.90 (self adhesive … tape of plastic …) should be used to value tape rather than HTS category 3920.20.90 (other plates, sheets, film, foil and strip of plastics … of polymers or propylene) because Huafeng described its tape as "self-adhesive tape of plastic."

- No other parties commented on this issue.

Department's Position:

We agree with Petitioners. While Huafeng's self-adhesive tape consists of chemical properties consistent with HTS category 3920, its primary use, as stated by Huafeng,[53] is as self-adhesive tape. Given the importance of the self-adhesive feature, we have determined that a SV for self-adhesive tape would be the best information regarding the value of such a factor in a ME. See section 773 (c)(1)(B) of the Act. Self-adhesive plastic tapes are categorized under Philippine HTS category 3919.10.90. Hence, for these final results, we have valued all self-adhesive tape inputs of Huafeng based on HTS category 3919.10.90.

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[48] See Huafeng's June 12, 2010, submission at Exhibit 5 and Huafeng's October 18, 2010, submission at Exhibit 60.
[49] The exact type of tropical hardwood is proprietary information.
[50] See the China Verification Report at Exhibit 25.
[51] The type of tropical wood identified by Huafeng as its plywood input in its November 8, 2010, submission at 2 is commonly known to be a hardwood.
[52] See the memorandum to the file from Jeff Pedersen regarding "Proprietary Information Relating to the July 11, 2011 Issues and Decision Memorandum" (BPI Memo) dated concurrently with this memorandum at Note 1.
[53] See Huafeng's July 12, 2010, submission at Exhibit 5.

Comment 9: The Appropriate SV for Poly Foam

Petitioners' Arguments:

- HTS category 3921.19 (Other plates, sheets … of plastic … Cellular – of other Plastics) should be used to value poly foam rather than HTS category 3920.10.90 (other plates, sheets … of plastic, non-cellular … of polymers of ethylene .. other) because there is no evidence that Huafeng's poly foam is non-cellular.

- Although Huafeng failed to answer the Department's question as to whether its foam was cellular or non-cellular, it stated that the foam consists of polyethylene. World Customs Organization Explanatory Notes provide that cellular plastics include foam plastics and U.S. Customs ruling NY J81106 confirms that polyethylene foam falls under HTS category 3921.19.

- No other parties commented on this issue.

Department's Position:

We disagree with Petitioners. Petitioners' argument is premised on Huafeng's poly foam consisting of cellular plastic. The Department twice pointed out to Huafeng that cellular plastics were classified under HTS 3921 and non-cellular plastics were classified under HTS 3920 and then requested that Huafeng identify under which HTS category its plastic foam was classified. To both requests Huafeng answered that its poly foam should be classified under HTS category 3920 (i.e., non-cellular plastic).[54] Petitioners have cited to nothing on the record contradicting Huafeng's consistent statements that its poly foam should be classified under HTS categories for products consisting of non-cellular plastic. Lacking any evidence that Huafeng's poly foam consists of cellular plastic, we have continued to value this input based on imports of non-cellular plastic, which is the type of material Huafeng claimed it used. We note that CBP ruling NY J81106 indicates that the poly foam under consideration was cellular[55] and thus we do not find the CBP ruling applicable to Huafeng's non-cellular poly foam. Furthermore, although the Department may consider the decisions of CBP, it is not obligated to follow, nor is it bound by, the CBP's determinations.[56]

Comment 10: The Appropriate SV for the Glue Used in Furniture Production

Respondent's Arguments:

- HTS category 3505.20.00 (dextrins and other modified starches; glues based on starches, or on dextrins or other modified starches … glues) should be used to value glue consumed as overhead rather than HTS category 3506 (prepared glues … not elsewhere specified or included; … put up for retail sale as glues or adhesives, not exceeding a net weight of one kg) because: (1) HTS category 3505.20.00 is specific to starch and dextrin-based glues

[54] See Huafeng's October 12, 2010, submission at 4-5 and Huafeng's November 8, 2010 submission at 3.
[55] See Petitioners' March 7, 2011 submission at Attachment 13.
[56] See Wirth Ltd. v. United States, 5 F. Supp. 2d 968, 973 (CIT 1998).

which includes the type of glue that it used in furniture production; and, (2) HTS category 3506 is overly broad and covers glues that it did not use, such as retail glues in containers of less than one kilogram.

Petitioners' Arguments:

- HTS category 3506 is appropriate for valuing glue consumed as overhead because record evidence indicates that the composition of Huafeng's glue is consistent with the descriptions of certain adhesives that would be classified under HTS category 3506 rather than HTS category 3505.20.00.

- Huafeng failed to support its claim that the glue it consumed as overhead is not put up for retail sale or is packaged in containers exceeding one kilogram in weight.

- Not all of the imports classified under HTS category 3506 are glue put up for retail sale since there is a separate subheading for such glue under this HTS category.

Department's Position:

We agree with Petitioners, in part. Huafeng stated that the glue it consumed as overhead consists of chemicals of polymers that are included under HTS categories 3901-3913;[57] HTS category 3506.91 consists of glues based on polymers classified under those categories. There is nothing on the record to support Huafeng's assertion that its overhead glue consists of starches and dextrins such that it should be classified under HTS category 3505. We agree, however, with Huafeng that because of its need for very large quantities of glue[58] it would not have purchased glue in a size intended for retail sales (i.e., containers of glue of less than one kilogram). Because there is a subcategory corresponding to retail glue within HTS category 3506, we find it is inappropriate to rely on the broad four-digit HTS category, 3506, suggested by Petitioners because it would include the value of glue intended for retail sales. Hence, we have valued Huafeng's glue consumed as overhead using the applicable, more specific subcategory under HTS category 3506, namely HTS category 3506.91.

Comment 11: Error in the Draft Rescission Instructions

Petitioners' Arguments:

- The Department should have listed case number A-570-890-185 rather than case number A-570-890-000 for the exporter/producer combination Dongguan Mu Si Furniture Co., Ltd./ Dongguan Mu Si Furniture Co., Ltd. in its draft customs instructions because this exporter/producer combination received a separate rate in 2008.

- No other parties commented on this issue.

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[57] The chemical composition of Huafeng's glue is BPI and is identified in the BPI Memo at Note 2 and Huafeng's November 5, 2010, submission at 7.
[58] See Huafeng's November 5, 2010, submission at Exhibit 95.

Department's Position:

We agree with Petitioners that the correct case number for Dongguan Mu Si Furniture Co., Ltd./ Dongguan Mu Si Furniture Co., Ltd. is A-570-890-185 and have assigned this exporter/producer combination this case number in the final rescission instructions.

Comment 12: Calculation Error

Petitioners' Arguments:

- The Department should not have subtracted interest charges from total ISEs when recalculating the ISE ratio because these charges were not included in the total reported ISEs.

- No other parties commented on this issue.

Department's Position:

We agree with Petitioners. The interest charges were not included in the reported ISEs and thus should not have been deducted from ISEs.

Comment 13: The Appropriate Conversion Factor for Oak Veneer

Respondent's Arguments:

- The Department used an incorrect factor to convert square meters of oak veneer into cubic decimeters.

- No other parties commented on this issue.

Department's Position:

We agree with Huafeng that we used an incorrect conversion factor. A square meter of Huafeng's oak veneer is 0.45mm thick, which is equivalent to 0.45 cubic decimeters. Thus, Huafeng's oak veneer should be valued at $0.12213 per cubic decimeter, which is 45 percent of $0.2714 per cubic decimeter, the average import value of oak veneer. It should not be valued at $0.6031 per cubic decimeter as was done in the Preliminary Results. For the Final Results, the Department is valuing oak veneer at $0.12213 per cubic decimeter.

Comment 14: Whether the Department Should Rescind its Administrative Review of Nantong Yangzi Furniture Co., Ltd.

Nantong Yangzi's Arguments

- The Department's preliminary finding, based on CBP documents, that it made shipments of subject merchandise, contrary to its no-shipments claim, is not supported by substantial evidence because the Order expressly excludes some of the merchandise at issue while the physical characteristics of the remaining items clearly indicate they are for uses other than bedroom furniture.[59] The Department's decision was unjustly based upon importers' misclassifying imported merchandise as subject merchandise.[60]

- The Department unlawfully failed to issue a deficiency questionnaire regarding the no shipments claim pursuant to section 782(d) of the Act; [61] rather the Department first notified it of discrepancies with its no shipments claim when the Department released the Preliminary Results. A Federal Register notice or an interim decision memorandum are insufficient to effectively provide notice of a deficiency pursuant to section 782(d) of the Act.[62] Thus, the Department failed to specifically notify it under the Calgon standard.[63]

- Merely putting CBP data on the record of this review for comment did not give reasonable notice that the Department had concluded that there was a deficiency in the no-shipments claim in order to allow Nantong Yangzi to cure the alleged deficiency.[64]

- Since it could not be shown the CBP data used against it due to its proprietary nature, it is not appropriate for the Department to rely on this evidence to which it had no direct access because it had no opportunity to rebut the evidence.[65]

- The Department unlawfully rejected as untimely filed new factual information, certain information from previous segments of the WBF proceeding that it attempted to place on the record of the instant review to cure any perceived deficiencies in its no shipments claim.[66] The rejected information is not new factual information because it is from a previous segment of the WBF proceeding, and hence, the Department has institutional knowledge of this information, which is specifically permitted to be carried forward to a new segment by 19 CFR 351.306(b).[67]

[59] See Nantong Yangzi's March 28, 2011, Case Brief ("Case Brief") at 2-4. See also BPI Memo at Note 3.
[60] See Nantong Yangzi's Case Brief at 2.
[61] See Nantong Yangzi's Case Brief at 4.
[62] See Nantong Yangzi's Case Brief at 4-5.
[63] See Nantong Yangzi's Case Brief at 4 (citing Calgon Carbon Corp. v. United States, Consol. Court No. 09-00518, Slip Op. at 12 (CIT February 2011)(Calgon).
[64] See Nantong Yangzi's Case Brief at 4-5.
[65] See Nantong Yangzi's Case Brief at 5.
[66] See Nantong Yangzi's Case Brief at 5-6.
[67] See Nantong Yangzi's Case Brief at 6.

- The rejected factual information is "relevant to an issue" in this review (which is a condition under 19 CFR 351.306(b) for moving information onto a subsequent record) because the identical issue was raised and resolved in Nantong Yangzi's favor in the immediately preceding segment of this proceeding after issuing the company a supplemental questionnaire.[68]

- In this review, the deadline for submitting new factual information expired before the Department received a single questionnaire response from a mandatory respondent, and, thus, the Department's reliance on this deadline is unreasonable per se.[69]

Petitioners' Arguments

- Record evidence, which is proprietary, demonstrates that Nantong Yangzi shipped wooden bedroom furniture during the POR but it made no attempt to file a separate-rate certification and therefore, the Department's preliminary determination regarding Nantong Yangzi (to treat it as part of the PRC-wide entity) is correct.

- Nantong Yangzi's situation is very different from the respondent in Calgon Carbon Corp. v. United States, Consol. Ct. No. 0—00518 where the respondent in that case had filed its separate rate certification.

- Nantong Yangzi is incorrect when it claims that it first had notice regarding the CBP data when the Preliminary Results were released on February 3, 2011. The Department released a public memorandum to all interested parties on December 14, 2010 regarding the opportunity to comment on CBP data which provided Nantong Yangzi ample opportunity to address the issue before the Preliminary Results.

- The BPI, which Nantong Yangzi claims the Department erroneously rejected, was not timely filed and thus the Department properly rejected this information.

