



ECONOMIC CONSULTING SERVICES, LLC  
PUBLIC VERSION

BEFORE THE  
UNITED STATES INTERNATIONAL TRADE COMMISSION  
IN THE MATTER  
OF  
MULTILAYERED WOOD FLOORING FROM CHINA

Inv. No(s). 701-TA-476 and 731-TA-1179 (Final)

EXHIBITS TO TESTIMONY

OF

JIM DOUGAN

SENIOR ECONOMIST  
ECONOMIC CONSULTING SERVICES, LLC

October 12, 2011

Washington, D.C.

## Exhibit 1

# Adverse Impact on Domestic Industry

- Operating losses in every year of the POI
- Negative cash flows in every full year period
- Over 600 production and related workers (27% of the workforce) let go from 2008 to 2011
- Three producers experienced prolonged shutdowns or production curtailments during the POI
- Production dropped 22% between 2007 and 2010 causing capacity utilization to fall from 71% in 2007 to 60% in 2010.

## Exhibit 2

# If the Domestic Industry Had Maintained Its 2008 Market Share, Its Profitability Would Have Been Significantly Improved

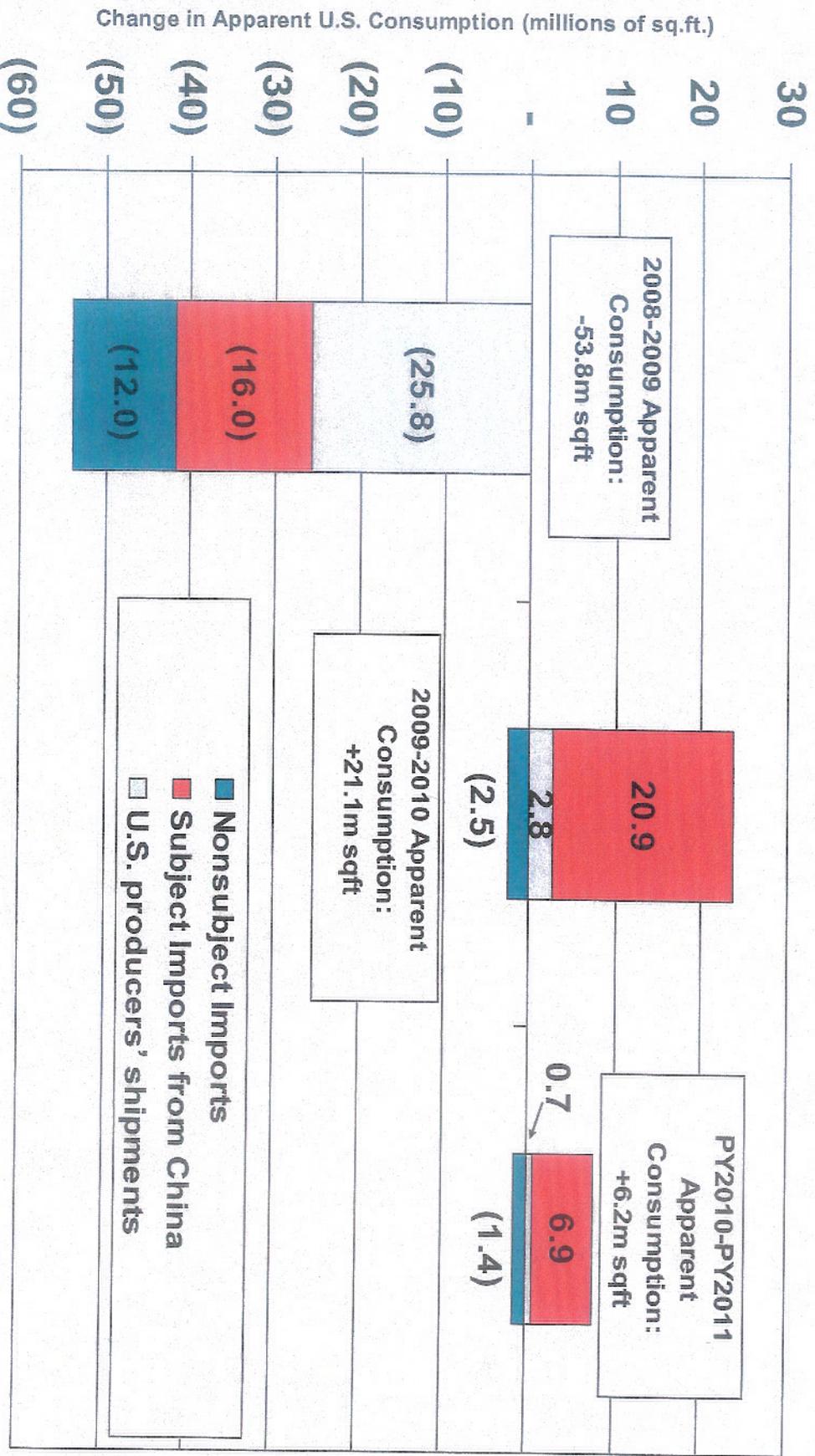
	January-June					
	2008	2009	2010	2010	2011	
Apparent U.S. Consumption (million sq. ft.)	{a}	337.8	283.9	305.1	154.0	160.2
