A-570-970
NSR: 12/1/12 – 5/31/13
Public Document
AD/CVD/OIV: JM/MZ

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Issue and Decision Memorandum for the Final Results of Antidumping Duty New Shipper Review, 2012-2013: Multilayered Wood Flooring from the People's Republic of China

---

SUMMARY

We analyzed the case brief and rebuttal brief submitted by interested parties in the antidumping duty new shipper review of multilayered wood flooring from the People's Republic of China. As a result of our analysis, we made no made changes to the margin calculations for Dalian Huade Wood Product Co., Ltd ("Huade"), Linyi Bonn Flooring Manufacturing Co., Ltd. ("Bonn Flooring"), or Zhejiang Fuerjia Wooden Co., Ltd. ("Fuerjia").

We recommend that you approve the position described in the "Discussion of the Issue" section of this Issue and Decision Memorandum. Below is a discussion of the issue, followed by tables of shortened citations and litigation cases.

Background:

On June 12, 2014, the Department published its *Preliminary Results*.[1] On July 14, 2014, the Department received a case brief from the Coalition for American Hardwood Parity ("CAHP").[2] On July 21, 2014, the Department received a rebuttal brief from Bonn Flooring.[3] On August 13, 2014, we extended the time period for issuing the final results of this new shipper review by 60 days, until November 3, 2014.[4]

---

[1] *See Wood Flooring NSR Preliminary Results.*
[2] The Coalition for American Hardwood Parity consists of the following domestic producers of the like product: Anderson Hardwood Floors, LLC, From the Forest, Howell Hardwood Flooring, Mannington Mills, Inc., Nydree Flooring, and Shaw Industries Group, Inc.
[3] *See* Letter to the Department from Bonn Flooring, regarding "Multilayered Wood Flooring from the People's Republic of China: Rebuttal Case Brief" (July 21, 2014) ("Bonn Flooring Rebuttal Brief").
[4] *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from James Martinelli, Case Analyst, Office IV, Antidumping and Countervailing Duty Operations, through Abdelali Elouaradia, Office Director, Office IV, Antidumping and Countervailing Duty Operations,

Scope of the Order:

Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s). Veneer is referred to as a ply when assembled in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, *e.g.*, "engineered wood flooring" or "plywood flooring." Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (*i.e.*, without a finally finished surface to protect the face veneer from wear and tear) or "prefinished" (*i.e.*, a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes). The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard, high-density fiberboard ("HDF"), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (e.g., circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product.

Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of HDF, and a stabilizing bottom layer.

---

regarding "Multilayered Wood Flooring from the People's Republic of China: Extension of Deadline for Final Results of Antidumping Duty New Shipper Review" (August 13, 2014).

Imports of the subject merchandise are provided for under the following subheadings of the HTSUS: 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500; 4418.71.2000; 4418.71.9000; 4418.72.2000; 4418.72.9500; and 9801.00.2500.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

List of Abbreviations and Acronyms

Acronym/Abbreviation	Full Name
Act	Tariff Act of 1930, as amended
AUV	Average Unit Value
CAHP	The Coalition for American Hardwood Parity
Department	Department of Commerce
FOP(s)	Factor(s) of production
GTA	Global Trade Atlas
HTS	Harmonized Tariff Schedule
IDM	Issues and Decision Memorandum
ME	Market Economy
NME	Non-market economy
NCNT	Non-Coniferous Non-Tropical
NSR	New Shipper Review
POR	Period of Review
PRC	People’s Republic of China
Prelim SV Memo	Surrogate Value Memorandum for the Preliminary Results of Antidumping Duty New Shipper Review of Multilayered Wood Flooring from the People’s Republic of China
SV	Surrogate Value

DISCUSSION OF THE ISSUE

Whether the Department Should Recalculate the Surrogate Value for Bonn Flooring's Face Veneers

CAHP:

- The Department should use the contemporaneous AUV for HTS 4408.90.10, which is the same HTS category it relied upon to value veneer sheets in the first administrative review and the investigation.
- The AUV used by the Department is not representative of the price Bonn Flooring paid for its high-quality, pre-cut veneer sheets.
- The contemporaneous AUV for HTS 4408.90.10 falls within the range of the individual weighted-average AUVs examined by the Department in the first administrative review, and is therefore not aberrational.
- The volume of imports for HTS 4408.90.10 is consistent with Bonn Flooring's consumption and purchases of veneer sheets in this POR.

