

TESTIMONY OF WYATT BASSETT
VAUGHAN-BASSETT FURNITURE COMPANY, INC.
U.S. International Trade Commission, Inv. No. 731-TA-1058 (Review)
Wooden Bedroom Furniture from China
November 10, 2016

Mr. Chairman and Members of the Commission, thank you for the opportunity to testify before you this morning. My name is Wyatt Bassett, and I am the CEO of Vaughan-Bassett Furniture Company. You already have heard from my father as to why it was so important for the Committee for Legal Trade to file its petition for an Antidumping Duty Order in 2003. You also have heard from others as to the devastating effects that would follow if the Order were revoked. I now would like to spend a few minutes providing some additional background on the administration of the Order. Recent proceedings before other agencies prove that Chinese exporters are determined to keep selling wooden bedroom furniture in the United States.

This is not a case where the Chinese decided to abandon the U.S. market after publication of a trade remedy order -- they still desperately want to sell wooden bedroom furniture to U.S. consumers. This is a case where the U.S. Industry has needed to remain vigilant, which we have, to ensure the effectiveness of antidumping relief. In an average week, I communicate two-to-three times with the Committee's attorneys about dumping-related issues. In fact, we often speak daily.

Interest by Chinese exporters in the United States market has been, and remains, intense. Over 200 Chinese companies have participated in various Commerce proceedings to a sufficient degree to be assigned their own Customs module number. After publication of the Order, it is notable that 23 new companies began shipping to the

United States and requested their own new shipper reviews. Again, the Chinese remain dedicated to the U.S. market.

In January 2005, when the Order was published, the estimated weighted-average dumping margin for cooperative respondents was 6.65 percent. That rate served as the cash deposit threshold for most importers immediately after the Order was published. Imports of wooden bedroom furniture from China subsequently reached a high-water mark of \$1.8 billion in 2006. Chinese shipments began to decrease with the first administrative review, however, which was completed in 2007.

As you can see in this slide, subject imports did not stop overnight, but they did slow over time. The Commerce Department only has the resources to investigate and assign company-specific margins to a small number of "mandatory respondents" (usually only 1 or 2) during each administrative review. This means that it may take years for Commerce to look at the pricing and exporting practices of a particular company. But the Order's effect on the volume of Chinese imports is undeniable.

In each of the first five administrative reviews, Commerce calculated weighted-average dumping margins between 29 percent and 43 percent, showing continued aggressive dumping by the Chinese exporters. As you can see, the falling import volumes coincide with the imposition of higher duties.

While the first five reviews concentrated on dumping, the five most recent reviews have dealt with duty evasion. In the five most recent reviews, a majority of Chinese respondents either have not established that they are not controlled by the Chinese government or have just refused to cooperate with the Commerce Department. As duty

evasion has become more frequent, fewer, if any, Chinese companies are willing to have their company-specific margin calculated. In fact, during these five most recent reviews, only one respondent has received a rate below 216 percent. It should come as no surprise, therefore, that only a small fragment of the Chinese exporters are cooperating with this Commission.

Today, over 70 % of Chinese exporters are subject to duties in excess of 200 percent, and only 48 companies continue to have lower than a 40 percent cash deposit rate. To be sure, the individualized assessment of margins in administrative reviews has enhanced the effectiveness of the Order. But that has not diminished the responsibility of domestic producers to remain vigilant with respect to continuing imports and evasion efforts.

Our Committee is actively participating in the Commerce Department's eleventh administrative review. In April, 50 Chinese exporters filed submissions with Commerce concerning their 2015 exports of wooden bedroom furniture. It is notable that only nine of those respondents (less than 20 percent) were willing to answer the Commission's foreign producer questionnaire, and none of those companies are here today. That's because the Chinese producers don't have a good argument for revoking the Order. If the Order were to be revoked, the Chinese would again flood the market with dumped wooden bedroom furniture and injure U.S. manufacturers.

The current Eleventh Administrative Review provides a real-life example of how far respondents and importers are willing to go in their efforts to sell dumped products in the United States. In October, Commerce sent a letter to U.S. Customs regarding a

potential duty evasion scheme that involved the mandatory respondent, Nantong Wangzhuang Furniture, and U.S. importers. Similar letters that addressed evasion and circumvention schemes also had been sent to U.S. Customs by Commerce in the seventh and tenth reviews.

The U.S. government has determined that circumvention and evasion of the Order is occurring. In September 2014, the Department of Justice announced that the former managing director of LaJobi Inc. had pled guilty to lying to U.S. Customs and filing false customs documents in an effort to underpay antidumping duties. In separate matters, Justice also has announced civil settlements concerning evasion of the Order. If exporters and importers are willing to risk criminal and civil penalties through evasion schemes – and they are – they certainly would resume dumping at extraordinary levels if the Order were not in place.