U.S. Producers' Market Share	{b}	46.5%	46.5%	46.5%	46.5%	46.5%
U.S. producers' U.S. shipments (million sq. ft.)	{c=a*b}	156.9	132.0	141.9	71.6	74.5
Total Net Sales Quantity (million square feet)	{d}	152.2				
Ratio of U.S. Producers' Net Sales Qty to U.S. Shipments, 2008	{e = d/c}	0.97				
Total Net Sales Quantity (million square feet)	{f = e * c}	152.2	128.1	137.6	69.5	72.2
Net Sales AUV (\$ per sq. ft.)	{g}	2.69	2.64	2.57	2.60	2.54
Total Net Sales Value (\$ millions)	{h = f * g}	410.1	338.1	353.6	180.6	183.5
Total Fixed Costs (\$ millions)	{i}	207.9	175.6	174.5	88.3	82.1
Total Variable Costs (\$ per square foot)	{j}	1.52	1.50	1.36	1.35	1.32
Total Variable Costs (\$ millions)	{k = f * j}	230.8	192.1	187.1	93.8	95.4
Total Costs (\$ millions)	{l = i + k}	438.6	367.7	361.6	182.0	177.5
Operating Income (\$ millions)	{m = h - l}	(28.5)	(29.6)	(8.0)	(1.4)	6.1
<b>Operating Income (% of Net Sales)</b>	{n = m/h}	-7.0%	-8.8%	-2.3%	-0.8%	3.3%
<b>Operating Income (% of Net Sales) ACTUAL</b>	{o}	-7.0%	-9.9%	-6.5%	-3.1%	-1.0%

