



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-107]

Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China:
Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and/or exporters of wooden cabinets and vanities and componets thereof (wooden cabinets and vanities) from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Justin Neuman or Benito Ballesteros, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0486 or (202) 482-7425, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 12, 2019, Commerce published the *Preliminary Determination* in this investigation.¹ The petitioner is the American Kitchen Cabinet Alliance. In addition to the Government of China (GOC), the mandatory respondents in this investigation are The

¹ See *Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination*, 84 FR 39798 (August 12, 2019) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

Ancientree Cabinet Co., Ltd. (Ancientree), Dalian Meisen Woodworking Co., Ltd. (Meisen), and Rizhao Foremost Woodwork Manufacturing Co., Ltd. (Foremost).

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, are discussed in the Issues and Decision Memorandum, which is hereby adopted by this notice.² The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation (POI) is July 1, 2018 through December 31, 2018.

Scope of the Investigation

The products covered by this investigation are wooden cabinets and vanities from China.

For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

² *See* Memorandum, "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Fabricated Structural Steel from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

Commerce issued a Preliminary Scope Decision Memorandum.³ Several interested parties submitted case and rebuttal briefs concerning the scope of this investigation. For a summary of the product coverage comments and rebuttal comments submitted to the record for this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Decision Memorandum.⁴ Based on the comments received, Commerce is not modifying the scope language as it appeared in the *Preliminary Determination*. The scope in Appendix I remains unchanged from that which appeared in the *Preliminary Determination*.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs submitted by parties in this investigation, are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised is attached to this notice as Appendix II.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁵ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

³ *See* Memorandum, “Certain Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Scope Comments Decision Memorandum for the Preliminary Determinations,” dated October 2, 2019 (Preliminary Scope Decision Memorandum).

⁴ *See* Memorandum, “Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Final Scope Comments Decision Memorandum,” dated concurrently with this notice (Final Scope Decision Memorandum).

⁵ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated individual estimated subsidy rates for Ancientree, Foremost and Meisen. Additionally, consistent with the *Preliminary Determination*, we relied on adverse facts available (AFA) to assign subsidy rates to Henan AiDiJia Furniture Co., Ltd (AiDiJia) and Deway International Trade Co., Ltd (Deway), because they failed to respond to Commerce's requests for information.⁶

Verification

As provided for under section 782(i) of the Act, Commerce verified the information reported by Ancientree, Foremost, and Meisen. We used standard verification procedures, including an examination of relevant accounting records and original source documents provided by the respondents.⁷

Changes Since the *Preliminary Determination*

Based on our review and analysis of the comments received from parties, minor corrections presented at verification, and our verification findings, we made certain changes to the subsidy rate calculations for the respondents. As a result of the changes to the respondents' calculated rates, Commerce has revised the all-others rate. Commerce has also revised the total AFA rate. For a discussion of these changes, *see* the Issues and Decision Memorandum and the Final Calculation Memoranda.⁸

⁶ *See Preliminary Determination* PDM at 10-11 (noting that Commerce relied on AFA to assign a subsidy rate to Deway, because it failed to respond to our quantity and value questionnaire, and also relied on AFA to assign a subsidy rate to AiDiJia, because it failed to respond to our full questionnaire).

⁷ *See* Memorandum, "Verification of the Questionnaire Responses of Dalian Meisen Woodworking Co., Ltd.," dated January 3, 2020; Memorandum, "Countervailing Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Verification of the Questionnaire Responses of The Ancientree Cabinet Co., Ltd.," dated January 7, 2020; and Memorandum, "Verification of the Questionnaire Responses of Rizhao Foremost Woodwork Manufacturing Co., Ltd.," dated January 7, 2020.

⁸ *See* Memorandum, "Countervailing Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Ancientree Final Determination Calculation Memorandum," dated concurrently with this notice; Memorandum, "Countervailing Duty Investigation of Wooden Cabinets and Vanities

Final Determination

As noted above, we calculated individual estimated subsidy rates for Ancientree, Foremost and Meisen, and relied on AFA to assign subsidy rates to AiDiJia and Deway, because they failed to respond to Commerce’s requests for information.

Section 705(c)(5)(A)(i) of the Act states that, for companies not individually investigated, Commerce will determine an all-others rate equal to the weighted-average countervailable subsidy rates established for exporters and/or producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. However, as we do not have publicly-ranged sales data for all three of the participating company respondents, we are using a simple average of the calculated subsidy rates to establish the all-others rate.