Department's Position:

We continue to find that Nantong Yangzi made shipments of subject merchandise during the POR. First, contrary to Nantong Yangzi's claim, the descriptions of the merchandise at issue do not clearly demonstrate that all of the merchandise is either specifically excluded from the scope of the WBF order or not covered by the scope.[70] Second, entry records obtained from CBP and released to Nantong Yangzi indicate that the importer of the merchandise at issue declared the items invoiced by Nantong Yangzi to be subject merchandise. Nantong Yangzi has offered no evidence that the importer subsequently attempted to revise its initial classification of these items. Third, hand written notations on one entry document and the nature of certain entry documents indicate that the merchandise was not inadvertently declared as subject merchandise without first considering whether such a classification was appropriate.[71] Accordingly, there is no record

[68] See Nantong Yangzi's Case Brief at 6.
[69] See Nantong Yangzi's Case Brief at 6.
[70] See BPI Memo at Note 4.
[71] See BPI Memo at Note 5.

evidence that calls into question the importer's classification of the merchandise at issue as merchandise subject to the WBF order. Moreover, there is no record evidence supporting Nantong Yangzi's claim that none of the merchandise in question is covered by the Order. Additionally, although Nantong Yangzi claims that the *identical* issue was raised and resolved in its favor in the immediately preceding segment of this proceeding, there is no evidence on the record demonstrating that the merchandise under consideration in the previous review is identical to the merchandise under consideration in the instant review.

We further disagree with Nantong Yangzi's claim that it was first made aware of discrepancies with respect to its no-shipments claim when the Preliminary Results were released on February 3, 2011. On March 5, 2010, eleven months before the Preliminary Results were released, the Department placed on the record the results of a CBP query which called into question Nantong Yangzi's no-shipments claim.[72] In the March 5, 2010, memorandum, the Department also gave parties until March 15, 2010, to comment on the results of the CBP query. On December 10, 2010, almost two months before the Preliminary Results were released, the Department released CBP entry records to a number of parties, including Nantong Yangzi, and invited parties to comment on the records which called into question the no-shipment claims of Nantong Yangzi and a number of other companies.[73] On December 14, 2010, the Department issued a memorandum that established a December 20, 2010, deadline for commenting on the CBP entry records. Department records indicate that the memorandum establishing the comment deadline was sent to counsel for Nantong Yangzi on December 14, 2010, using the email address supplied by counsel in its application for access to proprietary information under the terms of the administrative protection order.[74] Although the results of the CBP query and the entry records called into question Nantong Yangzi's no shipments claim; Nantong Yangzi did not comment on this information. We further note that on December 17, 2010, Petitioners commented on the CBP entry records, alleging, based on those records, that Nantong Yangzi made shipments of subject merchandise during the POR. However, Nantong Yangzi did not comment on Petitioners' claims. The foregoing demonstrates that Nantong Yangzi was fully informed of the information contradicting its no-shipments claim, and was provided with multiple opportunities to submit information and argument in support of its claim.

Nantong Yangzi's claim that it was not able to rebut the CBP information due to its proprietary nature is also without merit. Counsel for Nantong Yangzi received the entry records in question pursuant to the terms of the administrative protective order, and thus Nantong Yangzi was provided an opportunity to rebut the CBP information through its counsel. Counsel for Nantong Yangzi, however, did not submit any comments in response to the CBP information on the record or in response to Petitioners' claim that Nantong Yangzi had made shipments of subject merchandise during the POR.

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[72] See Letter to All Interested Parties from Howard Smith, Program Manager, Office 4, Import Administration, concerning, "Antidumping Duty Administrative Review of Wooden Bedroom Furniture from the People's Republic of China (PRC) for the Period January 1, 2009 –December 31, 2009," dated March 5, 2010.

[73] See Memorandum to the File from Drew Jackson, International Trade Compliance Analyst, concerning, "Results of Request from U.S. Customs and Border Protection on U.S. Entry Documents," dated December 10, 2010.

[74] See Letter to Nantong Yangzi from Howard Smith, Program Manager, AD/CVD Operations, Office 4, concerning, Antidumping Duty Administrative Review of Wooden Bedroom from the People's Republic of China: New Factual Information Contained in Nantong Yangzi Furniture Co., Ltd.'s Submissions to the Department, dated February 28, 2011, at Attachment I.

Furthermore, Nantong Yangzi is incorrect in its assertion that the deadlines for the submission of factual information established under 19 CFR 351.301 do not apply to BPI from a prior review that is placed on the record of an ongoing review pursuant to 19 CFR 351.306(b). There is no provision in the regulations that states that such BPI is not subject to the deadlines for the submission of factual information. Nantong Yangzi's reading of 19 CFR 351.306(b) would effectively nullify the provisions of 19 CFR 351.301 with respect to the submission of factual information from previous reviews by allowing parties to submit factual information at any time during a segment of the proceeding, including one day prior to the issuance of the final results. Such an elimination of the deadline for submission of factual information would hinder the Department's ability to complete administrative reviews within the statutory deadlines.

Moreover, Nantong Yangzi's argument that the deadline for submitting factual information established by 19 CFR 351.301 is unreasonable per se is unpersuasive because in this case, Nantong Yangzi was given an opportunity to rebut CBP information with factual information after the deadline for submitting new factual information established by 19 CFR 351.301; however, it did not do so, nor did it request an extension of the deadline for doing so. Accordingly, we continue to find that Nantong Yangzi made shipments of subject merchandise during the POR, and we have not rescinded the administrative review of Nantong Yangzi.

Comment 15: Whether Great Reputation, Cambridge and Glory Are Entitled to a Separate Rate

Respondents' Arguments:

- Great Reputation, Cambridge and Glory note that despite having filed timely and complete separate rate applications or certifications, the Department's Preliminary Results notice failed to mention these companies.

- No other interested parties have commented on this issue.

Department's Position:

In its Preliminary Results, the Department inadvertently omitted Cambridge, Glory, and Great Reputation from the list of companies that had demonstrated their eligibility to receive a separate rate in this proceeding. For these final results of review, we have assigned Cambridge, Glory and Great Reputation the same antidumping duty rate assigned to all other separate rate recipients not individually examined.

Comment 16: Combination Rates

Petitioners' Arguments:

- The Department should apply exporter-producer combination rates in this proceeding rather than assigning an exporter's sales of merchandise produced by different manufacturers the same cash deposit rate and assessing importer-specific duties for an exporter rather than for an exporter-producer combination.

- The Department's regulations, policy, and practice allow for the imposition of combination rates under certain circumstances in reviews in order to prevent foreign producers from manipulating their rates.[75]

- In Pistachios from Iran, the Department stated that the need for combination rates was demonstrated because there were "several alternative producers" in Iran, and the exporter had the "ability and willingness . . . to change suppliers from one segment of th{e} proceeding to another as it sees fit."[76]

- Like Pistachios from Iran, the record of this review warrants the issuance of combination rates. An article published during the POR by Furniture Today shows that factories with high antidumping margins are shipping merchandise through factories that have low antidumping margins.[77] Further, business proprietary CBP data released by the Department under APO supports these claims.

- The record demonstrates that tens of thousands of firms produce subject merchandise in China,[78] but only a small number of those producers have cash deposit rates at or below 30 percent. Accordingly, most producers of subject merchandise in China have an incentive to export their product to the United States through lower-rate exporters.

- In order to implement combination rates, the Department should issue a supplemental questionnaire to the separate-rates respondents requiring that they identify their suppliers in this review.

Importer's and Respondent's Arguments:

- Petitioners provided no compelling reason for the Department to abandon its current

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[75] See Notice of Amended Final Determination in Accordance With Court Decision of the Antidumping Duty Investigation of Stainless Steel Sheet and Strip in Coils From Taiwan, 69 FR 67311 (November 17, 2004). See also Pistachios from Iran, 70 FR 7470, and accompanying Issues and Decision Memorandum at Comment 2.
[76] See Final Results of Antidumping Duty Administrative Review: Certain In-Shell Raw Pistachios From Iran, 70 FR 7470 (February 14, 2005) (Pistachios from Iran) and accompanying Issues and Decision Memorandum at Comment 2 (Pistachios from Iran I&D Memo).
[77] See Petitioners' June 21, 2010 submission at Attachment 4 ("Antidumping Group Asks For Transshipping Review," Furniture Today (August 8, 2008)).
[78] See Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review), Final Staff Report (November 3, 2010) at IV-14; see also, Wooden Bedroom Furniture from China Inv. No. 731-TA-1058 (Final), Pub. 3743 (December 2004) at 4 n.9.

practice of not using combination rates in administrative reviews[79] which the CIT has repeatedly upheld in this proceeding, as well as in other antidumping cases.[80]

- Petitioners' allegation that high-margin producers are exporting through entities with lower separate rates is not supported by record evidence.

- Petitioners' argument regarding the application of combination rates is inaccurate because it is based on information that is inconclusive at best. Petitioners' allegation is based, in part, on business proprietary CBP data which fails to establish any direct link between Nantong Yangzi and an exporter with a lower separate rate. Even if there is a basis for Petitioners' argument, it would be improper to assign a combination rate to Nantong Yangzi because the Department did not provide the company with the opportunity to respond to any claim involving funneling of subject merchandise or remedy any perceived deficiencies regarding such a matter.

Department's Position:

We have not applied combination rates in this review. While the Department has the discretion to apply combination rates, the preamble to the Department's regulations states that "if sales to the United States are made through an NME trading company, we assign a non-combination rate to the trading company . . . ."[81] We have continued to follow this approach in the current review because the Department has not changed its general practice of not assigning combination rates in antidumping duty administrative reviews.[82] In limited circumstances, the Department has applied combination rates in administrative reviews, where there is a compelling reason to do so. In this review, however, we find that there is no compelling reason to apply combination rates.

As an initial matter we note that the preamble to the Department's regulation contemplates that when deciding whether combination rates are appropriate, the Department will consider the practicality of their assignment.[83] Here, we find the situation similar to that described in Activated Carbon where the Department found "the application of combination rates would be

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[79] See, e.g., Amended Final Results of Antidumping Duty Administrative Review and New Shipper Reviews: Wooden Bedroom Furniture from the People's Republic of China, 72 FR 46,957 (August 22, 2007), and Accompanying Issues and Decision Memorandum at Comment 5; Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review, 73 FR 49,162 (August 20, 2008), and Accompanying Issues and Decision Memorandum at Comment 2; and Import Administration Policy Bulletin 05-1: Separate Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries at 7 (April 5, 2005).

[80] See Lifestyle Enterprise Inc. v. United States, Slip. Op. 11-16 (February 11, 2011); see also Calgon Carbon Corp. v. United States, Slip. Op. 11-21 (February 17, 2011; and Final Results of Redetermination Pursuant to Court Remand in Fujian Lianfu Forestry Co., Ltd. Et al. v. United States, Court No 07-00306; Slip Op 09-81 at 8 (CIT 2009).

[81] See Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27295, 27303 (May 19, 1997) ("Preamble").

[82] Policy Bulletin 03.2 covers combination rates in new shipper reviews, not administrative reviews, while Policy Bulletin 05.1 applies to investigations only.

[83] See Preamble, 62 FR at 27303 ("it may not be practicable to establish combination rates when there are a large number of producers . . . .")

too large of an administrative burden to be practicable."[84] The Department stated in Activated Carbon that it

> ". . . would be required to list producer/exporter combination for the individually reviewed respondents as well as the numerous separate rate companies that are reviewed in each segment. Furthermore, the number of combinations could grow significantly with each successive review. If we were to assign combination rates, the Department would be required to manually create a page in U.S. Customs and Border Protection's ("CBP") Automated Commercial Environment Module for every combination of exporter/producer, including situations where the exporter was also the producer of the subject merchandise (i.e., not just for non-producing exporters). Additionally, with such a large number of mandatory and separate rate respondents under review, the Department's duty with providing CBP with accurate instructions, after each segment, would be impractical to complete within statutory deadlines, as it would require us to enumerate every combination of exporter/producer."[85]

This description is also applicable to the WBF proceeding.