Figures in **BLACK** are ACTUAL, Figures in **BLUE** are CALCULATED

Source: Public Prehearing Staff Report at Tables IV-4 and VI-1

## Exhibit 3

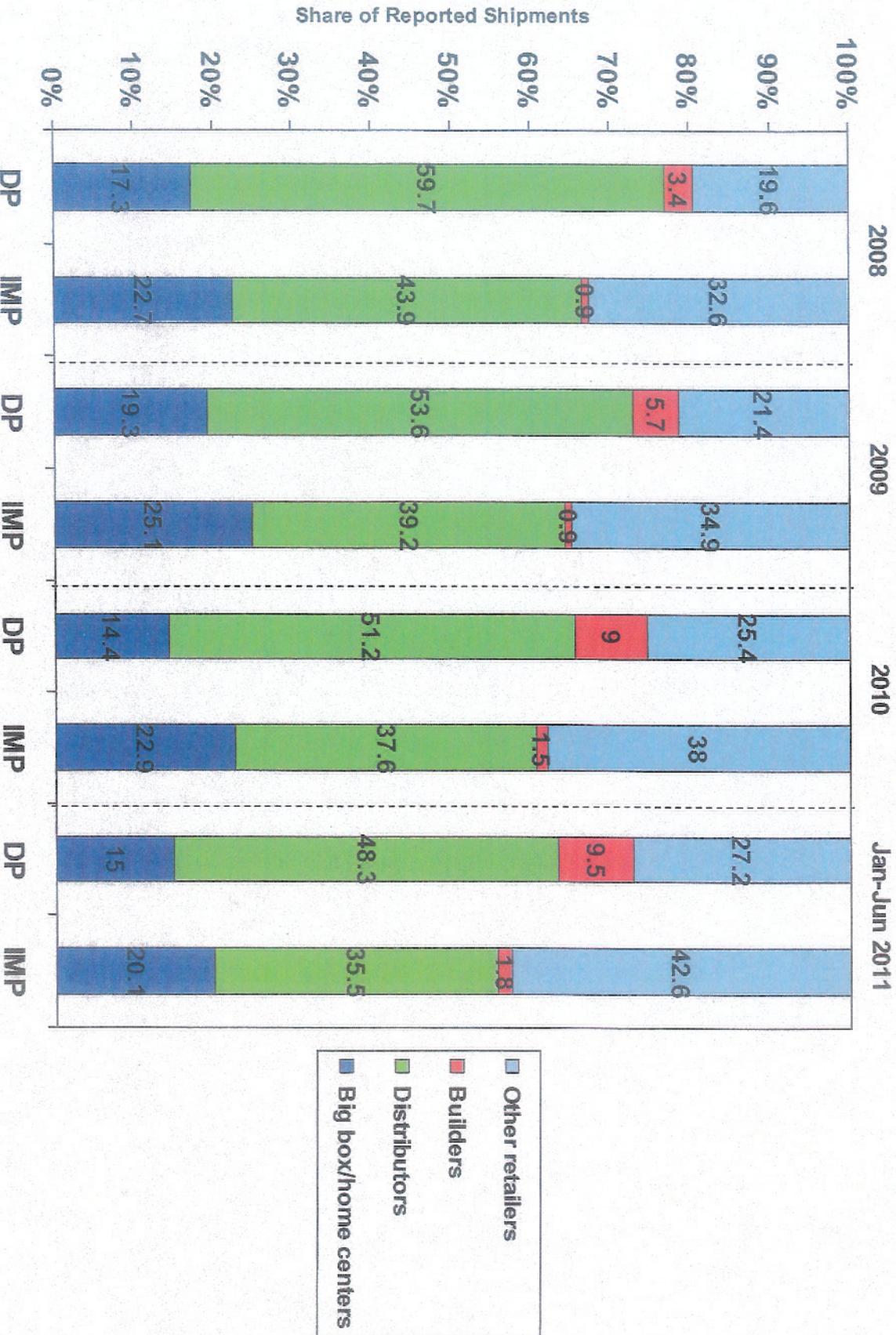
### When Demand Declines, U.S. Producers Take a Disproportionate Hit; When Demand Improves, Subject Imports Claim a Disproportionate Benefit



Source: Public Prehearing Staff Report at Table IV-3.

# Exhibit 4

## Domestic Producers and Importers from China Compete in the Same Distribution Channels



Source: Public Prehearing Staff Report at Table II-1.

## Exhibit 5

The four cheapest engineered wood flooring products offered on Lumber Liquidators' website are Birch

**COLOR:** [View All](#) [Medium \(31\)](#) [Light \(13\)](#) [Dark \(22\)](#)

**By Category**  
Engineered Hardwood Flooring  
[Choose One](#)

**By Subcategory**  
[All](#)  
[Choose One](#)

**By Price**  
[All](#)  
[Choose One](#)

**By Width**  
[All](#)  
[Choose One](#)

**By Grade**  
[All](#)  
[Choose One](#)

NEED HELP? [Use the Floor Finder](#)

