

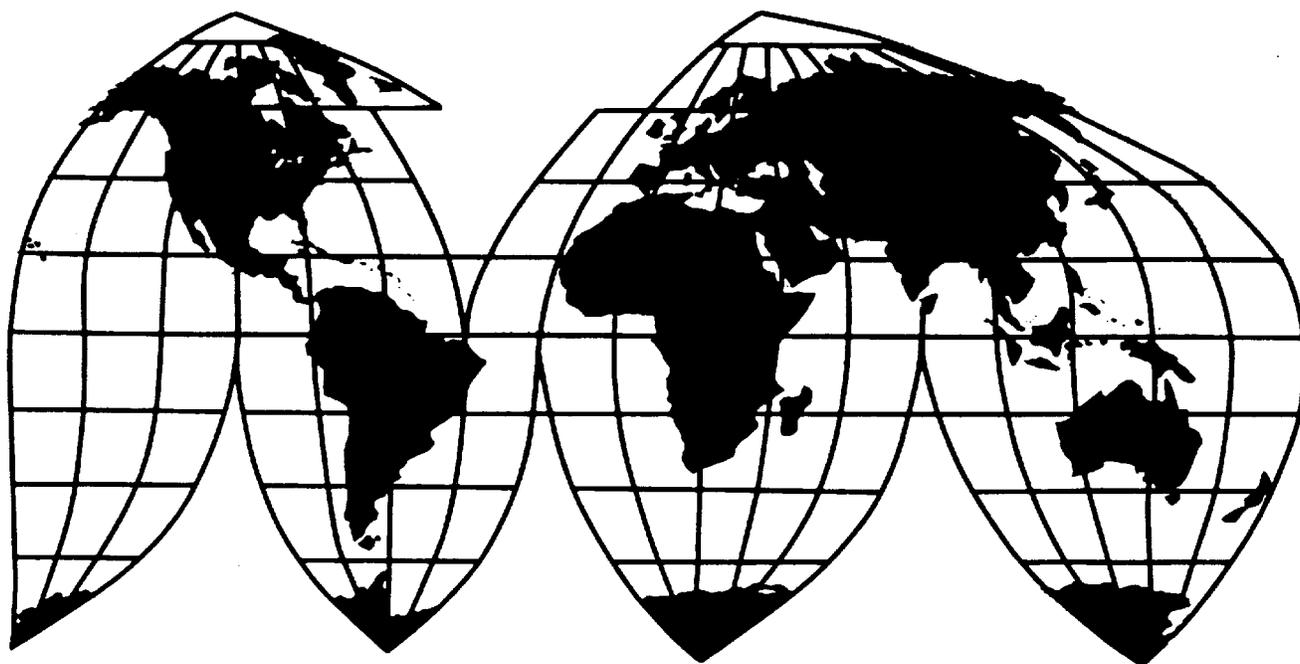
Wooden Bedroom Furniture From China

Investigation No. 731-TA-1058 (Final)

Publication 3743

December 2004

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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NOTE

Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION**Investigation No. 731-TA-1058 (Final)****WOODEN BEDROOM FURNITURE FROM CHINA****DETERMINATION**

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of wooden bedroom furniture, provided for in subheadings 9403.50.90 and 7009.92.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted this investigation effective October 31, 2003, following receipt of a petition filed with the Commission and Commerce by the American Furniture Manufacturers Committee for Legal Trade and its individual members; the Cabinet Makers, Millmen, and Industrial Carpenters, Local 721; the UBC Southern Council of Industrial Workers, Local 2305; the United Steelworkers of America, Local 193U; the Carpenters Industrial Union, Local 2093; the Teamsters, Chauffeurs, Warehousemen and Helpers, Local 991; and the IUE, Industrial Division of the CWA, Local 82472.

The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of wooden bedroom furniture from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of July 15, 2004 (69 FR 42452). The hearing was held in Washington, DC, on November 9, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

¹ The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

UNITED STATES INTERNATIONAL TRADE COMMISSION**WOODEN BEDROOM FURNITURE FROM CHINA
Investigation No. 731-TA-1058 (Final)****VIEWS OF THE COMMISSION**

Based on the record in this investigation, we find that an industry in the United States is materially injured by reason of imports of wooden bedroom furniture that are sold in the United States at less than fair value (“LTFV”).