In Pistachios from Iran, the Department exercised its discretion and assigned a combination rate to the exporter and its supplier of the subject merchandise based on: (1) the similarity of the exporter's U.S. sale subject to the administrative review and the exporter's U.S. sale in the previous new shipper review in which a combination rate was applied; (2) the exporter's normal business practice of selling pistachios only to the U.S. market; (3) the exporter's ability to source the pistachios it sells from a large pool of suppliers; and (4) high cash deposit rates for other producers subject to the order and a high "all-others" rate.[86] Petitioners have not demonstrated that this unique blend of facts that led the Department to apply a combination rate in Pistachios from Iran exists here. Moreover, unlike the instant situation, in Pistachios from Iran, the Department found "that the fact that Nima sourced from only one supplier makes it administratively feasible for the Department to establish a combination rate . . . ."[87]

Additionally, contrary to Petitioners' argument, there is no record evidence concerning specific producer/exporters shifting their exports from high-margin to low-margin exporters. The assertions made in the Furniture Today article are simply too vague and therefore insufficient evidence for the purpose of imposing combination rates. Further, Petitioners' contention, that certain business proprietary data released by the Department under APO supports its claims, is based on speculation.[88] Nonetheless, in instances where companies may be improperly misreporting their entries to CBP, such instances will be reported to CBP for proper action under that agency's fraud provisions.

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[84] See Certain Activated Carbon From the People's Republic of China: Final Results and Partial Rescission of Second Antidumping Duty Administrative Review, 75 FR 70208, November 17, 2010 (Activated Carbon) and accompanying Issues and Decision Memorandum at Comment 1.

[85] See Activated Carbon and accompanying Issues and Decision Memorandum at Comment 1.

[86] See Pistachios from Iran I&D Memo at Comment 2.

[87] See Pistachios from Iran I&D Memo at Comment 2.

[88] See the BPI Memo at Note 6.

Comment 17: Duty Absorption

Petitioners' Arguments:

- Although a timely request was made for a duty absorption determination for each respondent subject to this review, the Department failed to make such a determination.

- Whenever there is a respondent that has made sales at less than NV, the Department presumes that antidumping duties have been absorbed by such a respondent and the burden is on the respondent to show that it did not absorb antidumping duties.[89]

- Since none of the respondents in this review have provided evidence rebutting the Department's presumption of duty absorption, the Department should make an affirmative finding of duty absorption for all respondents.

Respondents' Arguments:

- The administrative record establishes that Huafeng did not absorb antidumping duties on its CEP sales during the POR. Record evidence establishes that Huafeng did not incur or post any antidumping duty deposits on its CEP sales that were made directly to its unaffiliated U.S. customers because either the unaffiliated U.S. customers or their designated importer of record; not Huafeng's U.S. affiliate, posted the required antidumping deposits on such sales.[90]

- For the other CEP sales which were made through Huafeng's U.S. affiliate, where the affiliate was the U.S. importer of record, the U.S. affiliate passed the full cost of the antidumping deposits to its unaffiliated U.S. customers. During the Department's verification of Huafeng's U.S. affiliate, the affiliate demonstrated that it collected the duties from its U.S. customers.

- Accordingly, since the administrative record establishes that it did not absorb antidumping duties, any duty absorption determination with respect to Huafeng and its U.S. affiliate should be negative for purposes of the final results of this review.

Department's Position:

We disagree with Petitioners' claim that a duty absorption determination should be made in this review. Section 751(a)(4) of the Act provides that, if requested, the Department shall determine during an administrative review initiated two or four years after the publication of the order "whether antidumping duties have been absorbed by a foreign producer or exporter . . . if the subject merchandise is sold in the United States" through an affiliated importer. Additionally, as noted by the CAFC, the statute authorizes the Department to make a duty absorption

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[89] See, e.g., Final Results of Antidumping Duty Administrative Review and New Shipper Reviews: Certain Frozen Fish Fillets from the Socialist Republic of Vietnam, 74 FR 11349 (March 17, 2009), and accompanying Issues and Decision Memorandum at Comment 5C.
[90] See Huafeng's July 6, 2010, Section C Response at page 20.

determination during the second and fourth administrative reviews of an antidumping order.[91] Because the order on wooden bedroom furniture from the PRC was published on January 4, 2005, and this review was initiated five years thereafter on March 4, 2010, this review was not initiated two or four years after the publication of the order. Furthermore, the current review is the fifth administrative review; therefore, pursuant to section 751(a)(4) of the Act and Agro Dutch, the Department has not made a duty-absorption determination in this review.

Comment 18: The Appropriate SV for Labor

Petitioners' Arguments

- The Department should recalculate the SV for labor using contemporaneous 2009 GNI data, or updated 2008 GNI data, rather than the 2008 GNI data it used because valuation information contemporaneous with the period of investigation or review generally constitutes the best information.

- The Department should expand the list of economically comparable countries so that the GNI of the high-income "bookend" country is greater than that of the PRC by the same ratio that the PRC's GNI is greater than the GNI of the low-income "bookend" country because the countries identified in the Surrogate Country Memorandum are biased in favor of lower income countries.

- If the Department continues to use absolute GNI differences to identify "economically comparable" countries, the absolute difference in GNIs between the high-end "bookend" country and the PRC should be the same as the absolute difference in GNIs between the PRC and the low-end "bookend" county.

Importer's Arguments

- Home Meridian disagrees, noting that in the AR4 Final Results and Dorbest, the Department rejected Petitioners': (1) argument for using relative rather than absolute GNI differences and the "extreme example" that Petitioners provided in support of that argument; and (2) the concept that the Department must equally balance countries above and below the GNI of the PRC.

Department's Position:

We disagree with Petitioners' contention that the Department must use 2009 GNI data, or updated 2008 GNI data and select economically comparable countries based on relative GNI ranges when calculating the SV for labor. As the Surrogate Country Memorandum's list of economically comparable countries is based on per-capita GNI data for 2008, and this list was used to identify the bookend countries, we used the corresponding 2008 GNI data to identify all countries with World-Bank reported per-capita incomes that placed them in between the bookends for purposes of the labor rate calculation. The selection of the bookend countries is

[91] See Agro Dutch Indus. v. United States, 508 F.3d 1024, 1028 (Fed. Cir. 2007) (Agro Dutch).

inextricably linked to the 2008 GNI data that was available to the Department at the time the Surrogate Country Memorandum was issued. The publication of the World Bank Development Report's GNI data triggers updating both the bookend countries and the new GNIs associated with those countries. The 2011 World Bank Development Report, which contains the 2009 GNI data, was not available at the time of issuing the Surrogate Country Memorandum. To now re-select the bookend countries based on 2009 data, as suggested by Petitioners, would result in identifying one set of economically comparable countries as a starting point for purposes of our initial surrogate country selection and a different, inconsistent, set of economically comparable countries as a starting point for purposes of our labor rate calculation. Thus, the Department determines that reliance on the 2009 GNI data or updated 2008 GNI data would be inappropriate as it does not constitute the best available information in this case for purposes of establishing the bookend countries for the labor calculation.[92]

Furthermore, the Department finds that basing the range of economically comparable countries on absolute GNIs is reasonable and consistent with the Act. The Department has a long-standing and predictable practice of selecting economically comparable countries on the basis of absolute GNI. Petitioners have provided no legal basis to revisit this practice. Moreover, Petitioners have failed to provide sufficient reasons why the Department should use relative GNI as a basis for defining economic comparability in its labor calculation, while continuing to rely on absolute GNI when determining economically comparable countries for valuing all other FOPs.

We are also not persuaded by Petitioners' hypothetical example because it is not grounded in the facts of this record. Petitioners have compared an extreme GNI range (Burundi (USD 140) to Norway (USD 86,670), a difference of over USD 86,000 that is not instructive because it does not address the range that the Department actually selected. In this review, the Department selected a range that extends from India (USD 1,040) to Peru (USD 3,990). The differences between the lowest "bookend," country, India (USD 1,040), and the PRC (USD 2,940) (i.e., USD 1,900) and the highest "bookend" country, Peru (USD 3,990), and the PRC (USD 2,940) (i.e., USD 1,050), are not substantial considering the broad range of worldwide GNIs available, and are far less than the difference in Petitioners' example.

Lastly, the Department is not persuaded by Petitioners' argument that the range of economically comparable countries must somehow be "centered" on the basis of relative GNI. The selected range of countries is not intended to represent a hard numerical threshold that defines economic comparability. It is further unreasonable to expect that the Department can or should always ensure that the upper range and lower range are equivalent since the underlying data, along with data availability constraints, do not always allow for such nature of mathematical precision. Therefore, the Department's selection of this narrow range using absolute GNIs is reasonable and consistent with the requirements of section 773(c)(4)(A) of the Act that the Department use ME countries that are "at a level of economic development comparable to that of the NME country."

Comment 19: Financial Ratios

In the Preliminary Results, we valued SG&A, factory overhead, and profit, using the audited

[92] See Shakeproof at 1310 and Olympia Industrial v. United States, 22 CIT 387, 392 (CIT 1998).

financial statements for the fiscal year ending December 31, 2009, from the following companies: APY Cane International ("APY Cane"); Berbenwood Industries ("Berbenwood"); Clear Export Industries, Inc.("Clear Export"); Heritage Meubles Mirabile Export, Inc.("Heritage"); Interior Crafts of the Islands, Incorporated ("Interior Crafts"); Wicker & Vine, Inc.("Wicker & Vine"); and Insular Rattan & Native Products Corp ("Insular Rattan"), which are all Philippine producers of wooden bedroom furniture that received no countervailable subsidies, earned a before tax profit in 2009, and did not maintain any retail operations.

After the Preliminary Results, parties placed on the record new financial statements that the Department has considered below. Petitioners submitted financial statements for the following companies: Kirsten International Phils, Inc. ("Kirsten"); La Galuche, Inc. ("La Galuche"); Maple and Pine International Inc. ("Maple"); Stonesets International Inc. ("Stonesets") and Cancio Associates, Inc. ("Cancio"). Huafeng and Home Meridian submitted financial statements for the following companies: Arkane International Corporation ("Arkane"), Las Palmas Furniture, Inc. ("Las Palmas"), and Betis Crafts, Inc. ("Betis"). In addition, Home Meridian also submitted the financial statements of Tequesta International, Inc. ("Tequesta").

Interested parties have made general arguments on how certain expenses should be classified in the financial statement and on whether the Department should select certain financial statements. We have addressed each argument, in turn.

A. Classification of Certain Expenses in the Surrogate Financial Statements

i) Treatment of Export and Import Expenses

Importer's Arguments

- Cambridge argues that the financial statements of APY Cane, Clear Export, Heritage and Wicker & Vine contain export and import related expenses that should be excluded from the SG&A expenses because similar foreign B&H expenses already are deducted from Huafeng's U.S. prices as movement or direct selling expenses.

Petitioners' Arguments

- Consistent with the Department's position on import and export expenses in the AR4 Final Results, Cambridge's argument should be rejected because no additional details have been submitted illustrating a double counting of the import and export expenses.

Department's Position:

We disagree with Cambridge. There are no details in the financial statements that indicate that the export related expenses in those statements are the same type of export related expenses that the Department accounts for elsewhere in its calculations (such as truck freight or B&H). Thus, we have no reason to believe that including them in SG&A expenses would result in double-counting these expenses. Therefore, consistent with the Department's practice,[93] we have included export expense line items in our calculation of the surrogate SG&A ratio for APY Cane, Clear Export, Heritage and Wicker & Vine.

ii) Treatment of Financial Items

Importer's Arguments

- Cambridge argues that the Department should reduce Berbenwood's SG&A expenses by the amount of the financial line item in the income statement because (1) the Department allows expenses to be offset with income earned from short-term interest bearing assets and there is no indication that the financial line item is based on long-term assets, and (2) it is Petitioners' burden to provide evidence that the financial line item might have been earned on long-term assets.

Petitioners' Arguments

- The financial line item relates to "other income" which covers a wide range of income activities which are not appropriate reductions to financial ratios. Further, Cambridge has not cited any information in Berbenwood's financial statement to support its theory that the amounts included in the financial line item are short term in nature and relate to the general operations of the company.

Department's Position:

We agree with Petitioners, in part. The financial line item in question is itemized into the following categories in the notes to Berbenwood's financial statements: interest income, gain/loss on Forex, interest expense, and other income. There is no other information on these items in Berbenwood's financial statements. The Department's practice is to rely on information in the surrogate's financial statement and not go behind the financial statement of the surrogate company to determine the appropriateness of including these items in the financial ratio calculations.[94] We have addressed the treatment of each of these sub-categories of the financial line item below.