Bonn Flooring (rebuttal):

- The Department determined in the preliminary results that there is an enormous disparity between the contemporaneous AUV for the NSR and the AUVs used in the first administrative review and the investigation. Therefore, the Department should continue to use the inflated AUV for HTS 4408.90.10 from the first administrative review, as determined in the preliminary results.
- If the Department considers the prices paid by Bonn Flooring to NME suppliers to be reliable, it would preclude the need for a surrogate value at all.
- It is irrelevant whether the contemporaneous AUV for HTS 4408.90.10 is aberrational compared to individual data points from the administrative review, because the Department compares aggregate values.
- The volume of imports is so low, particularly compared to the first administrative review and the investigation, that it cannot possibly represent a broad-market average.

Department's Position: For the final results, the Department continues to value NCNT face veneers using Philippine imports under HTS subheading 4408.90.1000 ("Face Veneer Sheets") for the period December 2011 through May 2012, inflated to the POR. Our determination is consistent with the preliminary results and with the Department's final results in the first administrative review.[5]

The Department reviews surrogate value information on a case-by-case basis, and in accordance with section 773(c)(1) of the Act, selects the best available information from the surrogate country to value the FOPs.[6] When selecting SVs for use in an NME proceeding, the Department's preference is to use, where possible, a range of publicly available, non-export, tax-exclusive, and product-specific prices for the POR, with each of these factors applied non-

[5] *See Wood Flooring Final Results* and accompanying IDM at Comment 6, unchanged in *Wood Flooring Amended Final Results*; *see also Wood Flooring LTFV Final* and accompanying IDM at Comment 15, unchanged in *Wood Flooring LTFV Amended Final.*

[6] *See Lightweight Thermal Paper* and accompanying IDM at Comment 9.

hierarchically to the case-specific facts and with preference to data from a single surrogate country.[7] As established in the preliminary results, the Department continues to find that the Philippine import data obtained from GTA are publicly available, broad market averages, tax-exclusive, and specific to the input in question, satisfying the critical elements of the Department's SV test.

As an initial matter, CAHP and Bonn Flooring are in agreement that the Department should value Bonn Flooring's face veneer input with the HTS subheading 4408.90.10, which does not exist.[8] Because the Philippines does not use 8-digit HTS subheadings, the Department assumes that the parties meant the 10-digit subheading 4408.90.1000 ("Face Veneer Sheets"). The contemporaneous AUV for HTS subheading 4408.90.1000 is $\$4,065/m^3$.[9] The AUVs used for HTS subheading 4408.90.1000 in the first administrative review and the original investigation were $\$216.59/m^3$ and $\$173.41/m^3$, respectively.[10] In the preliminary results of this new shipper review, the Department used the AUV for the first administrative review, inflated to the POR, which resulted in a value of $\$219.04/m^3$.[11]

CAHP argues that the Department should use the contemporaneous AUV for HTS subheading 4408.90.1000 based on our stated preference to use contemporaneous values, when available. While the Department does prefer to use contemporaneous values, as stated above, it is not the only consideration when determining which SV to use. In the Prelim SV memo, we stated that the contemporaneous AUV was aberrational in relation to the values relied upon in previous segments of wood flooring from the PRC, and represented an enormous disparity.[12] Having recently determined in the final results of the first administrative review that $\$216.59/m^3$ was a reasonable AUV to use to value face veneer, the Department did not consider it reasonable to use an AUV for the same HTS subheading that was 18 times greater.[13]

In its case brief, CAHP argues that the contemporaneous AUV is more appropriate to value Bonn Flooring's face veneers, given the actual price paid by Bonn Flooring for its high-end input. As CAHP is aware, the Department has consistently declared that ME and NME purchase prices are unsuitable as benchmarks because these prices are proprietary information of the respective companies, and are not necessarily representative of industry-wide prices available to other producers.[14] Therefore, they do not meet the Department's preference for publicly available information.[15] The Department also finds prices paid to NME suppliers to be unreliable by their very nature and, therefore, inappropriate for use as a benchmark.[16]

---

[7] *See, e.g., TRBs* and accompanying IDM at Comment 6.
[8] *See* CAHP Case Brief and Bonn Flooring Rebuttal Brief.
[9] *See* Prelim SV Memo.
[10] *Id.*
[11] *Id.*
[12] *Id.*
[13] *Id.*
[14] *See Hot Rolled Carbon Steel Romania* and accompanying IDM at Comment 5 ("{T}he fact that the information is proprietary makes it the sort of information we normally would not use as a surrogate value."); *see also Plywood Final* and accompanying IDM at Comment 7C; *see also Wood Flooring Final Results* and accompanying IDM at Comment 6.
[15] *Id.*
[16] *See Narrow Woven Ribbons* and accompanying IDM at Comment 2.