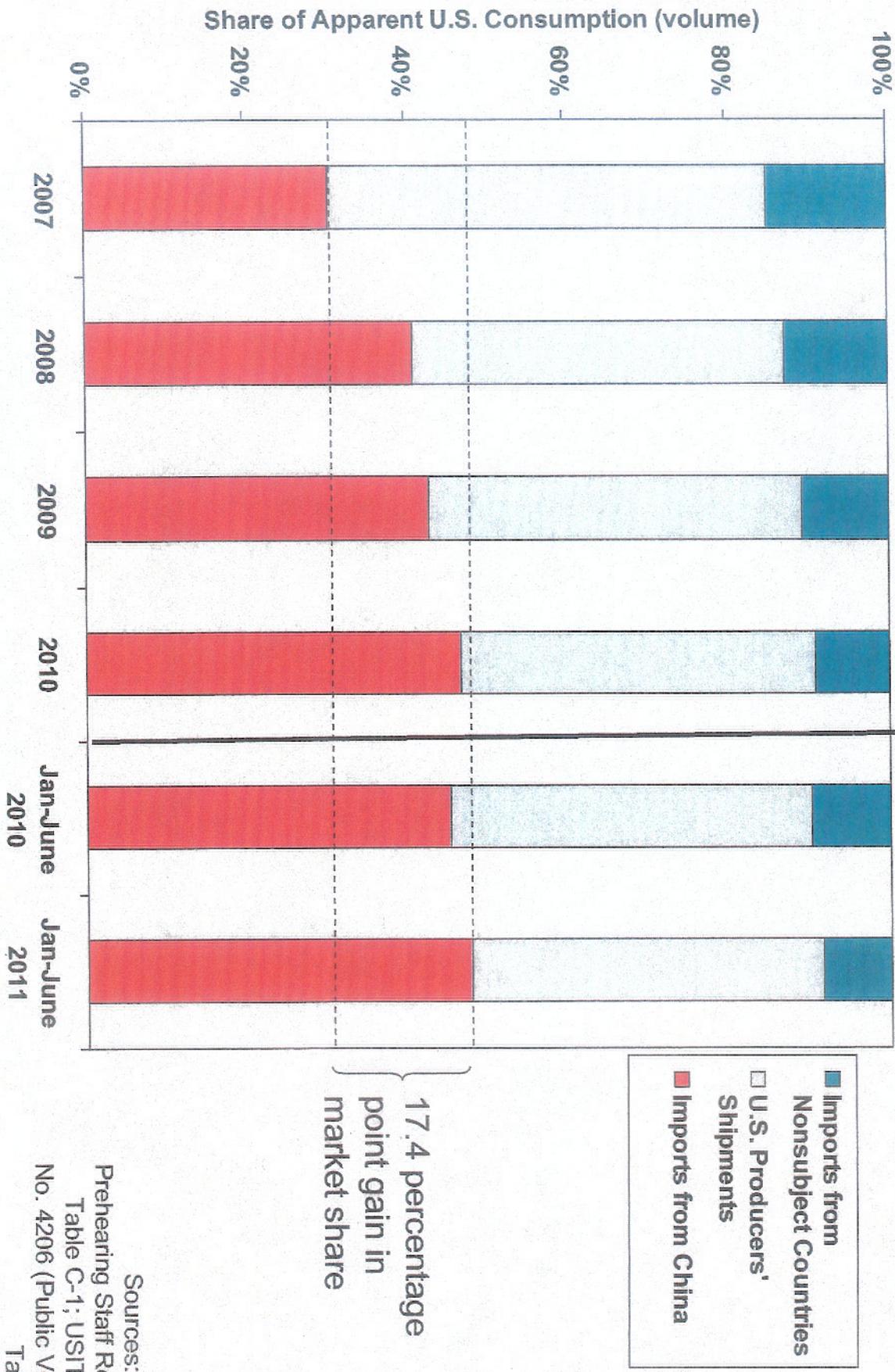
Sort by:  [Matching 66 Items](#) [View 12 Per Page](#) [Compare Selected](#)

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 <p><b>MAYLÖKKA</b> Mayflower 5/16" x 4" Mudslide Birch Stained Finish Natural 10004679 Comparable Value \$9.79/SFT As Low As <b>\$1.59/SFT</b> <input type="checkbox"/> Compare <a href="#">ADD SAMPLE TO CART</a></p> <p><a href="#">Click for Room Shot</a></p>	 <p><b>MAYLÖKKA</b> Mayflower 5/16" x 5" Plank Birch Stained Finish Natural 10014114 Comparable Value \$9.79/SFT As Low As <b>\$1.59/SFT</b> <input type="checkbox"/> Compare <a href="#">ADD SAMPLE TO CART</a></p> <p><a href="#">Click for Room Shot</a></p>	 <p><b>SCHÖN</b> Schöen Engineered 5/16" x 4" Greige Birch Stained Finish Natural 10000819 Comparable Value \$9.79/SFT As Low As <b>\$2.09/SFT</b> <input type="checkbox"/> Compare <a href="#">ADD SAMPLE TO CART</a></p> <p><a href="#">Click for Room Shot</a></p>	 <p><b>SCHÖN</b> Schöen Engineered 5/16" x 4" Toasted Cinnamon Birch Engineered Stained Finish Select 10009944 Comparable Value \$9.79/SFT As Low As <b>\$2.19/SFT</b> <input type="checkbox"/> Compare <a href="#">ADD SAMPLE TO CART</a></p> <p><a href="#">Click for Room Shot</a></p>
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## Exhibit 6