The Department's longstanding practice is to: (a) include all interest expenses from the financial statements in the financial ratio calculations; (b) disaggregate interest income between short-term and long-term income; and, (c) offset interest expense with only the short-term interest revenue

[93] See First Administrative Review of Certain Activated Carbon from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 57995 (November 10, 2009), and accompanying Issues and Decision Memorandum at Comment 2a; see also Lightweight Thermal Paper From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 73 FR 57329 (October 2, 2008), and accompanying Issues and Decision Memorandum at Comment 3.
[94] See 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 Issues and Decision Memorandum at 18B.

earned on working capital.[95] Additionally, it is the Department's practice to exclude income earned from long-term assets/investments from its financial ratio calculations because such income is not associated with the general operations of the company.[96] Because we cannot go behind the financial statements of surrogate companies, the Department will reduce interest and financial expenses by amounts for interest income only to the extent it can determine from those statements that the interest income is short-term in nature.[97] In this case, there is no evidence in Berbenwood's financial statements to indicate whether the interest earned is long-term or short-term in nature. Accordingly, for the final results we have included the interest expense in SG&A expenses, but made no interest income offset to SG&A expenses.

Further, the Department's practice is to offset a surrogate company's SG&A expenses with foreign exchange gains.[98] Thus, we have offset Berbenwood's SG&A expenses by its foreign exchange gains.

Finally, it is the Department's practice to include miscellaneous revenues as an offset to SG&A expenses when we cannot determine that the revenues are related to specific manufacturing or selling activities.[99] In this instance, we have not found any information in Berbenwood's financial statement or other record information to indicate that its other income is not related to the general operations of the company or is related to specific manufacturing or selling activities. Therefore, we have treated other income as an offset to SG&A expenses in the surrogate financial ratio calculations.

iii) Treatment of Certain Labor Expenses

Importer's Arguments

- Cambridge argues that the "Salaries and Bonuses" in Clear Export's financial statements and the "Bonus and Incentives" in Heritage's financial statements should be reclassified from SG&A expenses to direct labor costs to avoid double-counting because the earnings data used to calculate the SV for labor includes amounts for bonuses.

[95] See, e.g., Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Partial Rescission of Review, 73 FR 14216 (March 17, 2008) and accompanying Issues and Decision Memorandum at Comment 1.
[96] See, e.g., Notice of Final Results of Antidumping Duty Administrative Review: Silicon Metal from Brazil, 71 FR 7517 (February 13, 2006) and accompanying Issues and Decision Memorandum at Comment 4.
[97] See also Bulk Aspirin from the People's Republic of China; Final Results of Antidumping Duty Review, 68 FR 6710 (February 10, 2003) and accompanying Issues and Decision Memorandum at Comment 5; Notice of Final Determination of Sales at Less Than Fair Value; Honey from the People's Republic of China, 66 FR 50608 (October 4, 2001) and accompanying Issues and Decision Memorandum at Comment 3.
[98] See Final Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People's Republic of China, 69 FR 67313 (November 17, 2004), and accompanying Issues and Decision Memorandum at Comment 3; see also, Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 72 FR 12762 (March 19, 2007), and accompanying Issues and Decision Memorandum at Comment 3k.
[99] See 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 Issues and Decision Memorandum at Comment 18B.

- Cambridge contends that it is Petitioners' burden to demonstrate why salary and bonus expenses should not be included in direct labor costs and if it has not done so, the Department should not use these financial statements to calculate financial ratios.

Petitioners' Arguments

- The bonus and incentive amounts were paid to administrative personnel, as demonstrated by their inclusion in operating expenses whereas the bonus and incentive amounts that should be part of labor costs are those amounts paid to factory employees.

Department's Position:

We disagree with Cambridge. When the financial statements separately identify and classify manufacturing-related labor costs and administrative and selling-related labor costs, we should rely on such classifications unless there is good reason to believe they are not accurate. Simply because the administrative or selling section of the income statement includes a more detailed itemization of the labor cost is no reason to assume that manufacturing-related labor costs are included in the administrative or selling section of the income statement.

In this case, Heritage's and Clear Export's financial statements segregate all costs incurred by the company between product and period costs. Product costs (also known as manufacturing costs) are those costs that, when incurred, are initially allocated and capitalized as inventory and are subsequently expensed in the form of "cost of goods sold" when the units in inventory are sold. Product costs typically include direct materials, direct labor, and manufacturing or factory overhead costs. It is expected that the manufacturing costs allocated to each product include all factory related labor cost including benefits, because, in accordance with the matching principal of accounting, the product costs should be expensed only when the products are sold. This is to ensure an accurate matching of costs to the sales revenue that occurs in any given period. The manufacturing costs incurred to produce each product are tracked and assigned to that product as it enters into the inventory. It is only when specific products are sold that they become expenses in the current period, as part of the cost of goods sold.[100] See Charles T. Horngren, George Foster, and Srikant M. Datar, Cost Accounting: A Managerial Emphasis at Chapter 2 (Prentice Hall, Seventh Edition, 1991).

Period costs (typically classified as administrative and selling expenses) are expensed in full in the period in which these costs are incurred. Period costs do not relate to the production of any specific product and are not capitalized, nor do they go through inventory.

In this case, we consider it reasonable to assume that the direct labor cost included in the cost of manufacturing, inventory, and ultimately in the cost of goods sold, includes all components of labor compensation related to the factory workers, including any bonuses paid, payroll taxes, welfare and other benefits, etc. The concept being that it reflects all labor costs associated with the factory workers that produced the products that were sold. Likewise, it is reasonable to

[100] Oftentimes companies may recognize all current manufacturing expenses (i.e., materials, labor and overhead) on the income statement and the net change in work in process and finished goods inventory. The sum of these components is akin to cost of goods sold.

assume that Clear Export's "Salaries and Bonuses" expense and Heritage's "Bonuses and Incentives" expense included as period costs (i.e., in the selling or administrative cost section of the income statement, "Operating Expenses,") have nothing to do with the factory workers, but rather relate to the selling and administrative staff of the company. This is precisely why these costs are recognized as incurred during the year, and are not associated with the production of any specific products that were initially inventoried and subsequently sold.

Furthermore, it is the Department's normal practice to rely on information in the surrogate's financial statement and not go behind the financial statement of the surrogate company to determine the appropriateness of including certain items in the financial ratio calculations.[101] Given that Heritage classifies its "bonuses and incentives" among its other SG&A expenses and there is no other information on the record about this expense, we have continued to classify this expense as an SG&A expense.

Additionally, Clear Export classifies its "Salaries and Bonuses" expense among its other SG&A expenses and the notes to Clear Export's financial statements demonstrate that the "Salaries and Bonuses" expense includes the salaries of stockholders and officers.[102] Therefore, for the reasons above, we have continued to classify Clear Export's "Salaries and Bonuses" expense as an SG&A expense.

iv) Exclusion of Packing Material and Outward Freight Expenses From the Surrogate Financial Ratios

Importer's Arguments

- To avoid double counting, Cambridge urges the Department to exclude packing material expenses from the financial ratio calculations for APY Cane, Interior Crafts, Wicker & Vine, Kirsten, Cancio, and La Galuche using its six percent estimate for such expenses since these companies must have incurred packing material expenses even though they are not separately identified in their financial statements. If the Department declines to make this adjustment it should not use the financial statements of the companies that do not separately report packing material expenses to calculate financial ratios.

- Additionally, to avoid double counting, Cambridge argues that the Department should not use financial statements where it cannot identify outward freight expenses in the financial statements (e.g., Kirsten and Cancio) because these companies must have incurred such expenses and included these expenses in one of the expense items listed in the financial statements.

Petitioners' Arguments

- The Department should continue to follow its practice of not making adjustments to a surrogate company's reported expenses. Cambridge's proposal would introduce

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101 See Id.
102 See Petitioner's November 15, 2010, SV submission at notes 14 and 10 of Exhibit 2A.

distortions because packing material costs may have been included in direct materials, whereas the proposed adjustment assumes packing materials were reported in overhead expenses.

Department's Position:

We disagree with Cambridge. In NME cases, it is generally not possible for the Department to dissect the financial statements of a surrogate company as if the surrogate company were the respondent under review, because the information necessary to do so is typically not available.[103]

Therefore, in cases where the Department is unable to isolate specific expenses within the surrogate financial statements, Department practice is "to not make adjustments to the financial statements data, as doing so may introduce unintended distortions into the data rather than achieving greater accuracy… . In calculating overhead and SG&A, it is the Department's practice to accept data from the surrogate producer's financial statements in total, rather than performing a line-by-line analysis of the types of expenses included in each category."[104]

In this instance, the financial statements of the companies in question do not report separately a packing material expense. Thus, in keeping with Departmental practice we have not adjusted specific line items in the surrogate financial statements using the packing materials ratio calculated by Cambridge. Moreover, Cambridge's claims that packing expenses and outward freight are double counted are based on assumptions regarding which expense items may include these expenses, not record evidence. Hence, the evidence does not support rejecting these financial statements as surrogates based on double-counted packing material or outward freight expenses.

We have not addressed Cambridge's arguments concerning outward freight expense in Kirsten and Cancio because, as discussed infra, for other reasons we are not relying on these financial statements in the final results.

v.) Unusually High Overhead

Respondent's Arguments

- The Department should not use the financial statements of Kirsten, La Galuche, Maple, Stonesets, and Cancio to calculate financial ratios because they have abnormally high overhead expenses due to the fact that factory supplies are a very large percentage of direct materials.

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[103] See 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 issues and decision memorandum at Comment 18A.
[104] See Certain Coated Paper Suitable for High-Quality Print Graphics Using Sheet-Fed Presses From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 59217 (September 27, 2010) and accompanying Issues and Decision Memorandum at Comment 32.

Petitioners' Arguments

- The Department has already recognized that the relative amount of a particular expense is not a basis for rejecting a company's financial statements. There could be other reasons why companies would have varying amounts of overhead costs. For example, unlike some potential surrogate companies, Kristen does not have an asset category for tools; thus, it may expense factory tools in the factory supplies account which is consistent with Philippine GAAP. Huafeng has not demonstrated any double-counting of material costs and thus there is no basis for rejecting these surrogate financial statements.

Department's Position:

We disagree with Huafeng. Although Huafeng argues that the overhead ratio is aberrational because the factory supplies expense is a large proportion of raw materials expenses, it has not pointed to specific evidence from the financial statements that the factory supplies account reflects expenses that would not be considered factory overhead. As noted in a prior segment of this proceeding,

> {i}t is the Department's practice to treat indirect materials as manufacturing overhead unless there is a specific statement in the financial statements as to what costs are included in these line items, and those identified costs are accounted for elsewhere in the Department's calculations.[105]

In addition, a claim that a factory overhead ratio is "high" does not necessarily indicate that the ratio is unreliable absent specific evidence supporting such a finding.[106]

Furthermore, although Huafeng contends that the "high" ratio of factory supplies to direct material expenses for the five companies at issue has distorted the factory overhead ratios for these companies, the factory overhead ratios for three of the five companies are within the range of factory overhead ratios for the other 13 companies whose financial statements are on the record of this review and whose overhead ratios Huafeng has not contested. Lastly, expense items other than factory supplies and direct materials affect the factory overhead ratio; thus, the relationship between these two items alone does not necessarily indicate that the factory overhead ratio is distorted (e.g., Maple and Stonesets have a similar ratio of factory supplies to direct materials but significantly different overhead ratios). Therefore, the Department does not find Huafeng's argument that the overhead ratios in question are abnormal or unreliable to be supported.

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[105] See Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews, 74 FR 41374 (August 17, 2009) and accompanying Issues and Decision Memorandum at Comment 16.

[106] See e.g., Prestressed Concrete Steel Wire Strand From the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 75 FR 28560 (May 21, 2010) and accompanying Issues and Decision Memorandum at Comment 1. See also Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 3987 (January 22, 2009) and accompanying Issues and Decision Memorandum at Comment 6.

