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October 3, 2016

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

FROM: Edward Yang
Senior Director, Office VII
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the
Antidumping Duty Administrative Review: Wooden Bedroom
Furniture from the People's Republic of China

SUMMARY

In response to requests from interested parties, the Department of Commerce ("Department") is conducting an administrative review ("AR") of the antidumping duty order on wooden bedroom furniture ("WBF") from the People's Republic of China ("PRC") for the period of review ("POR") January 1, 2015, through December 31, 2015. The AR covers 18 exporters of subject merchandise, including one mandatory respondent, Nantong Wangzhuang Furniture Co., Ltd. ("Nantong Wangzhuang"). The Department preliminarily finds that seven companies, including Nantong Wangzhuang, have not established their entitlement to separate rate status, and therefore, they have been treated as part of the PRC-wide entity. The Department also preliminarily determines that 11 companies made no shipments of subject merchandise during the POR.

If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on all appropriate entries of subject merchandise during the POR. Interested parties are invited to comment on these preliminary results. Unless extended, we intend to issue final results no later than 120 days from the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Tariff Act of 1930, as amended ("the Act").

Background

On January 4, 2005, the Department published in the *Federal Register* the antidumping duty order on wooden bedroom furniture from the PRC.¹ On January 4, 2016, 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).



notified interested parties of their opportunity to request an AR of orders, findings, or suspended investigations with anniversaries in January 2016, including the antidumping duty order on wooden bedroom furniture from the PRC.²

In January 2016, the American Furniture Manufacturers Committee for Legal Trade (“AMFC”) and Vaughan-Bassett Furniture Company, Inc. (collectively, “Petitioners”), a domestic interested party, Kimball International, Inc., Kimball Furniture Group, Inc. and Kimball Hospitality Inc. (collectively, “Kimball”), as well as certain foreign exporters, requested that the Department conduct an administrative review of certain exporters covering the period January 1, 2015 through December 31, 2015. In total, the Department received review requests covering 141 companies or company groupings. On March 3, 2016, the Department published a notice initiating an antidumping duty AR of wooden bedroom furniture from the PRC covering 141 companies or company groupings for the period January 1, 2015 through December 31, 2015.³

From March through May 2016, Petitioners, U.S. importers and PRC exporters withdrew numerous review requests in a timely manner, and Kimball withdrew all of its review requests. On September 8, 2016, the Department published a notice rescinding the review with respect to 123 companies for which all review requests had been withdrawn.⁴

On June 8, 2016, the Department issued its antidumping duty questionnaire to Nantong Wangzhuang. Nantong Wangzhuang did not submit a response to the Department’s questionnaire.

On June 15, 2016, Petitioners placed certain factual information on the record and submitted arguments in which they alleged that certain companies without their own antidumping duty cash deposit rates are funneling subject merchandise into the United States using the low antidumping duty cash deposit rates of other exporters with separate rate status.

Scope of the Order

The product covered by the order is wooden bedroom furniture. Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, or bedrooms, in which all of the individual pieces are of approximately the same style and approximately the same material and/or finish. The subject merchandise is made substantially of wood products, including both solid wood and also engineered wood products made from wood particles, fibers, or other wooden materials such as plywood, strand board, particle board, and fiberboard, with or without wood veneers, wood overlays, or laminates, with or without non-wood components or trim such as metal, marble, leather, glass, plastic, or other resins, and whether or not assembled, completed, or finished.

The subject merchandise includes the following items: (1) wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side

² See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review*, 81 FR 67 (January 4, 2016) (“*Opportunity Notice*”).

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 81 FR 11179 (March 3, 2016) (“*Initiation Notice*”).

⁴ See *Wooden Bedroom Furniture From the People’s Republic of China: Partial Rescission of Antidumping Duty Administrative Review*, 81 FR 62083 (September 8, 2016) (“*Partial Rescission Notice*”).

rails), wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds; (3) night tables, night stands, dressers, commodes, bureaus, mule chests, gentlemen's chests, bachelor's chests, lingerie chests, wardrobes, vanities, chessers, chifforobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are attached to, incorporated in, sit on, or hang over the dresser; (5) chests-on-chests,⁵ highboys,⁶ lowboys,⁷ chests of drawers,⁸ chests,⁹ door chests,¹⁰ chiffoniers,¹¹ hutches,¹² and armoires;¹³ (6) desks, computer stands, filing cabinets, book cases, or writing tables that are attached to or incorporated in the subject merchandise; and (7) other bedroom furniture consistent with the above list.