Commerce determines the total estimated net countervailable subsidy rates to be the following:

| Company | Subsidy Rate |
|---|---------------------|
| The Ancientree Cabinet Co., Ltd. ⁹ | 13.33 percent |
| Dalian Meisen Woodworking Co., Ltd. ¹⁰ | 18.27 percent |

and Components Thereof from the People’s Republic of China: Foremost Final Determination Calculation Memorandum,” dated concurrently with this notice; and Memorandum, “Countervailing Duty Investigation of Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Meisen Final Determination Calculation Memorandum,” dated concurrently with this notice (collectively, Final Calculation Memoranda).

⁹ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Ancientree: Jiangsu Hongjia Wood Co., Ltd., Jiangsu Hongjia Wood Co., Ltd. Shanghai Branch, and Shanghai Hongjia Wood Co., Ltd.

¹⁰ As discussed in the Preliminary Decision Memorandum, Commerce has found the following company to be cross-owned with Dalian Meisen: Dalian Hechang Technology Development Co., Ltd..

| | |
|---|----------------|
| Rizhao Foremost Woodwork Manufacturing Company Ltd. ¹¹ | 31.18 percent |
| Deway International Trade Co., Ltd. | 293.45 percent |
| Henan AiDiJia Furniture Co., Ltd. | 293.45 percent |
| All Others | 20.93 percent |

Disclosure

We intend to disclose to parties the calculations performed in this proceeding within five days of any public announcement of this notice in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, Commerce instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise entered, or withdrawn from warehouse, for consumption on or after August 12, 2019, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for subject merchandise entered, or withdrawn from warehouse, on or after December 9, 2019, but to continue the suspension of liquidation of all entries from August 12, 2019 through December 8, 2019.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we intend to issue a countervailing duty (CVD) order, reinstate the suspension of liquidation under section 706(a) of the Act, and require a cash deposit of estimated countervailing duties for entries of subject merchandise in the amounts indicated above. If the

¹¹ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Rizhao Foremost: Foremost Worldwide Co., Ltd., and Rizhao Foremost Landbridge Wood Industries Co., Ltd.

ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of wooden cabinets and vanities from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a CVD order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding Administrative Protective Order (APO)

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to the APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act, and 19 CFR 351.210(c).

Dated: February 21, 2020.

Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation consists of wooden cabinets and vanities that are for permanent installation (including floor mounted, wall mounted, ceiling hung or by attachment of plumbing), and wooden components thereof. Wooden cabinets and vanities and wooden components are made substantially of wood products, including solid wood and engineered wood products (including those made from wood particles, fibers, or other wooden materials such as plywood, strand board, block board, particle board, or fiberboard), or bamboo. Wooden cabinets and vanities consist of a cabinet box (which typically includes a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves) and may or may not include a frame, door, drawers and/or shelves. Subject merchandise includes wooden cabinets and vanities with or without wood veneers, wood, paper or other overlays, or laminates, with or without non-wood components or trim such as metal, marble, glass, plastic, or other resins, whether or not surface finished or unfinished, and whether or not completed.

Wooden cabinets and vanities are covered by the investigation whether or not they are imported attached to, or in conjunction with, faucets, metal plumbing, sinks and/or sink bowls, or countertops. If wooden cabinets or vanities are imported attached to, or in conjunction with, such merchandise, only the wooden cabinet or vanity is covered by the scope.

Subject merchandise includes the following wooden component parts of cabinets and vanities: (1) wooden cabinet and vanity frames (2) wooden cabinet and vanity boxes (which typically include a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves), (3) wooden cabinet or vanity doors, (4) wooden cabinet or vanity drawers and drawer components (which typically include sides, backs, bottoms, and faces), (5) back panels and end panels, (6) and desks, shelves, and tables that are attached to or incorporated in the subject merchandise.