B. Selection of Surrogate Financial Statements

a) Insular Rattan

Petitioners' Arguments

- Insular Rattan's financial statements do not disclose income tax expenses and thus, consistent with the Department's past practice of rejecting financial statements that are missing critical information they should be rejected.[107]

- Without the required disclosure, it is impossible to determine whether Insular Rattan may have received countervailable tax subsidies, which would disqualify it for use in the surrogate financial ratio calculations.

- Insular Rattan's statements were rejected in the third administrative review of this proceeding despite being audited by the same auditor who affirmed the financial statements at issue in the instant administrative review.

- If the Department continues to use Insular Rattan in calculating financial ratios, then it should also use the financial statements of La Galuche, which also do not separately report an income tax expense, but otherwise meet the Department's criteria.

Importer's Arguments

- The information missing from Insular Rattan's financial statements is not critical to the calculation of its financial ratios and therefore, Petitioners reliance on Retail Carrier Bags is inappropriate since in that case the Department rejected financial statements that were missing information critical to the Department's analysis.

Respondent's Arguments

- The Department does not take income tax liability into consideration in calculating financial ratios and thus, the fact that Insular Rattan's financial statements do not specify the income tax expense is irrelevant.

- The facts in the third review in this proceeding are distinguishable from those in this review because the Department rejected Insular Rattan's financial statement in the third administrative review because the financial statements were missing the notes whereas in the instant review Insular Rattan's financial statements are complete and audited.

[107] See Polyethylene Retail Carrier Bags from the People's Republic of China, 74 FR 6857 (February 11, 2009) (Retail Carrier Bags) and the accompanying Issues and Decision memorandum at Comment 2.

Department's Position:

We disagree with Petitioners. Although Insular Rattan's financial statements do not list a line item for income taxes, they were audited, affirmed by the auditor to be prepared in accordance with the GAAP of the Philippines, and contain explanations of the company's accounting policies. As Petitioners noted, the Department may reject financial statements that are missing critical information; however, in this case, the Department does not rely on income taxes in calculating financial ratios and does not find the absence of a line item for income taxes to be critical missing information. While Insular Rattan's 2007 financial statements were rejected by the Department in a previous review in this proceeding because they did not contain notes or accounting policies and thus appeared incomplete,[108] Insular Rattan's 2009 financial statements are complete.[109]

We further disagree with Petitioners that the omission of a line item for income taxes indicates that items, such as subsidies found to be countervailable by the Department, were undisclosed in the financial statements. There is a large amount of information on the record regarding Insular Rattan and Petitioners have not cited any evidence indicating that subsidies were received by Insular Rattan. Accordingly, the Department finds that Insular Rattan's financial statements are sufficiently complete and reliable for use in calculating surrogate financial ratios. As discussed infra, the Department did not use the financial statements of La Galuche to calculate financial ratios because it found that La Galuche was not a producer of wooden bedroom furniture.

b) Kirsten

Respondent's Arguments

- Kirsten is not primarily a wooden bedroom furniture producer because information from its website shows it primarily produces sitting furniture and a third-party website describes Kristen's primary business as "toys, souvenirs, gifts, jewelry and decors."

Importer's Arguments

- Home Meridian contends that Kirsten maintains retail operations because, based on information from its financial statement and website, it is located at a shopping mall. Additionally, Home Meridian argues that Kirsten has an aberrationally high overhead expense of 99.94 percent

Petitioners' Arguments

- The Department should use the financial statements of Kirsten to calculate financial ratios because they are for a producer of merchandise identical to subject merchandise as evidenced by the products listed on its website, contemporaneous with the POR; show

[108] See Wooden Bedroom Furniture from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Reviews, 74 FR 41374 (August 17, 2009) and accompanying Issues and Decision Memorandum at Comment 14.
[109] See Huafeng's September 14, 2010, surrogate value submission at Attachment 2.

pre-tax profits; and contain no evidence of countervailable subsidies. Although Kristen may also produce non-wooden bedroom furniture, that is not a basis for rejecting a financial statement when a company produces wooden bedroom furniture.

- Contrary to Huafeng's claim, Kirsten's website does not show that it produces mainly sitting furniture.

- Home Meridian's "evidence" that Kirsten is a retailer is unpersuasive because it consists of a picture of an entrance to a building, not necessarily a retail store, labeled "SM-mall2" with nothing tying the picture to Kirstin's address. Also, itemized costs in Kirsten's financial statements make clear that it did not have retail operations during the POR and thus, the Department should reject Home Meridian's argument.

- Home Meridian has not demonstrated that Kirsten's overhead expenses, which are consistent with other producers in the wooden bedroom furniture industry, are unusual.

Department's Position:

We agree with Home Meridian that evidence on the record indicates that Kirsten may have significant retail operations, unlike Huafeng. Kirsten's website indicates it operates showrooms and the corporate background page from Kirsten's website states that it "serves the local market, CASA MUEBLES SM {which} was good to cater to the Philippine Market."[110] In addition, Home Meridian submitted information from Mapiles.com, a Philippine business directory website, which shows the address for Kirsten as "Casa Meubles, 2nd Level SM N.R.A., Cebu City, Cebu" [111] and the telephone and facsimile numbers listed for Kirsten on this site are identical to the numbers from Kirsten's website. Furthermore, Home Meridian placed on the record photographs from Panoramio for the address from Mapiles.com, which show a building that appears to be for public commercial use as indicated by the sign "Dining" along the building's awning. The photographs are entitled "SM-mall2."[112] For these reasons, the Department finds that there is sufficient evidence on the record to indicate that Kirsten has retail operations.
In valuing FOPs, section 773(c) (1) of the Act instructs the Department to use "the best available information" from the appropriate ME country. Given that record information indicates Kirsten has retail operations, and there are multiple useable financial statements on the record from other companies for which there is no indication on the record that they have retail operations, we have determined that Kirsten's financial statements do not constitute the "best available information" for calculating financial ratios. Therefore, we have not used the financial statements of Kristen in our surrogate financial ratio calculations.

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110 See Home Meridian's March 17, 2011, rebuttal SV submission at exhibit 1.
111 Id.
112 Id.

c) La Galuche

Importer's and Respondent's Arguments

- The Department should not use the financial statements of La Galuche to calculate financial ratios because it is not a producer of wooden bedroom furniture but produces furniture and accessories "inlayed in exotic skins for the greatest high-end brands around the world." In an email reply to Home Meridian's counsel, the CEO of La Galuche stated that the company focuses on stingray and parchment, which represents 95 percent of its production.

Petitioners' Arguments

- If the Department uses Insular Rattan's financial statements to calculate financial ratios, it should also use the financial statements of La Galuche, which also did not separately report its income tax expense, because these statements are for a producer of wooden bedroom furniture, contemporaneous with the POR, show a pre-tax profit and have no evidence of countervailable subsidies. La Galuche does produce wooden bedroom furniture including wooden bedroom furniture with inlayed materials. The La Galuche official made his emailed comments in a discussion about beds but the company's website demonstrates it produces other types of wooden bedroom furniture such as chests of drawers and bed side tables.

Department's Position:

We agree with Huafeng and Home Meridian. Although La Galuche's website indicates its collection of furniture includes chests of drawers, beds, and bedside tables, the email from La Galuche's CEO in response to a request from Home Meridian's counsel regarding La Galuche's production contains the following statement: "We do not really manufacture bedroom furniture. We maybe manufacture one or two beds a year for special orders. We are really socialized {sic} in stingray and parchment (goat skins) and this represents 95% of our production."[113] Moreover, on its website La Galuche describes itself as "an incorporated company specialized in the inlay of skins such as stingray, crocodile, lizard, python, goatskin and shells."[114]

Contrary to Petitioners' claim, the email discussion was not limited to beds but involved the question of whether La Galuche manufactures wooden bedroom furniture, and the answer was "{w}e do not really manufacture bedroom furniture." Given that record information indicates La Galuche, at best, has very limited production of wooden bedroom furniture, and there are multiple usable financial statements on the record from other companies that clearly produce wooden bedroom furniture, we have determined that La Galuche's financial statements do not constitute the "best available information" for calculating financial ratios. Therefore, we have not used the financial statements of La Galuche in our surrogate financial ratio calculations.

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[113] See Home Meridian's March 17, 2011, rebuttal SV at Exhibit 2.
[114] Id.

d) Maple and Stonesets

Respondent's Arguments

- Neither Maple nor Stonesets appear to be primarily manufacturers of wooden bedroom furniture because their financial statements describe them as manufacturing goods using other materials in addition to wood.

Importer's Arguments

- Home Meridian contends that Maple's and Stonesets' financial statements should not be used to calculate financial ratios because: 1) they have the same owners, principal place of business and auditors; 2) they appear to no longer be in business because their websites expired and the only active content on the websites is for a third seemingly unaffiliated company that does not appear to produce wooden bedroom furniture; and 3) their financial statements indicate that they deal at the wholesale and retail levels.

Petitioners' Arguments

- The Department should use the financial statements of Maple and Stonesets to calculate financial ratios because they are for Philippine manufacturers of merchandise identical to subject merchandise; contemporaneous with the POR; show pre-tax profits; and contain no evidence of countervailable subsidies.

- Record evidence clearly indicates that Maple and Stonesets produce wooden bedroom furniture. The fact that a company also produces non-subject merchandise is not a basis for rejecting the financial statement of the company.

- There is no evidence that Maple and Stonesets had retail operations. Specifically, with respect to Maple, its financial statements only refer to it being "registered" or "incorporated" with the right to retail operations. Companies often use broad language when registering their businesses in order to remain flexible.

- Simply because one cannot access these companies' websites is not a basis for rejecting the companies' financial statements since record evidence demonstrates they operated during the POR.

Department's Position:

We agree with Petitioners. Record evidence indicates that Maple and Stonesets operated during the POR as manufacturers of wooden bedroom furniture but it does not demonstrate that these companies had retail operations. Maple and Stonesets describe themselves as furniture manufacturers and the printouts of pages from their websites contain numerous pictures of wooden bedroom furniture.

Although the notes in the financial statements of Maple and Stonesets describe them as dealing with materials other than wood, such as stone and shell, there is evidence on the record that they produced wooden bedroom furniture. Specifically, information from an advertisement for Maple on a third-party business website describes its products as incorporating wood, leather, and metal with various natural resources. Also, photographs from Maple's own website show that its products include bedroom furniture.[115] Additionally, a third-party website listing information regarding a March 2008 product exhibition identifies Stonesets as one of the exhibitors and describes the company as manufacturing "furniture and home accessories using imported lumber of Beech, Radiata Pine, Maple, Mahogany, and other indigenous materials." The website also notes that Stonesets' product line includes "dining room, tables, living room, bedroom … ." Further, Stonesets website includes a picture of an armoire.[116] Thus, the evidence demonstrates that Maple and Stonesets are producers of wooden bedroom furniture.

Moreover, the financial statements of these companies that are on the record were audited and indicate that both companies were in operation during the POR. There is no indication on the record that these companies were sick or bankrupt and both companies made a before tax profit in 2009. The fact that Home Meridian could not access the websites of these companies is not a compelling reason for rejecting their financial statements.

Further, we agree with Petitioners' claim that companies may use broad language when registering their businesses in order to remain flexible in their operations. Maple describes its business as "manufacturing, importing, buying, selling or otherwise dealing in, at wholesale or retail . . ." and Stonesets describes its business as "engaging in, operating, importing, exporting, buying, selling or otherwise dealing; at wholesale and retail . . . ." Although both descriptions indicate the potential for retail operations, beyond these statements in the general description in their financial statements, there is no other evidence on the record that these companies have retail operations.