I. BACKGROUND

The petition in this investigation was filed on October 31, 2003. The petitioners include the American Furniture Manufacturers Committee for Legal Trade, an ad hoc association of U.S. manufacturers of wooden bedroom furniture,¹ and six unions: Local 721 of the Cabinet Makers, Millmen, and Industrial Carpenters; Local 2305 of the UBC Southern Council of Industrial Workers; Local 193U of the United Steelworkers of America; Local 2093 of the Carpenters Industrial Union Local; and Local 991 of the Teamsters, Chauffeurs, Warehousemen and Helpers Union; and Local 82472 of the IUE, Industrial Division of CWA.

Respondents include the Furniture Retailers of America, an ad hoc association of 35 retailers and importers of wooden bedroom furniture;² the Committee for Free Trade in Furniture, an ad hoc association of retailers and manufacturers;³ Furniture Brands International,⁴ the largest U.S. producer of wooden bedroom furniture; the Chinese producers and importers Maria Yee Inc., Guangzhou Maria Yee Furnishings Ltd., and Pyla HK Ltd. (the “Maria Yee Group” or “Maria Yee”); the Chinese producers Lacquer Craft Manufacturing Co. and Markor International Furniture (Tianjin) Manufacturing Co.; and the Coalition of Certain China Furniture Producers. Several Chinese exporters and U.S. importers of wooden bedroom furniture entered appearances in the proceeding but did not appear at the hearing or file briefs with the Commission.⁵

¹ The Committee includes such manufacturers as Basset Furniture, Century Furniture, L & J.G. Stickley, Pennsylvania House, Vaughan-Bassett Furniture, and Vaughan Furniture. The petition contains a list of the Committee’s members. Petition at Ex. 1. Two original members of the Committee, Crescent and Hooker, subsequently withdrew from the Committee.

² The Group includes such retailers of wooden bedroom furniture as The Bombay Company, Crate & Barrel, J.C. Penney, Marlo Furniture, Pier 1 Imports, Rooms To Go, and Super Stores of America.

³ The Committee includes the furniture manufacturers and retailers Aico Furniture, Fine Furniture Design & Marketing, Kemp Furniture, Legacy Classic Furniture, Magnussen Home, Samuel Lawrence Furniture, Schnadig Furniture, and Universal Furniture International.

⁴ Furniture Brands manufactures and sells such furniture brands as Lane, Broyhill, Thomasville, Drexel Heritage, Henredon, and Maitland Smith.

⁵ These exporters and importers include Rui Feng Woodwork, Rui Feng Lumber Development, Naihui Jiantai Woodwork, Yangchun Hangli Furniture Co., Dorbest Ltd., American Signature Inc., Value City Imports, Value City Furniture, Master Design and Test Rite, Brstl Inc./Royal Patina, Keller Furniture, Lewis & Son, Powell Company, Pride Saser Home Furnishings, Trendex Industries, and the Dongguan Lung Dong Group, among others.

Wooden bedroom furniture (“WBF”) is wooden furniture that is designed and manufactured for use in the bedroom. WBF includes beds, night stands, chests, armoires, and dressers with mirrors, among other things. There are a large number of WBF producers in the United States, with more than 50 firms reporting production of WBF during the period of investigation.⁶ The ten largest U.S. producers accounted for approximately 56 percent of U.S. producer shipments in 2003.⁷

There are also a large number of producers of wooden bedroom furniture in China. The petition identified 133 Chinese producers and exporters of wooden bedroom furniture⁸ and the Commission received foreign producer responses from 154 Chinese producers of WBF.⁹ China was the largest source of imported WBF during the period of investigation, accounting for 50.2 percent of WBF imports in 2003.¹⁰ Chinese production capacity for WBF grew considerably during the POI, more than doubling (based on pieces) between 2001 and 2003.¹¹ Capacity in China is projected to increase by *** percent from 2003 to 2004 and by an additional *** percent from 2004 to 2005.¹²

Subject imports of WBF entered the U.S. market during the period of investigation in rapidly increasing volumes and were consistently priced below the domestic merchandise.¹³ Due to underselling by subject imports, the domestic industry lost 15.3 percentage points of market share to the subject imports by 2003.¹⁴ The industry also lost 7.0 percentage points of market share to lower-priced subject imports between interim 2003 and interim 2004.¹⁵ This lost market share and consistent underselling by subject imports occurred at the same time that the industry’s production, shipment, sales and profitability levels all fell significantly.¹⁶

Members of the domestic industry were themselves importers of a substantial volume of subject imports during the period,¹⁷ but their share of total imports remained essentially stable throughout the POI.¹⁸ Accordingly, importers who were not domestic producers accounted for the large majority of subject imports, as well as the bulk of the increases in subject volumes, during the period of investigation.¹⁹

⁶ Confidential Staff Report (“CR”) at I-5, III-1 & Table III-1, Public Staff Report (“PR”) at I-4, III-1 & Table III-1. The petition identified 125 U.S. producers of wooden bedroom furniture. Petition at Exs. 1 & 2.