Subject merchandise includes all unassembled, assembled and/or “ready to assemble” (RTA) wooden cabinets and vanities, also commonly known as “flat packs,” except to the extent such merchandise is already covered by the scope of antidumping and countervailing duty orders on *Hardwood Plywood from the People's Republic of China. See Certain Hardwood Plywood Products from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value, and Antidumping Duty Order*, 83 FR 504 (January 4, 2018); *Certain Hardwood Plywood Products from the People's Republic of China: Countervailing Duty Order*, 83 FR 513 (January 4, 2018). RTA wooden cabinets and vanities are defined as cabinets or vanities packaged so that at the time of importation they may include: (1) wooden components required to assemble a cabinet or vanity (including drawer faces and doors); and (2) parts (*e.g.*, screws, washers, dowels, nails, handles, knobs, adhesive glues) required to assemble a cabinet or vanity. RTAs may enter the United States in one or in multiple packages.

Subject merchandise also includes wooden cabinets and vanities and in-scope components that

have been further processed in a third country, including but not limited to one or more of the following: trimming, cutting, notching, punching, drilling, painting, staining, finishing, assembly, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope product.

Excluded from the scope of this investigation, if entered separate from a wooden cabinet or vanity are:

(1) Aftermarket accessory items which may be added to or installed into an interior of a cabinet and which are not considered a structural or core component of a wooden cabinet or vanity. Aftermarket accessory items may be made of wood, metal, plastic, composite material, or a combination thereof that can be inserted into a cabinet and which are utilized in the function of organization/accessibility on the interior of a cabinet; and include:

- Inserts or dividers which are placed into drawer boxes with the purpose of organizing or dividing the internal portion of the drawer into multiple areas for the purpose of containing smaller items such as cutlery, utensils, bathroom essentials, etc.
- Round or oblong inserts that rotate internally in a cabinet for the purpose of accessibility to foodstuffs, dishware, general supplies, etc.

(2) Solid wooden accessories including corbels and rosettes, which serve the primary purpose of decoration and personalization.

(3) Non-wooden cabinet hardware components including metal hinges, brackets, catches, locks, drawer slides, fasteners (nails, screws, tacks, staples), handles, and knobs.

(4) Medicine cabinets that meet all of the following five criteria are excluded from the scope: (1) wall mounted; (2) assembled at the time of entry into the United States; (3) contain one or more mirrors; (4) be packaged for retail sale at time of entry; and (5) have a maximum depth of seven inches.

Also excluded from the scope of this investigation are:

(1) All products covered by the scope of the antidumping duty order on *Wooden Bedroom Furniture from the People's Republic of China*. 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).

(2) All products covered by the scope of the antidumping and countervailing duty orders on *Hardwood Plywood from the People's Republic of China*. See *Certain Hardwood Plywood Products from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value, and Antidumping Duty Order*, 83 FR 504 (January 4, 2018); *Certain Hardwood Plywood Products from the People's Republic of China: Countervailing Duty Order*, 83 FR. 513 (January 4, 2018).

Imports of subject merchandise are classified under Harmonized Tariff Schedule of the United

States (HTSUS) statistical numbers 9403.40.9060 and 9403.60.8081. The subject component parts of wooden cabinets and vanities may be entered into the United States under HTSUS statistical number 9403.90.7080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Scope Comments
- V. Use of Adverse Facts Available
- VI. Subsidies Valuation Information
- VII. Analysis of Programs
- VIII. Analysis of Comments
 - Comment 1: Initiation of the Investigation
 - Comment 2: Whether Commerce Should Apply AFA to the Provision of Electricity for Less than Adequate Remuneration (LTAR) Program
 - Comment 3: Whether Commerce Should Apply AFA to Find the Export Buyer's Credit (EBC) Program Countervailable
 - Comment 4: Whether the Policy Loans to the Wooden Cabinet and Vanity Industry Program Is Countervailable
 - Comment 5: Whether Land Prices in Thailand Provide a Suitable Benchmark for Land Prices in China
 - Comment 6: Whether Commerce Should Apply AFA to the Provision of Inputs for LTAR
 - Comment 7: Whether Commerce Should Apply AFA to Self-Reported Subsidies
 - Comment 8: Whether Commerce Should Adjust Its Plywood Benchmark
 - Comment 9: Whether Commerce Should Apply AFA to Meisen
 - Comment 10: Whether Commerce Should Continue to Find that Meisen Was Uncreditworthy
 - Comment 11: Whether Commerce Should Countervail Subsidies Received by Foremost's Tolling Companies
 - Comment 12: Whether Commerce Should Continue to Find that Foremost Was Uncreditworthy
- IX. Recommendation

[FR Doc. 2020-04120 Filed: 2/27/2020 8:45 am; Publication Date: 2/28/2020]