Although Home Meridian argues that Maple and Stonesets' financial statements should be rejected, in part, because these two companies have the same owners, principal place of business and auditors, Home Meridian has not explained why this set of circumstances might render their financial statements unusable. Both companies have filed separate financial statements, which were audited and affirmed by the auditor to be prepared in accordance with the GAAP of the Philippines. Based on the above, and the fact that the financial statements for Maple and Stonesets are contemporaneous with the POR, show no evidence of countervailable subsidies, and show a pre-tax profit, we have used these statements in calculating financial ratios for the final results of review.

e) Cancio

Importer's and Respondent's Arguments

- The Department should not use the financial statements of Cancio to calculate financial ratios because Cancio manages three retail locations (Cadi showrooms), which generate a

[115] See Petitioners' March 7, 2011, submission at Exhibit 3B.
[116] See Id. at Exhibit 4B.

rental expense that accounts for up to 25 percent of its SG&A expenses. Home Meridian also notes that Cancio describes its principal business activity as consisting of the manufacture of office and household furniture and interior decorating.

Petitioners' Arguments

- The Department should use the financial statements of Cancio to calculate financial ratios because they are for a Philippine manufacturer of merchandise identical to subject merchandise; contemporaneous with the POR; show pre-tax profits; contain no evidence of countervailable subsidies, and describe the company as a manufacturer of "household furniture." Cancio's website includes pictures of numerous wooden bedroom furniture products and a third-party website confirms that wooden bedroom furniture is one of its major product lines.

- The retailer identified by Huafeng and Home Meridian is a separate company from Cancio whose operations are not consolidated with Cancio. Although there is a reference to interior decorating in Cancio's financial statements, the statements demonstrate that the company's operations were limited to contract furniture sales.

Department's Position:

We agree with Huafeng and Home Meridian that the evidence on the record demonstrates that Cancio has retail operations unlike Huafeng, and therefore we have not used its financial statements in the final results.[117]

Although Cancio's financial statements do not identify any consolidated subsidiaries nor do they list revenue from management fees, this does not necessarily indicate that Cadi showroom's operations are not consolidated in those financial statements given that Cadi showrooms' website identified four divisions of the operations, including Cadi showrooms and Cancio Contract. This indicates that Cadi showrooms are divisions, not separate companies that would need to be consolidated within Cancio Associates Inc's financial results. The line items in Cancio's financial statements are not inconsistent with this view, given that they include an administrative rental expense, which represents the largest SG&A expense, comprising 26 percent of total SG&A expenses. This rental expense is separate from Cancio's factory rental expense which is listed under "Direct Cost" with other types of manufacturing costs.

Section 773(c)(1) of the Act instructs the Department to value FOPs using "the best available information regarding the values of such factors in a ME country." Given that record information indicates Cancio has retail operations, and there are multiple usable financial statements on the record from other companies that do not have retail operations, we have determined that Cancio's

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[117] The evidence includes information from the "About Us" page of Cadi showrooms' website, which states that it "is managed by Cancio Associates" and comprises four divisions (Cancio Contract, Cadi Office Systems, Cadi showrooms, and Cancio Export). See Home Meridian's March 17, 2011, rebuttal SV submission at exhibit 5. In addition, the contact information for Cadi showroom's main office is the same as the contact information for Cancio's head office (i.e., 2240 Don Chino Roces Avenue, Makati City). See Petitioners' March 7, 2011, SV submission at note 1 of exhibit 5A and Home Meridian's March 17, 2011 rebuttal SV submission at exhibit 5.

financial statements do not constitute the "best available information" for calculating financial ratios. Therefore, we have not used the financial statements of Cancio in our surrogate financial ratio calculations.

f) Tequesta

Importer's Arguments

- Home Meridian argues that the Department should use the financial statements of Tequesta in the final results because they are contemporaneous with the POR and the company is a producer of wooden bedroom furniture. Specifically, PIERS bills-of-lading data show that Tequesta exported wooden furniture from the Philippines to the United States and information from other public sources indicates Tequesta manufactured wooden bedroom furniture."[118]

- Cambridge argues that if the Department uses Tequesta's financial statement, it should exclude its "freight and handling" expense to avoid double-counting.

Petitioners' Arguments

- Home Meridian did not submit any new information to support a reversal of the Department's determination in the January 1, 2009 through December 31, 2009 new shipper review of wooden bedroom furniture that Tequesta was not a producer of wooden bedroom furniture. The bills-of-lading simply identify Tequesta as the exporter of the products but do not demonstrate that it manufactured the products. Moreover, information from Tequesta's financial statements identifies its primary business as the selling, maintenance and repair of motor vehicles.

- The public statement that Tequesta is a bedroom furniture producer was preceded by a phrase that it had strength in rattan furniture, wrought iron and resin, which are not bedroom furniture subject to this review.

Department's Position:

We agree with Petitioners that record evidence does not conclusively demonstrate that Tequesta produces wooden bedroom furniture. The shipping manifests provided by Home Meridian only show that Tequesta exports furniture from the Philippines and do not identify the producer of the furniture. Furthermore, Tequesta's own financial statement describes "its primary current business operation {as} engaged in selling, maintenance and repair of motor vehicles."[119] Although information from the third-party websites placed on the record by Home Meridian indicate that Tequesta may produce bedroom furniture, we are giving more weight to the evidence from Tequesta's own financial statements, which identify the company as being primarily involved with motor vehicles.

[118] See Home Meridian's March 7 Surrogate Value Submission at exhibits 4-B-2 and4-B-3.
[119] Id. at Exhibit 4-A.

In valuing FOPs, section 773(c) (1) of the Act instructs the Department to use "the best available information" from the appropriate ME country. Given that record information does not conclusively demonstrate that Tequesta produces wooden bedroom furniture, and there are multiple usable financial statements on the record from other companies that clearly produce wooden bedroom furniture, we have determined that Tequesta's financial statements do not constitute the "best available information" for calculating financial ratios. Therefore, we have not used the financial statements of Tequesta in our surrogate financial ratio calculations.

Because we are not relying on Tequesta's financial statements, we have not addressed Cambridge's arguments concerning freight expense in these financial statements.

g) Arkane, Betis, Las Palmas

Importer's Arguments

- Home Meridian maintains that the Department should use the financial statements of Arkane, Betis, and Las Palmas in the final results because they are contemporaneous with the POR, record evidence shows they are from producers of comparable merchandise, and the Department used these statements to calculate financial ratios for the new shipper review of wooden bedroom furniture covering the same period, i.e., calendar year 2009.

- Cambridge argues that if the Department uses the financial statements of Betis, it should exclude Betis' "transportation and delivery" expenses from its SG&A expenses.

Petitioners' Arguments

- Petitioners argue that if the Department uses the financial statements of Arkane to calculate financial ratios it should (1) add "transportation and travel" expenses to SG&A expenses since such expenses typically involve salesperson's visits to existing and prospective customers and considering these costs to be part of SG&A expenses is consistent with Departmental practice; and (2) exclude sales returns and allowances from SG&A expenses since such adjustments are factored into a respondent's reported net sales prices.

Department's Position:

We have used the financial statements of Arkane, Betis and Las Palmas in calculating surrogate financial ratios in these final results. Arkane's, Betis' and Las Palmas' financial statements are contemporaneous with the POR, are from companies that are not sick or bankrupt, and there is evidence on the record that these statements are from producers of wooden bedroom furniture. Furthermore, there is no record evidence that indicates that these three companies received countervailable subsidies. Information in Arkane's financial statements describes the company as "principally engaged in the manufacturing of Rattan and wood furniture . . . ."[120] Moreover, the

[120] See Home Meridian's March 7, 2011, submission at Exhibit 1.

website of Gulf business describes Arkane as having "manufactur{ed} midrange and high end furniture" that includes beds and the products are mainly made of "hardwood such as mahogany, lauan, and gemilina."[121] Betis' website describes the company as a producer of wooden furniture with seven satellite factories and contains photographs of its bedroom furniture product line.[122] The company information in Las Palmas' financial statements includes a description of its primary business purpose as "manufacturing goods such as furniture."[123] In addition, Las Palmas' website shows pictures of furniture from bedroom suites.[124]

With regard to the adjustments to Arkane's financial ratios proposed by Petitioners, we agree that we should exclude sales returns and allowances from the SG&A ratio but should include "transportation and travel" expenses in this ratio. Sales returns and allowances are revenue adjustments and not adjustments to the company's costs; therefore, these allowances should not be reflected in SG&A expenses.

As noted supra, the Department's practice is to rely on information in the surrogate's financial statement and not go behind the financial statement of the surrogate company to determine the appropriateness of including certain items in the financial ratio calculations.[125] In this case, Arkane includes its "Transp. & Travel" expense under "Distribution Costs," which although it includes export related expenses, also includes other sales expenses such as "representation and entertainment." Further, given that transportation costs are included together with travel expenses it is more likely that these costs relate to transportation of personnel rather than movement of goods which are typically classified as freight and delivery costs. In addition, there are no details or explanatory notes in Arkane's financial statements that link the transportation costs included in the "Transp. & Travel" account to freight and delivery costs that are already accounted for in respondent's NV buildup. For these reasons and in accordance with the Department's practice, we are including Arkane's "Transp. & Travel" expense in the surrogate SG&A ratio calculation for the final results.

We agree with Cambridge with respect to its comment on "transportation and delivery" expenses. When the requisite data are available, it is the Department's longstanding practice to avoid double-counting costs.[126] Because we included freight expenses in our AD margin calculations for Huafeng, double-counting would result if we were to also include these expenses in our calculation of Betis' SG&A ratio which is then used in calculating Huafeng's dumping margin. Accordingly, for the final results, we have excluded Betis' "transportation and delivery" expenses from its SG&A expenses in calculating its SG&A ratio.

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121 Id. at exhibit 1-B-2.
122 Id. at Exhibit 3-B.
123 Id. at Exhibit 2-A at note 1.
124 Id. at Exhibit 2-B.
125 See 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 Issues and Decision Memorandum at 18B.
126 See Id.

Summary

Parties have submitted 18 financial statements on the record of this review. For the reasons explained above and in the Preliminary Results SV Memorandum, we are using the financial statements of the following companies to calculate financial ratios in these final results:

Arkane
APY Cane
Berbenwood
Betis
Clear Export
Heritage
Insular Rattan
Interior Crafts
Las Palmas
Maple
Stonesets
Wicker & Vine

Comment 20: Whether to use Huafeng's ME Purchases to Value Certain Inputs

Importer's and Respondent's Arguments

- All of the lumber used to produce subject merchandise was purchased from a ME supplier in a ME currency in 2008 (there were no ME or NME purchases of lumber during the POR (calendar year 2009)); thus the Department should have valued lumber using these purchase prices.

- Neither the regulations, the Act, nor the Department's discussion of when it will value inputs using MEPs in the Antidumping Methodologies notice require the Department to reject MEPs from outside the relevant period of investigation or review.

- The "preference" by the Department as stated in Diamond Sawblades for using ME purchases contemporaneous with the POR does not override the statutory obligation to value FOPs using the best available information and the Department has a rebuttal presumption that MEPs are the best information for valuing inputs (see Antidumping Methodologies).

- The methodology described in the Antidumping Methodologies notice does not apply to Huafeng because there were no NME or ME purchases during the POR to make a comparison between and therefore, there is no basis under the Department's own regulations and current administrative practice to not use Huafeng's reported ME purchases to value lumber inputs solely on the basis that such purchases were not made during the POR.

- As the Department acknowledged in Oscillating Fans, surrogate data are less accurate than actual ME purchases. It is unreasonable for the Department to replace verified MEPs of the actual raw materials consumed during the POR with imports into the Philippines which crossed the Philippine border during the POR but for which the record lacks any information as to when the underlying purchases were transacted.

- Glass Windshields is not applicable because in that case the Department found an insignificant quantity of MEPs but here Huafeng had a significant quantity of MEPs.

- The Department should not rigidly exclude inputs from outside of the POR when it regularly accepts pre-POR information in its dumping cases (e.g., the "90/60 day rule") and regularly uses surrogate data from outside of the POR.

- The Department should reject the argument for not using the MEPs on the basis of illegal logging allegations because there is nothing on the record connecting Huafeng's MEPs for lumber to illegal logging. The Department already rejected this type of argument during the investigation in this proceeding.