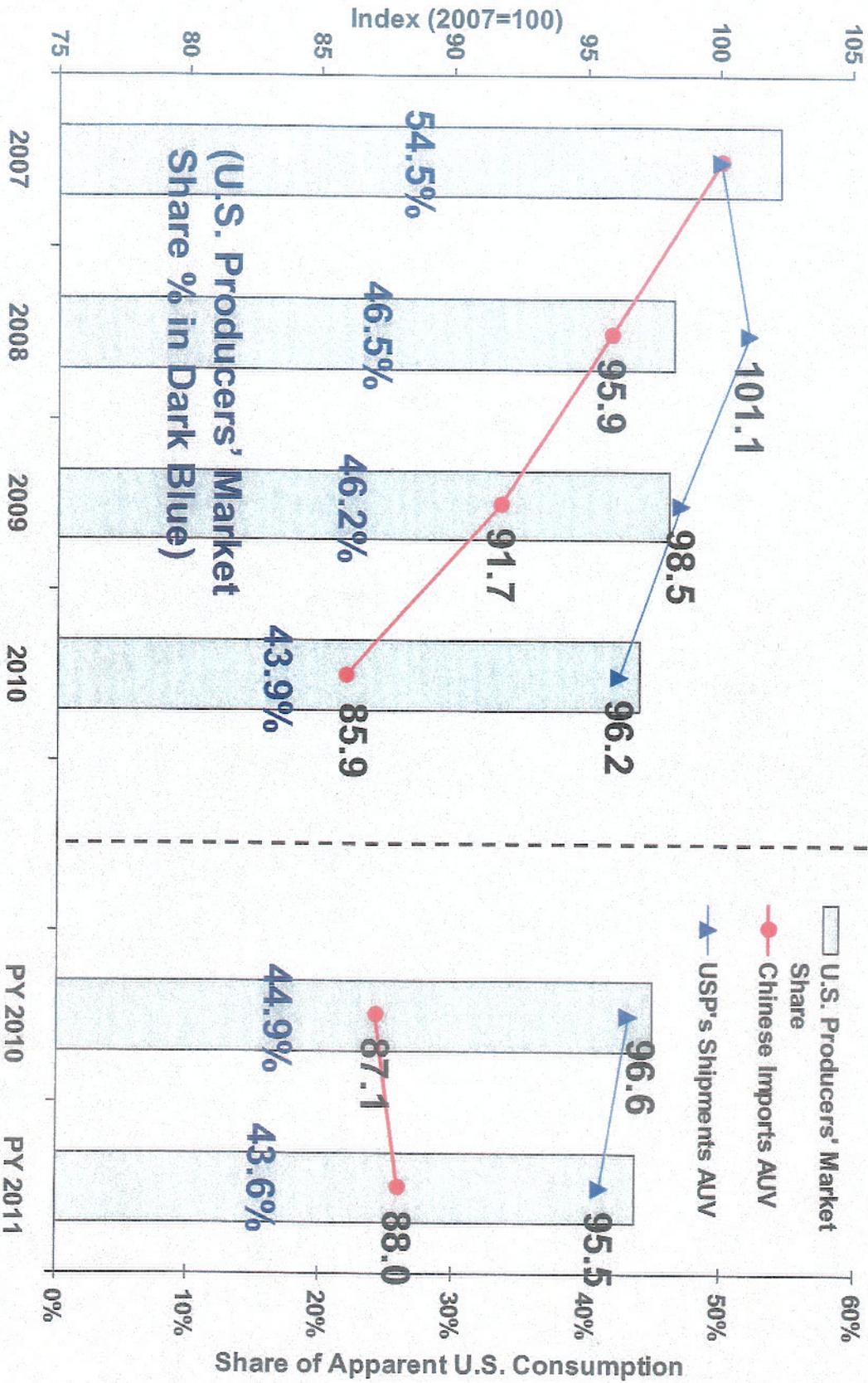
### Subject Imports of MLWF from China Gained Market Share in Every Period of the POI



Sources: Public Prehearing Staff Report at Table C-1; USITC Pub. No. 4206 (Public Version), Table C-1