The scope of the order excludes the following items: (1) seats, chairs, benches, couches, sofas, sofa beds, stools, and other seating furniture; (2) mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames; (3) office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases; (4) dining room or kitchen furniture such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches; (5) other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems; (6) bedroom furniture made primarily of wicker, cane, osier, bamboo or rattan; (7) side rails for beds made of metal if sold separately from the headboard and footboard; (8) bedroom furniture in which bentwood parts predominate;¹⁴ (9) jewelry armories;¹⁵ (10) cheval mirrors;¹⁶

⁵ A chest-on-chest is typically a tall chest-of-drawers in two or more sections (or appearing to be in two or more sections), with one or two sections mounted (or appearing to be mounted) on a slightly larger chest; also known as a tallboy.

⁶ A highboy is typically a tall chest of drawers usually composed of a base and a top section with drawers, and supported on four legs or a small chest (often 15 inches or more in height).

⁷ A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

⁸ A chest of drawers is typically a case containing drawers for storing clothing.

⁹ A chest is typically a case piece taller than it is wide featuring a series of drawers and with or without one or more doors for storing clothing. The piece can either include drawers or be designed as a large box incorporating a lid.

¹⁰ A door chest is typically a chest with hinged doors to store clothing, whether or not containing drawers. The piece may also include shelves for televisions and other entertainment electronics.

¹¹ A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

¹² A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

¹³ An armoire is typically a tall cabinet or wardrobe (typically 50 inches or taller), with doors, and with one or more drawers (either exterior below or above the doors or interior behind the doors), shelves, and/or garment rods or other apparatus for storing clothes. Bedroom armoires may also be used to hold television receivers and/or other audio-visual entertainment systems.

¹⁴ As used herein, bentwood means solid wood made pliable. Bentwood is wood that is brought to a curved shape by bending it while made pliable with moist heat or other agency and then set by cooling or drying. See CBP's Headquarters Ruling Letter 043859, dated May 17, 1976.

¹⁵ Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24 inches in width, 18 inches in depth, and 49 inches in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door or one front door (whether or not the door is lined with felt or felt-like material), with necklace hangers, and a flip-top lid with inset mirror. See Issues and Decision Memorandum from Laurel LaCivita to Laurie Parkhill, Office Director, concerning "Jewelry Armoires and Cheval Mirrors in the Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China," dated August 31, 2004. See also *Wooden Bedroom Furniture From the People's Republic of China: Final Changed Circumstances Review, and Determination To Revoke Order in Part*, 71 FR 38621 (July 7, 2006).

¹⁶ Cheval mirrors are any framed, tiltable mirror with a height in excess of 50 inches that is mounted on a floor-standing, hinged base. Additionally, the scope of the order excludes combination cheval mirror/jewelry cabinets. The excluded merchandise is an integrated piece consisting of a cheval mirror, i.e., a framed tiltable mirror with a

(11) certain metal parts;¹⁷ (12) mirrors that do not attach to, incorporate in, sit on, or hang over a dresser if they are not designed and marketed to be sold in conjunction with a dresser as part of a dresser-mirror set; (13) upholstered beds;¹⁸ (14) toy boxes;¹⁹ (15) certain enclosable wall bed units;²⁰ (16) certain shoe cabinets;²¹ and (17) certain bed bases.²²

Imports of subject merchandise are classified under subheadings 9403.50.9042 and 9403.50.9045 of the HTSUS as “wooden . . . beds” and under subheading 9403.50.9080 of the HTSUS as

height in excess of 50 inches, mounted on a floor-standing, hinged base, the cheval mirror serving as a door to a cabinet back that is integral to the structure of the mirror and which constitutes a jewelry cabinet line with fabric, having necklace and bracelet hooks, mountings for rings and shelves, with or without a working lock and key to secure the contents of the jewelry cabinet back to the cheval mirror, and no drawers anywhere on the integrated piece. The fully assembled piece must be at least 50 inches in height, 14.5 inches in width, and 3 inches in depth. See *Wooden Bedroom Furniture From the People’s Republic of China: Final Changed Circumstances Review and Determination To Revoke Order in Part*, 72 FR 948 (January 9, 2007).