Petitioners' Arguments

- The Department has a longstanding practice of only using MEPs for purchases during the POR and since Huafeng had no purchases of lumber inputs from a ME supplier during the POR the Department properly valued lumber using a SV.

- In Glass Windshields the Department stated that it would not use "market economy inputs if they are insignificant or purchased outside of the period of investigation…" and it then used a SV rather than the actual purchase price from a ME supplier. Glass Windshields does not stand for the proposition that ME purchases made outside of the POR are more reliable than contemporaneous SVs.

- The Department only uses non-POR pricing data in instances where it was unable to obtain SVs contemporaneous with the POR and, with regard to lumber, there are contemporaneous SVs.

- Furthermore, Huafeng's ME purchases of lumber should not be used as these prices are unreliable due to illegal logging practices in the source county as described by information Petitioners placed on the record.

Department's Position:

We agree with Petitioners, in part, and have not used Huafeng's pre-POR ME purchases to value lumber. Section 773(c)(1) of the Act directs the Department to value FOPs based on "the best available information regarding the values of such factors in a market economy country or countries considered to be appropriate." Because the phrase "best available" is not defined in the statute, the CIT has recognized that the Department has broad latitude in valuing factors as long as its discretion is exercised "in a manner consistent with {the} underlying objective of {the statute} to obtain the most accurate dumping margins possible."[127] In exercising its discretion, the Department has developed a practice of using, whenever possible, price data that are contemporaneous with the period under consideration to value FOPs because this is the time period for which the NV of imports, and their dumping margin, must be determined.[128] Constructing NV using values from within the period under consideration enhances the accuracy of margin calculations and is consistent with the statutory directive that NV "shall be the price . . . at a time reasonably corresponding to the time of the sale used to determine the export price or constructed export price . . . ."[129] It is for this reason that the Department looks to current purchases in analyzing ME purchase prices and in obtaining surrogate values when insufficient ME purchases exist during the POR. Moreover, using POR and pre-POR values to calculate NV may introduce distortions into the calculation. For example, applying financial ratios based on POR values (including raw material costs) to raw materials assigned pre-POR values may yield results that do not represent the relationships between the business' expenses during the POR. ME purchase prices from periods outside the POR may not constitute the "best available information" for valuing FOPs in cases where surrogate values contemporaneous with the POR are available. For this reason, the Department's practice is to use contemporaneous information when such information is available to the Department. In this case, we have acceptable contemporaneous SVs on the record for the FOPs in question.

The Department's practice of using prices during the period under consideration is not merely a preference that is overridden by the statutory obligation to use factor values that result in the most accurate dumping margin possible; rather this an important practice that the Department has consistently followed for that very purpose, namely to calculate dumping margins as accurately as possible. The CIT has recognized this fact. In Shakeproof, the court stated that "Commerce must establish the value of a factor of production for a specific time period in order to calculate the normal value of imports (and, in turn, their dumping margin) within that time period as accurately as possible. See 19 U.S.C. § 1677b(a)(1)(A) (1999) (instructing that NV must be 'the price . . . reasonably corresponding to the time of the sales used to determine the export price or constructed export price'). Commerce's reliance on valuation information from within that specific time period is clearly an appropriate means of fulfilling this statutory directive."[130] While the Department will, at times, use adjusted pre-POR SVs to construct NV, it typically does so only when there are no acceptable contemporaneous SVs on the record, which is not the case in the instant review. The decision to rely on contemporaneous SVs does not hold ME purchases to a higher standard with respect to contemporaneity than SVs, as claimed by Home Meridian, but it is simply in keeping with our practice.

Moreover, 19 CFR 351.408(c)(1) does not prevent the Department from declining to rely on pre-POR ME purchases, as Huafeng has argued. That regulation notes that the Department "normally will use the price paid to the ME supplier" to value FOPs. The word "normally" provides the Department with the discretion not to use such prices if it believes such prices do not

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[127] See Hebei Metals & Minerals Import & Export Corporation and Hebei Wuxin Metals & Minerals Trading Co., Ltd. v. United States, Slip Op. 04-88, 03-00442 (July 19, 2004).
[128] See Shakeproof Assembly Components Division of Illinois Tool Works, Inc. v. United States and Hang Zhou Spring Washer Co., Ltd., 30 C.I.T. 1173, 1178 (CIT 2006) (Shakeproof).
[129] See 773(a)(1)(A) of the Act.
[130] See Shakeproof, 30 C.I.T. at 1178 (CIT 2006).

constitute the best available information for valuing an input. As explained above, we have determined that the pre-POR market economy purchases do not constitute the best available information for valuing lumber inputs in this case.

The approach taken here is consistent with that taken in a number of other cases.[131] Although the preference for using ME prices during the relevant period is most often expressed in cases where there are ME purchases both within and outside of the period, this does not mean it only applies to that scenario. The preference for using POR values is based on the overarching statutory mandate that NV "shall be the price … reasonably corresponding to the time of the sale used to determine the export price or constructed export price . . . ."

Huafeng and Home Meridian argue that the Department has a rebuttable presumption that ME purchases are the best available information for valuing FOPs. However, Huafeng and Home Meridian have only acknowledged a portion of the rebuttable presumption instituted in the Antidumping Methodologies notice, the entirety of which states "that market economy input prices are the best available information for valuing an entire input when the total volume of the input purchased from all market economy sources *during the period of investigation or review* exceeds 33 percent of the total volume of the input purchased from all sources during the period. {emphasis added}."[132] Even though the Antidumping Methodologies notice primarily dealt with situations where there were ME and NME purchases of an input during the relevant period, which is not the case here, the principle behind the methodology outlined in that notice is still applicable. Namely, we must determine whether there was a meaningful number of ME purchases of an input during the period under consideration in order to determine whether to use those ME prices to value FOPs. In this case, ME purchases of the inputs in question during the POR were not meaningful; there were no ME purchases at all during the POR.[133] Although Huafeng and Home Meridian argue for using ME lumber prices because all of the lumber utilized in producing subject merchandise during the POR was purchased from a ME supplier prior to the POR, the Antidumping Methodologies notice makes clear that we rely on ME prices paid for inputs during the POR, rather than the price paid for inputs in inventory. This is consistent with the methodology used for SVs; i.e., we seek a value that is contemporaneous with the POR. Additionally, while the Antidumping Methodologies notice does not include ME purchases outside of the POR among the examples of situations where it would disregard ME purchases, the examples provided in the notice do not constitute an exhaustive list of such situations, but are merely references to a number of determinations where the Department found ME purchase prices for inputs may be distorted or when the facts of a particular case demonstrated that the ME

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131 In Diamond Sawblades from the PRC, the Department noted that its "stated preference is to consider only prices paid to market economy suppliers during the POI . . . . Therefore, for the final determination, the Department has disregarded BGY's market economy purchases of diamond where purchases of those grades were made prior to the POI, and instead, used the contemporaneous surrogate value to value these grades." See Diamond Sawblades Final, 71 FR 29303, and accompanying Issues and Decision memorandum at Comment 23. See also Hot-Rolled Steel from Romania, 70 FR 34448, and accompanying Issues and Decision memorandum at Comment 3.

132 See Antidumping Methodologies, 71 FR 61717-8.

133 See Final Determination of Sales at Less Than Fair Value: Certain Automotive Replacement Glass Windshields From The People's Republic of China, 67 FR 6482 (February 12, 2002) and accompanying Issues and Decision Memorandum at comment 32.

prices were not the best available information for valuing FOPs.[134] Because we find that contemporaneous surrogate values represent the best available information for valuing the FOPs rather than non-contemporaneous ME prices, we are continuing to use surrogate values to value these inputs.

We have not addressed Petitioners' assertions regarding the reliability of Huafeng's ME purchases because we are not relying on these prices in the final results.

Comment 21: Truck Freight

Petitioners' Arguments:

- The inland freight cost provided by the World Bank's Doing Business in the Philippines and used in the Preliminary Results to value truck freight is reliable and from the primary surrogate country and thus, consistent with the Department's regulations and practice, it should be used to value truck freight.

- Indian Infobanc data should not be used to value truck freight because the sources underlying the data and the nature of the Infobanc freight rates (e.g. the terms associated with the rates) are not on the record.

- Record evidence indicates the Indian Infobanc freight rates are significantly lower than the costs incurred by Indian trucking companies to ship materials in India by truck.

- The Department should follow its practice in the prior review and calculate a volume-based SV for truck freight. If, however, the Department continues to calculate a per-unit SV for truck freight based on weight, the Department should use Huafeng's actual average packed weight in the calculation.

Respondent's Arguments:

- The Department has the authority to use Indian Infobanc data, even though the primary surrogate country is the Philippines, if it determines that these data are more suitable than the Philippine data. Huafeng notes that the Department relied on data from India to value rail freight in the Preliminary Results.

- Calculating a volume based per-unit rate for truck freight is distortive because the Doing Business in the Philippines cost is based on using a standard 20-foot container, while Huafeng ships in 40-foot containers.

- It makes sense for the Department to calculate the SV using a fixed, maximum weight of a container because the weight of each of Huafeng's shipments varied by product mix.

[134] See Antidumping Methodologies, 71 FR 61716.

Department's Position:

We agree with Petitioners, in part. The Department will normally value all factors, except labor, in a single country and will turn to alternative surrogate countries only when there are no suitable values from the principal surrogate country.[135] The Doing Business in the Philippines survey provides an inland freight cost from the primary surrogate country. Because no parties raised any issues calling into question the appropriateness of the Doing Business in the Philippines SV and there is no information on the record calling this value into question, we have continued to use this value in the final results.

Further, we recalculated the per-unit SV for inland freight by dividing the total inland freight cost identified in Doing Business in the Philippines by 10 metric tons, rather than the maximum container weight or Huafeng's average packed container weight. We determined that 10 metric tons should be used in the recalculation because this is the weight of the shipment for which participants in the Doing Business in the Philippines survey reported an inland freight cost.[136] While the survey asks for inland freight costs for a 20-foot container FCL (full container load) of dry cargo weighing 10 metric tons, it does not explicitly state the volume of the shipment. FCL is a shipping term which could have indicated to the survey participants that they were to assume that the dry cargo to be shipped made up the entire shipment (i.e., no other goods for other customers were to be shipped in the container). Given that we have the actual weight of the shipment described in the survey, but the record lacks the details necessary to calculate a per-volume SV for inland freight, we have continued to calculate a weight-based SV for inland freight.

Comment 22: Whether the Department Should Rescind its Administrative Review of Zhangjiagang Zheng Yan Decoration Co., Ltd.

On December 7, 2010, more than six months after the 90-day regulatory deadline for withdrawing review requests, Petitioners withdrew the only request for a review of Zhangjiagang Zheng Yan Decoration Co., Ltd. ("ZYD"). The Department stated in the Preliminary Results that it was not reasonable to extend the time for Petitioners' filing a withdrawal of its request for a review of ZYD because it was submitted at an advanced stage of the review. On March 14, 2011, ZYD commented on the Department's preliminary decision to continue its review of the company.[137] On May 20, 2011, the Department further considered its decision in the Preliminary Results and reached the same conclusion. On May 25, 2011, ZYD commented on this post preliminary decision memorandum.

- ZYD argues that it is arbitrary and capricious for the Department to punish it for Petitioners' delay in withdrawing its review request. ZYD notes that

[135] See, e.g., AR4 Final Results and accompanying Issues and Decision Memorandum at Comment 21 where the Department relied on Indian data to value particle board when the Philippines had been selected as the principal surrogate country, because "no other suitable bases of SVs exist on the record").
[136] See the Preliminary Results Surrogate Value Memorandum at Attachment VI at 59 and Attachment VII at 3.
[137] ZYD is joined in its brief by Butler Woodcrafters, Inc. and Barry Imports East Corp., two importers of merchandise produced by ZYD.

Petitioners are the only party that requested an administrative review of ZYD, and the Department permitted Petitioners to withdraw their review request of 119 other companies.