# Exhibit 7

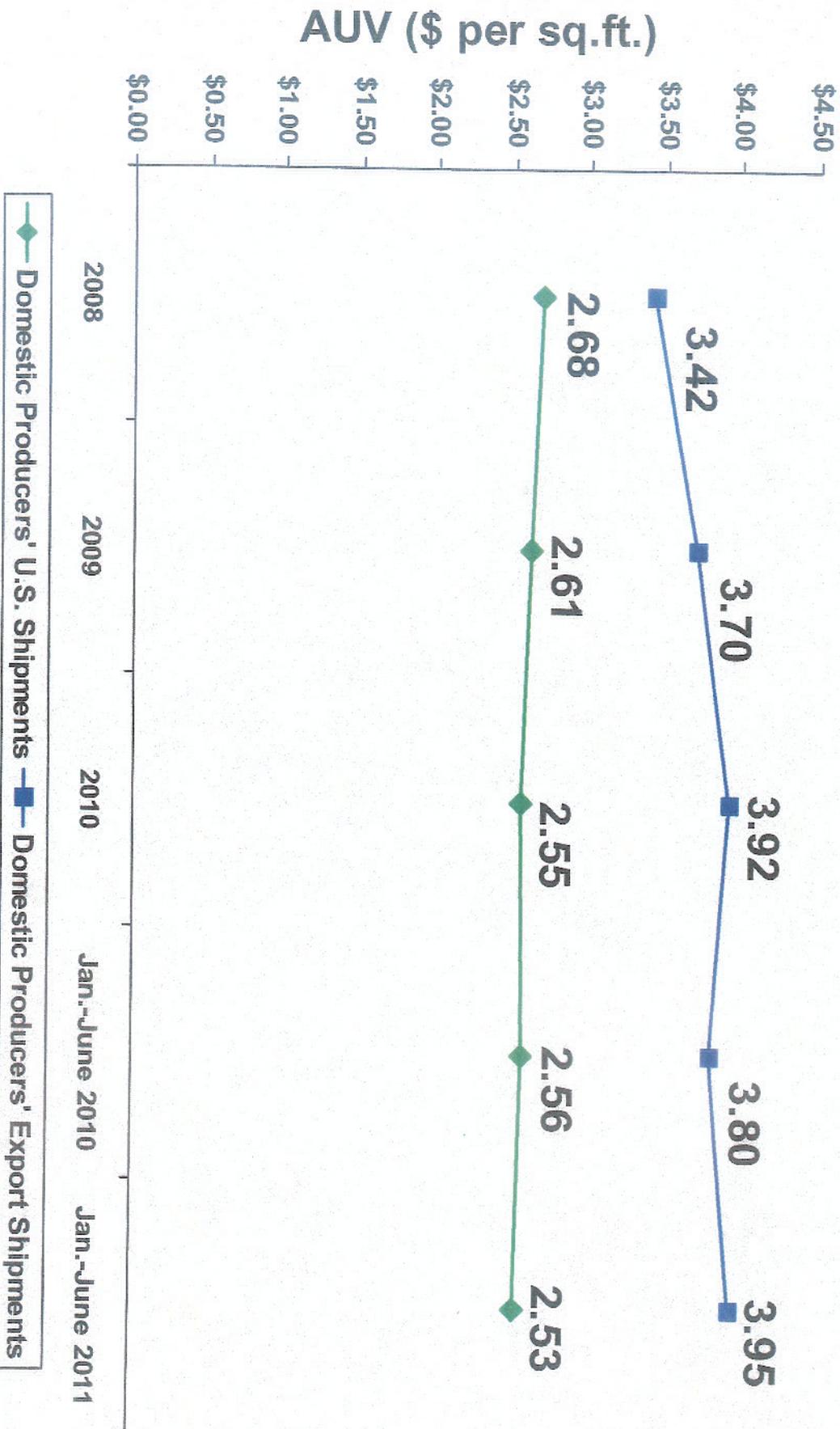
## As Chinese Import AUV Declined, Domestic Producers Lost Significant Market Share



Source: Public Prehearing Staff Report at Tables IV-2 and C-1, USITC Pub. No. 4206 at Tables IV-2 and C-1.