¹⁷ Metal furniture parts and unfinished furniture parts made of wood products (as defined above) that are not otherwise specifically named in this scope (*i.e.*, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds) and that do not possess the essential character of wooden bedroom furniture in an unassembled, incomplete, or unfinished form. Such parts are usually classified under HTSUS subheadings 9403.90.7005, 9403.90.7010, or 9403.90.7080.

¹⁸ Upholstered beds that are completely upholstered, *i.e.*, containing filling material and completely covered in sewn genuine leather, synthetic leather, or natural or synthetic decorative fabric. To be excluded, the entire bed (headboards, footboards, and side rails) must be upholstered except for bed feet, which may be of wood, metal, or any other material and which are no more than nine inches in height from the floor. See *Wooden Bedroom Furniture from the People’s Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part*, 72 FR 7013 (February 14, 2007).

¹⁹ To be excluded the toy box must: (1) be wider than it is tall; (2) have dimensions within 16 inches to 27 inches in height, 15 inches to 18 inches in depth, and 21 inches to 30 inches in width; (3) have a hinged lid that encompasses the entire top of the box; (4) not incorporate any doors or drawers; (5) have slow-closing safety hinges; (6) have air vents; (7) have no locking mechanism; and (8) comply with American Society for Testing and Materials (“ASTM”) standard F963-03. Toy boxes are boxes generally designed for the purpose of storing children’s items such as toys, books, and playthings. See *Wooden Bedroom Furniture from the People’s Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part*, 74 FR 8506 (February 25, 2009). Further, as determined in the scope ruling memorandum “Wooden Bedroom Furniture from the People’s Republic of China: Scope Ruling on a White Toy Box,” dated July 6, 2009, the dimensional ranges used to identify the toy boxes that are excluded from the wooden bedroom furniture order apply to the box itself rather than the lid.

²⁰ Excluded from the scope are certain enclosable wall bed units, also referred to as murphy beds, which are composed of the following three major sections: (1) a metal wall frame, which attaches to the wall and uses coils or pistons to support the metal mattress frame; (2) a metal frame, which has euro slats for supporting a mattress and two legs that pivot; and (3) wood panels, which attach to the metal wall frame and/or the metal mattress frame to form a cabinet to enclose the wall bed when not in use. Excluded enclosable wall bed units are imported in ready-to-assemble format with all parts necessary for assembly. Enclosable wall bed units do not include a mattress. Wood panels of enclosable wall bed units, when imported separately, remain subject to the order.

²¹ Excluded from the scope are certain shoe cabinets 31.5-33.5 inches wide by 15.5-17.5 inches deep by 34.5-36.5 inches high. They are designed strictly to store shoes, which are intended to be aligned in rows perpendicular to the wall along which the cabinet is positioned. Shoe cabinets do not have drawers, rods, or other indicia for the storage of clothing other than shoes. The cabinets are not designed, manufactured, or offered for sale in coordinated groups or sets and are made substantially of wood, have two to four shelves inside them, and are covered by doors. The doors often have blinds that are designed to allow air circulation and release of bad odors. The doors themselves may be made of wood or glass. The depth of the shelves does not exceed 14 inches. Each shoe cabinet has doors, adjustable shelving, and ventilation holes.

²² Excluded from the scope are certain bed bases consisting of: 1) a wooden box frame, 2) three wooden cross beams and one perpendicular center wooden support beam, and 3) wooden slats over the beams. These bed bases are constructed without inner springs and/or coils and do not include a headboard, footboard, side rails, or mattress. The bed bases are imported unassembled.