- ZYD contends that it is being punished because of the Department's desire to curb potential abuse of the process by members of the domestic industry who are not responsible for paying any antidumping duties.
- ZYD maintains that this new practice of considering the resources expended by the Department on the totality of companies is irrational because those resources would have been expended regardless of whether the Department continued its review of ZYD. ZYD adds that the Department's expenditure of resources on separate rate companies is small because the separate rate certifications are simple documents.
- ZYD further disagrees with the Department's contention that the ability to withdraw review requests even after the deadline for such withdrawals has passed may encourage parties to request reviews on a large number of companies. ZYD notes that Petitioners withdrew the vast majority of their review requests within the 90-day period, and thus there is no basis to conclude that allowing late withdrawals would encourage parties to request a greater number of reviews.
- ZYD further claims that it is irrational for the Department to assert that the parties had a significant amount of information available to them after the 90-day deadline that could affect their decision regarding withdrawal.
- No other parties have commented on this issue.

Department's Position:

As noted in the Department's May 20, 2011 memorandum regarding Petitioners' untimely withdrawal of their request to review ZYD, we have concerns about accepting untimely withdrawals of review requests where parties have a practice of requesting administrative reviews for a large number of companies and withdrawing most of those requests. Nevertheless, in the past, the Department has, at times, exercised its discretion and extended the deadline for withdrawing a review request when it had not expended significant resources examining the company for which the review request was withdrawn. In order to provide parties additional certainty with respect to when the Department will exercise its discretion to extend the 90-day deadline, the Department has recently announced that it will not accept withdrawals of review requests after the 90-day deadline except in extraordinary circumstances.[138] Because (1) the Department did not notify parties to this review, prior to Petitioners' request for a review of ZYD, that it would not accept withdrawals of review requests after the 90-day deadline except in extraordinary circumstances, and (2) the Department has allowed parties, in this review and other proceedings, to withdraw review requests after the 90-day deadline for withdrawing review requests despite

[138] See Antidumping or Countervailing Duty Order, Finding, or Suspended Investgation; Opportunity to Request Administrative Reivew, 76 FR 45773(August 1, 2011) ("August 2011 Opportunity Notice").

there being no extraordinary circumstances,[139] the Department has decided to extend the time limit for withdrawing the review request for ZYD. Since all parties have withdrawn their requests to review ZYD, in these final results of review we have rescinded the review of ZYD in accordance with 19 CFR 351.213(d)(1). However, consistent with the recent announcement regarding withdrawals of review requests, in segments of this proceeding with anniversary months after August 2011, the Department will not consider extending the 90-day deadline for withdrawing review requests unless the requestor demonstrates that an extraordinary circumstance has prevented it from submitting a timely withdrawal of its review request. Determinations by the Department to extend the 90-day deadline will be made on a case-by-case basis.[140]

Recommendation

Based on our analysis of the comments received, we recommend adopting all of the above positions. If these recommendations are accepted, we will publish the final results of review in the Federal Register.

Agree ✓________ Disagree________

Ronald K. Lorentzen
____
Ronald K. Lorentzen
Deputy Assistant Secretary
for Import Administration

August 5, 2011
____
Date

[139] See Wooden Bedroom Furniture From the People's Republic of China: Partial Rescission of Antidumping Duty Administrative Review, 75 FR 54854 (September 9, 2010) at the section entitled "Rescission of the Fairmont Group."
[140] See August 2011 Opportunity Notice.

Attachment I	
Acronym/Abbreviation	**Full Name**
Act	Tariff Act of 1930, as amended
AFA	Adverse Facts Available
Antidumping Methodologies	Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments, 71 FR 61716 (October 19, 2006)
APO	Administrative Protective Order
AR4 Final Results	Wooden Bedroom Furniture From the People's Republic of China: Final Results and Final Rescission in Part, 75 FR 50992 (August 18, 2010)
AUV	Average Unit Value
B&H	Brokerage and Handling
BPI	Business-Proprietary Information
C&F	Cargo and freight
CAD	Computer Aided Drafting
CAFC	Court of Appeals for the Federal Circuit
Cambridge	Dongguan Cambridge Furniture Co., Ltd. and Glory Oceanic Co., Ltd.
Carex	Carex Shipping, LLC
Carmarines Sur	The Cost of Doing Business in Caramines Sur
CBP	U.S. Customs and Border Protection
CEA	Central Electricity Authority of India
CEP	Constructed Export Price
CEP Verification Report	January 31, 2011, Memorandum entitled, "Verification at Great River Trading Co., Ltd. in the 5th Antidumping Duty Administrative Review of Wooden Bedroom Furniture from the People's Republic of China."
CFR	Code of Federal Regulations
China Verification Report	January 31, 2011, Memorandum entitled, "Verification at Dalian Huafeng Furniture Group Co., Ltd. in the 5th Antidumping Duty Administrative Review of Wooden Bedroom Furniture from the People's Republic of China."
Chlorinated Isocyanurates from Spain	Chlorinated Isocyanurates from Spain: Final Results of Antidumping Duty Administrative Review, 74 FR 50774 (October 1, 2009)

CIF	Cost, Insurance, and Freight
CIT	Court of International Trade
Citric Final	Citric Acid and Certain Citrate Salts From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value, 74 FR 16838 (April 13, 2009)
Clear Export	Clear Export Industries, Inc.
COGS	Cost of Goods Sold
COM	Cost of Manufacture
CONNUM	Control Number
COP	Cost of Production
COS	Cost of Sales
CPI	Consumer Price Index
CVD	Countervailing Duty
Department	Department of Commerce
Diamond Sawblades Final	Final Determination of Sales at Less Than Fair Value and Final Partial Affirmative Determination of Critical Circumstances: Diamond Sawblades and Parts Thereof from the People's Republic of China, 71 FR 29303 (May 22, 2006)
Doing Business in the Philippines	World Bank Group's survey, entitled "Trading Across Borders"
Dorbest	Dorbest Ltd. v. United States, 604 F. 3d 1363, 1372 (Fed. Cir. 2010)
EP	Export Price
EPE sheet	Expanded polyethylene sheet
EVA	Ethylene vinyl acetate
FA	Facts Available
Final Results Analysis Memo	July 11, 2011, Memorandum entitled, "Wooden Bedroom Furniture from the People's Republic of China: Analysis of the Final Results Margin Calculation for Dalian Huafeng Furniture Group Co., Ltd."
Final Results SV Memo	July 11, 2011, Memorandum entitled, "Wooden Bedroom Furniture from the People's Republic of China: Surrogate Values Memorandum."
Fish Fillets Final	Certain Frozen Fish Fillets from the Socialist Republic of Vietnam: Final Results of the Antidumping Duty Administrative Review and New Shipper Reviews, 75 FR 12726 (March 17, 2010)

FOB	Free on board
FOP(s)	Factor(s) of production
GAAP	Generally Accepted Accounting Principles
Glory	Glory Oceanic Co., Ltd.
Great Reputation	Dongguan Great Reputation Furniture Co., Ltd.
GRT	Great River Trading Co., Ltd. (Huafeng's U.S. sales affiliate)
GNI	Gross National Income
GOC	Government of China
HAPUA	Heads of ASEAN Power Utilities/Authorities
Home Meridian	Home Meridian International, Inc. d/b/a Samuel Lawrence Furniture Co. and Pulaski Furniture Company and Import Services, Inc.
Honey from the PRC	Honey from the People's Republic of China: Final Results and Rescission, In Part, of Antidumping Duty New Shipper Reviews, 72 FR 37713 (July 11, 2007)
Hooker	Hooker Furniture Corporation
Hot-Rolled Steel from Romania	Certain Hot-Rolled Carbon Steel Flat Products from Romania: Final Results of Antidumping Duty Administrative Review, 70 FR 34448 (June 14, 2005)
HTS	Harmonized Tariff Schedule
Philippine HTS	The Philippine HTS is on the record at Petitioners June 15, 2010 submission at Exhibit 1.
Huafeng	Dalian Huafeng Furniture Co. Ltd./Dalian Huafeng Furniture Group Co., Ltd.
ILO	International Labor Organization
ISE	Indirect Selling Expense
KGS	Kilograms
Lasko	Lasko Metal Products, Inc. vs. United States, 16 C.I.T. 1079, 810 F.Supp. 314 (CIT 1992)
LWUA	Philippines Local Water Utilities Administration
M3	Meters cubed
ME	Market economy
MEPs	Market economy purchases
Meralco	Manila Electric Company
ML&E	Materials, labor and energy
MT(s)	Metric ton(s)
NME	Non-market economy
NSO	Philippine National Statistics Office

NV	Normal value
OH	Overhead
Oscillating Fans	Oscillating Fans and Ceiling Fans from the People's Republic of China: Final Determination, 56 FR 55,271 (October 25, 1991)
PAM, S.p.A. v. United States	PAM, S.p.A. v. United States, 2009 U.S. App. Lexis 21118, at 9-10, Court No., 2009-1066, (Fed. Cir., Sept. 24 2009)
Pencils from the PRC	Certain Cased Pencils from the People's Republic of China: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review, 69 FR 1965
Petitioners	American Furniture Manufacturers Committee for Legal Trade and Vaughan-Bassett Furniture Company, Inc.
Philippine Tariff Commission	Republic of the Philippines Tariff Commission
Pipe Fittings from Taiwan	Certain Stainless Steel Butt-Weld Pipe Fittings from Taiwan: Final Results and Final Rescission in Part of Antidumping Duty Administrative Review, 67 FR 78417 (December 24, 2002)
PHP	Philippine pesos
POI	Period of Investigation
POR	Period of Review
PRC	People's Republic of China
Preliminary Results	Wooden Bedroom Furniture From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Intent To Rescind Review in Part, 76 FR 7534 (February 10, 2011)
Preliminary Results Analysis Memorandum	January 31, 2011, Memorandum entitled, "Wooden Bedroom Furniture from the People's Republic of China: Analysis of the Preliminary Results Margin Calculation for Fairmont Designs."
Preliminary Results SV Memorandum	January 31, 2011, Memorandum entitled, "Wooden Bedroom Furniture from the People's Republic of China: Surrogate Values Memorandum."
Pure Magnesium 2008/2009	Pure Magnesium From the People's Republic of China: Final Results of the 2008-2009 Antidumping Duty Administrative Review of the Antidumping Duty Order, 75 FR 80791 (December 23, 2010)
PVC	Polyvinyl chloride

PWPA	Philippine Wood Producers Association
Q&V	Quantity and Value
Qingdao Taifa	Qingdao Taifa Group. Co, Ltd, Slip Op. 10-126 (Nov. 12, 2010)
Rhone Poulenc	Rhone Poulenc, Inc. v. United States, 899 F.2d 1185 (Fed. Cir. 1990)
SAA	Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, 838 (1994)
SF	Square Feet
SG&A	Selling, general and administrative expenses
Shakeproof (CIT 2006)	Shakeproof Assembly Components Div. of Ill v. United States, 30CIT 1173 (CIT 2006)
Shrimp from Brazil	Certain Frozen Warmwater Shrimp from Brazil: Final Results and Partial Rescission of Antidumping Duty Administrative Review, 73 FR 39940 (July 11, 2008)
Starcorp Remand	Final Results of Redetermination Pursuant to Court Remand (December 14, 2009) pursuant to Fujian Lianfu Forestry Co., Ltd. v. United States, Court No. 07-003-6; Slip Op. 09-81 (CIT2009)
Surrogate Country Memorandum	Memorandum entitled, “Request for a List of Surrogate Countries for New Shipper Review of the Antidumping Duty Order on Wooden Bedroom Furniture (“Furniture”) from the People’s Republic of China (“PRC”),” dated April 26, 2010
SV	Surrogate Value
Ta Chen	Ta Chen Stainless Steel Pipe, Inc. v. United States, 298 F.3d 1330 (Fed. Cir. 2002)
URAA	Uruguay Round Agreements Act
WBF	Wooden Bedroom Furniture
WTA	World Trade Atlas® Online (Indian and Philippine import statistics)
WTO	World Trade Organization