CAHP additionally states that the AUVs used by the Department in the administrative review and the underlying investigation were driven down by low-priced inputs from Malaysia. This was an extensively researched and debated issue in both prior segments, with the Department concluding, in both instances, that the prices from Malaysia were not aberrational simply because they were on the low-end of a range of values.[17] CAHP argues that the Department should now use the same justification to accept the contemporaneous AUV as being on the high-end of a range when compared to the individual values on the record in the administrative review. In the administrative review, values ranged from \$89/m^3 to \$28,320/m^3, which CAHP uses to demonstrate that the contemporaneous value of \$4,065/m^3 is within a range.[18] However, it is not the Department's practice to consider individual values from previous segments when determining whether an AUV is aberrational.[19] Indeed, as we previously stated in the final results of the first administrative review, the Department's practice is to consider AUVs in the aggregate.[20] Therefore, the relevant test is to determine if the aggregate AUV under consideration in this NSR is aberrational compared to the aggregate AUVs used in previous segments. The Department continues to believe, as stated in the Prelim SV Memo, that the aggregate contemporaneous AUV for the NSR is aberrational when compared to the aggregate AUVs used in the administrative review and the underlying investigation because the price is 18 times greater.

Lastly, CAHP contends that the contemporaneous volume of imports of NCNT face veneers into the Philippines is consistent with Bonn Flooring's own consumption during the POR. Bonn Flooring rebuts CAHP's argument by stating that the 24.62 m^3 of NCNT imported into the Philippines during the POR does not represent Bonn Flooring's own experience, nor is it a broad market average when compared to the import quantities of previous six-month periods.[21] For example, Bonn Flooring states that imports of NCNT into the Philippines from 12/2010 – 05/2011 and 12/2011 – 05/212 were 2,952.133 m^3 and 1,671.044 m^3, respectively.[22] As stated in the Prelim SV Memo, we found the contemporaneous AUV to be aberrational when compared to the aggregate AUVs used in the administrative review and underlying investigation.[23] However, the Department additionally determines that the import quantity during the POR was aberrationally low when compared to import quantities in six-month periods of previous segments. Therefore, we find that both the contemporaneous import quantity and the AUV to be aberrational when compared to the import quantities and aggregate AUVs used in previous segments.

---

[17] *See Wood Flooring Final Results* and accompanying IDM at Comment 6; *see also Wood Flooring Final Determination* and accompanying IDM at Comment 15.
[18] *See* Letter to the Department from Bonn Flooring, regarding "Surrogate Value Submission" (February 6, 2014), at Exhibit 2.
[19] *See Wood Flooring Final Results* and accompanying IDM at Comment 6.
[20] *Id.*
[21] *See* Bonn Flooring SV Submission, at Exhibit 2.
[22] *Id.*
[23] *See* Prelim SV Memo.

RECOMMENDATION:

Based on our analysis of the comments received, we recommend adopting all of the above positions. If accepted, we will publish the final results of this review and the final weighted-average dumping margins in the *Federal Register*.

AGREE___________ DISAGREE___________

____

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

____

Date

Table of Shortened Citations

Hot Rolled Carbon Steel Romania	*Certain Hot-Rolled Carbon Steel Flat Products from Romania: Final Results of Antidumping Duty Administrative Review,* 70 FR 34448 (June 14, 2005)
Lightweight Thermal Paper	*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)
Narrow Woven Ribbons	*Narrow Woven Ribbons With Woven Selvedge From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 41808 (July 19, 2010)
Plywood Final	*Hardwood and Decorative Plywood From the People's Republic of China: Final Determination of Sales at Less Than Fair Value,* 78 FR 58273 (September 23, 2013)
TRBs	*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)
Wood Flooring LTFV Final	*Multilayered Wood Flooring from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318 (October 18, 2011)
Wood Flooring LTFV Amended Final	*Multilayered Wood Flooring From the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order,* 76 FR 76690 (December 8, 2011)
Wood Flooring Final Results	*Multilayered Wood Flooring from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2011-2012,* 79 FR 26712 (May 9, 2014)
Wood Flooring Amended Final Results	*Multilayered Wood Flooring From the People's Republic of China: Amended Final Results of Antidumping Duty Administrative Review; 2011-2012*, 79 FR 35314 (June 20, 2014)
Wood Flooring NSR Preliminary Results	*See Multilayered Wood Flooring From the People's Republic of China; Preliminary Results of Antidumping Duty New Shipper Reviews; 2012-2013*, 79 FR 33723 (June 12, 2014)