“other . . . wooden furniture of a kind used in the bedroom.” In addition, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds may also be entered under subheading 9403.50.9042 or 9403.50.9045 of the HTSUS as “parts of wood.” Subject merchandise may also be entered under subheadings 9403.50.9041, 9403.60.8081, 9403.20.0018, or 9403.90.8041. Further, framed glass mirrors may be entered under subheading 7009.92.1000 or 7009.92.5000 of the HTSUS as “glass mirrors . . . framed.” The order covers all wooden bedroom furniture meeting the above description, regardless of tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

DISCUSSION OF THE METHODOLOGY

Non-Market Economy Country Status

The Department considers the PRC to be a non-market economy (“NME”) country.²³ In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.²⁴ None of the parties to this proceeding contested NME treatment for the PRC. Therefore, for the preliminary results of this review, we treated the PRC as an NME country and applied our current NME methodology in accordance with section 773(c) of the Act. Therefore, the Department will continue to treat the PRC as an NME country for purposes of these preliminary results of review.

Separate Rates

In proceedings involving NME countries, the Department begins with a rebuttable presumption that all companies within the NME country are subject to government control and, thus, should be assigned a single weighted-average dumping margin. It is the Department’s policy to assign all exporters of merchandise subject to an administrative review involving an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate. In the *Initiation Notice*, we informed parties that all firms for which the review was initiated that wished to qualify for separate rate status must complete, as appropriate, either a separate rate application or certification.²⁵ We also informed parties that exporters and producers who submit a separate-rate status application or certification and subsequently are selected as mandatory respondents, would no longer be eligible for separate rate status unless they responded to all parts of the questionnaire as mandatory respondents.²⁶

As noted above, Nantong Wangzhuang did not respond to the antidumping duty questionnaire. As such, it has not established its eligibility for separate rate status and is part of the PRC-wide

²³ See *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) and the accompanying Issues and Decision Memorandum at the Background section.

²⁴ See *Brake Rotors from the People’s Republic of China: Preliminary Results and Partial Rescission of the 2004-2005 Administrative Review and Preliminary Notice of Intent To Rescind the 2004-2005 New Shipper Review*, 71 FR 26736 (May 8, 2006), unchanged in *Brake Rotors from the People’s Republic of China: Final Results and Partial Rescission of the 2005-2005 Administrative Review and Notice of Rescission of 2004-2005 New Shipper Review*, 71 FR 66304 (November 14, 2006).

²⁵ See *Initiation Notice*, 81 FR at 11181.

²⁶ *Id.*

entity. Moreover, the six companies listed below, for which this review was initiated, failed to provide separate rate applications or certifications. Hence, they have not established their eligibility for separate rate status and are part of the PRC-wide entity.

- (1) Dongguan Singways Furniture Co., Ltd.;
- (2) Clearwise Co., Ltd.;
- (3) Pleasant Wave Ltd., Passwell Corp.;
- (4) Shanghai JianPu Export & Import Co., Ltd.;
- (5) Decca Furniture Ltd.; and
- (6) Hangzhou Cadman Trading Co., Ltd. (Exporter), Haining Changbei Furniture Co., Ltd. (Producer).

Because no party requested a review of the PRC-wide entity, the entity is not under review and the entity's rate is not subject to change.²⁷ Therefore, if our determination is unchanged in the final results of this review, these seven companies' entries will be liquidated at the rate previously established for the PRC-wide entity.