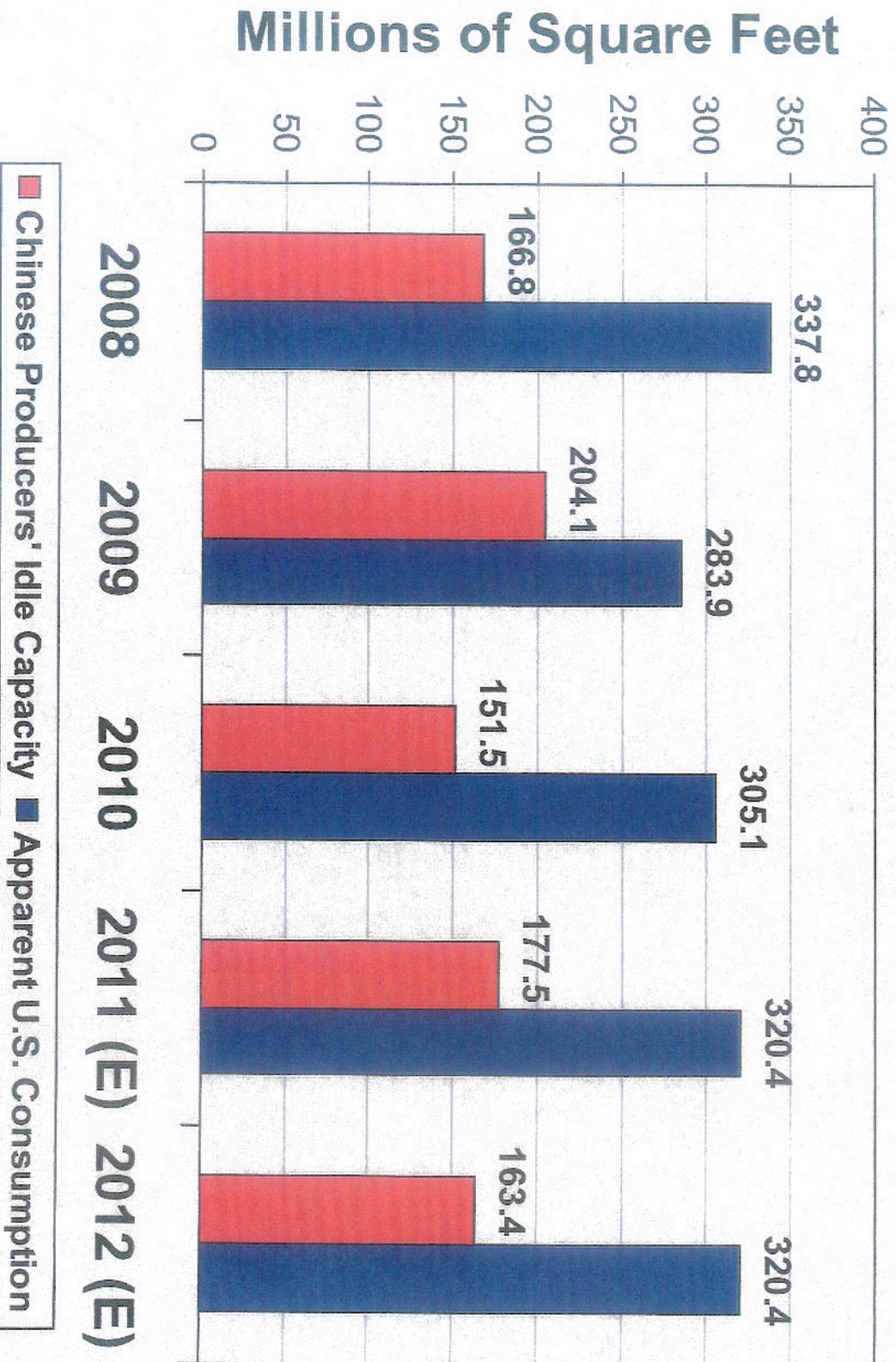
## Exhibit 8

### The Gap Between U.S. Producers' Domestic Prices and Export Prices is Wide and Grew Wider over the POI



Source: Public Prehearing Staff Report at Table C-1.

## Exhibit 9 Idle Chinese MLWF Capacity Is Greater than Half of Apparent U.S. Consumption

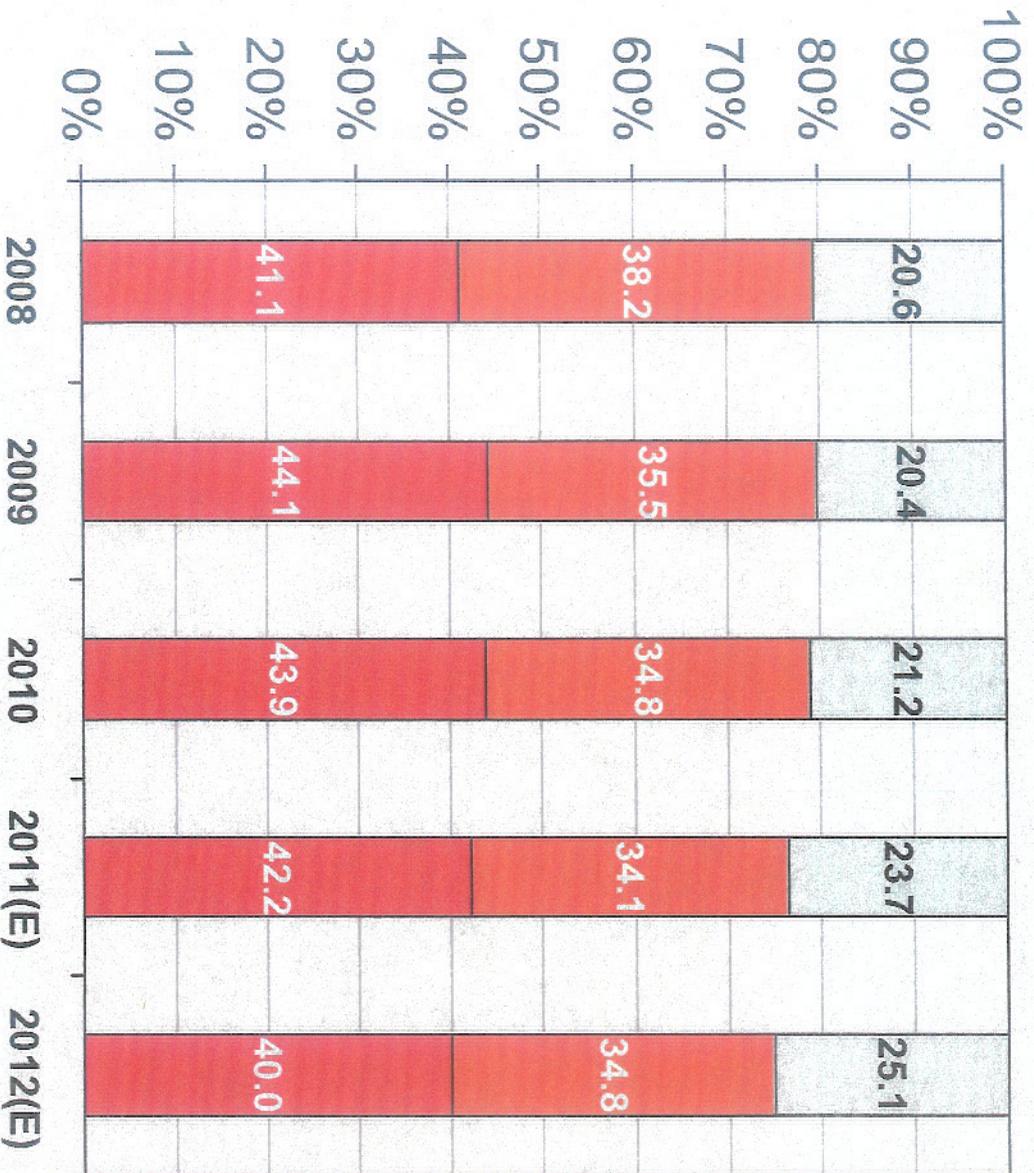


Source: Public Prehearing Staff Report at Table IV-3 and Table VII-3. Foreign Producers' data for 2011 and 2012 are projections; 2011 apparent U.S. consumption is annualized figure based on Jan-June 2011 results. Apparent U.S. Consumption in 2012 assumed to be equal to 2011 figure.

## Exhibit 10

### The Chinese MLWF Industry is Export-Oriented and Focused on the U.S. Market

Share of Chinese Producers' Total Shipments



Home Market Shipments  
 Exports to All Other Markets  
 Exports to the United States

**Total Exports account for at least 75% of shipments**

Source: Public Prehearing Staff Report at Table VII-3. Foreign Producers' data for 2011 and 2012 are projections.