Preliminary Determination of No Shipments

Among the companies under review, 11 companies or company groupings reported that they made no shipments of subject merchandise to the United States during the POR. These 11 companies are: (1) Dongguan Sunrise Furniture Co., Ltd., Taicang Sunrise Wood Industry Co., Ltd., Taicang Fairmount Designs Furniture Co., Ltd., Meizhou Sunrise Furniture Co., Ltd.; (2) Eurosa (Kunshan) Co., Ltd., Eurosa Furniture Co., (Pte) Ltd.; (3) Golden Well International (HK) Ltd.; (4) Jiangsu Tairui Structure Engineering Co., Ltd.; (5) Nanhai Jiantai Woodwork Co., Ltd., Fortune Glory Industrial Ltd. (H.K. Ltd.); (6) Rizhao Sanmu Woodworking Co., Ltd.; (7) Shenyang Shining Dongxing Furniture Co., Ltd.; (8) Wanvog Furniture (Kunshan) Co., Ltd.; (9) Woodworth Wooden Industries (Dong Guan) Co., Ltd.; (10) Yeh Brothers World Trade Inc.; and (11) Zhejiang Tianyi Scientific & Educational Equipment Co., Ltd. To confirm these no shipment claims, the Department performed a CBP data query to determine whether there were any entries of subject merchandise during the POR from the companies listed above and issued a no-shipment inquiry to CBP requesting that it provide any information that contradicted the no-shipment claims of these companies.²⁸ The Department's CBP data query did not identify any entries of subject merchandise during the POR from the companies listed above. Moreover, CBP did not identify any entries of subject merchandise from these eleven companies during the POR in response to our no shipment inquiry asking CBP for such information.²⁹

Given that the 11 companies above certified that they made no shipments of subject merchandise to the United States during the POR and there is no information calling these claims into question, we preliminarily determine that the companies identified above did not have any reviewable transactions during the POR. Consistent with the Department's practice, it is not

²⁷ See *Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings*, 78 FR 65963 65969-70 (November 4, 2013).

²⁸ See Memorandum to the File from Patrick O'Connor, Re: "Release of U.S. Customs and Border Protection Information Relating to No Shipment Claims Made in the 2015 Administrative Review of Wooden Bedroom Furniture from the People's Republic of China," dated August 24, 2016.

²⁹ See CBP Message Number 6155301, dated June 3, 2016.

appropriate to rescind the review with respect to these companies but, rather, it is appropriate to complete the review with respect to these eleven companies and issue instructions to CBP based on the final results of the review.³⁰

Allegation of Duty Evasion

On June 15, 2016, Petitioners placed certain factual information on the record and submitted arguments in which they claimed that certain Chinese exporters without their own company-specific antidumping duty cash deposit rates in this proceeding, including Nantong Wangzhuang, are conspiring with U.S. importers to misreport the identity of the actual sellers of subject merchandise.³¹ Specifically, Petitioners allege that certain companies without their own antidumping duty cash deposit rates are funneling subject merchandise into the United States using the lower antidumping duty cash deposit rates of other exporters with separate rate status, because these companies without their own cash deposit rates are subject to the PRC-wide rate of 216.01 percent.

The issue involves the potential misidentification for CBP purposes of the appropriate cash deposit rates for subject merchandise. However, application of the laws and regulations relevant to this matter can only rightfully be made by the agency charged with administering those laws and regulations, namely CBP. Thus, this is a matter within the jurisdiction of CBP and hence any determination as to whether cash deposit rates have been misreported should be made by that agency.³² Nevertheless, the Department is committed to preventing the evasion of antidumping duties. Given that the issues raised by Petitioner fall within the jurisdiction of CBP, the Department intends to provide CBP with Petitioner's allegations.³³

³⁰ See *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties*, 76 FR 65694 (October 24, 2011).

³¹ See Letter from Petitioners to the Department, Re: "Wooden Bedroom Furniture from the People's Republic of China: Comments Regarding Fraudulent Activities to Avoid Duties and Cash Deposits," dated June 15, 2016; see also letter from Petitioners to the Department, Re: "Wooden Bedroom Furniture From The People's Republic Of China: Petitioners' Submission of Publicly Available Ship Manifest Data," dated June 15, 2016 and letter from Petitioner's to the Department, Re: "Wooden Bedroom Furniture from the People's Republic of China: Petitioners' Submission of Factual Information from the Tenth Administrative Review," dated June 15, 2016.

³² See generally section 592 of the Act.

³³ See Letter from Wendy J. Frankel, Director, Customs Liaison Unit to Alexander Amdur, Director, AD/CVD Policy and Programs, Re: "Wooden Bedroom Furniture from the People's Republic of China: Nantong Wangzhuang Furniture Co., Ltd.," dated concurrently with this memorandum.

CONCLUSION

We recommend applying the above methodology for these preliminary results.

✓
Agree

Disagree

Ronald K. Lorentzen

Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

October 3, 2016

Date