⁷ CR at I-5, PR at I-4.

⁸ CR/PR at VII-1, n.4.

⁹ CR/PR at VII-1. The record indicates that China may possess 50,000 furniture makers employing more than 5 million workers. CR at VII-6-7, PR at VII-5.

¹⁰ CR/PR at Table IV-1.

¹¹ CR/PR at Table VII-1.

¹² CR/PR at Table VII-1.

¹³ See, e.g., CR/PR at Tables V-5-V-12 & Figures V-5-V-12.

¹⁴ CR/PR at Table IV-8.

¹⁵ CR/PR at Table IV-8.

¹⁶ CR/PR at Tables III-2, III-4, & VI-1.

¹⁷ CR at IV-10, PR at IV-9.

¹⁸ CR at IV-10; PR at IV-9.

¹⁹ Id.

II. DOMESTIC LIKE PRODUCT

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”²⁰ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²¹ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation.”²²

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.²³ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.²⁴ The Commission looks for clear dividing lines among possible like products, and disregards minor variations.²⁵ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise sold at less than fair value, the Commission determines what domestic product is like the imported articles that Commerce has identified.²⁶

²⁰ 19 U.S.C. § 1677(4)(A).

²¹ *Id.*

²² 19 U.S.C. § 1677(10).

²³ See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

²⁴ See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

²⁵ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration”).

²⁶ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission’s determination of six domestic like products in investigations where Commerce found five classes or kinds).

A. Product Description

In its final determination, Commerce defined the imported merchandise within the scope of these investigations as “wooden bedroom furniture.” As defined in the scope, 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, oriented 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 . . . (1) wooden beds, such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand alone or attached to side 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, highboys, lowboys, chests of drawers, chests, door chests, chiffoniers, hutches, and armoires; (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.²⁷

Commerce excluded from the scope of this investigation several types of wooden furniture that may be used in a bedroom, such as “seats, chairs, benches, couches, sofas, sofa beds, stools and other seating furniture,” “mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames,” “office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases,” “dining room or kitchen furniture, such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches,” and “other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems.”²⁸

WBF is wooden furniture designed and manufactured for use in the bedroom. It includes such items of wooden furniture as beds, nightstands, chests, armoires, and dressers with mirrors. Although these items of furniture have differing physical characteristics and end uses, they generally are designed and offered for sale in coordinated groups and share the same basic design, finish, and construction.²⁹ WBF is used primarily in residences, lodging, and long-term care facilities, such as assisted living facilities.³⁰

²⁷ 69 Fed. Reg. 67314 (November 17, 2004) (footnotes deleted).

²⁸ 69 Fed. Reg. at 67314. Commerce also excluded from the scope any bedroom furniture “made primarily of wicker, cane, osier, bamboo or rattan,” or “in which bentwood parts predominate,” metal side rails for beds if they are sold separately from the head and footboard, jewelry armories, cheval mirrors, and certain metal parts. 69 Fed. Reg. at 67314.

²⁹ CR at I-11; PR at I-9-11.

³⁰ CR at I-11; PR at I-9.

B. Analysis and Finding

1. Preliminary Determination

In the preliminary phase of this investigation, both petitioners and respondents agreed that we should find that there is one domestic like product, consisting of all WBF.³¹ In our preliminary determination, we found that all WBF constituted one domestic like product.³² While we acknowledged that individual items of WBF – such as beds, nightstands, and dressers – were not fully interchangeable for one another because they do not share the exact same physical characteristics and uses, we also found that all of the individual items of WBF share the same broad physical characteristics and end uses in that they are items of wooden furniture designed and manufactured for use in a bedroom.³³ We further found that WBF generally is designed, manufactured, and sold in coordinated groups called bedroom “suites,”³⁴ that it is sold primarily to retailers in the United States, that it is produced using the same production processes on the same production lines, and that it generally is perceived by market participants to be a single product category.³⁵

2. Parties’ Arguments

In this final phase of this investigation, petitioners again argue there is one domestic like product in this investigation, consisting of all WBF.³⁶ Petitioners assert that all items of WBF are designed, manufactured, distributed, marketed, and sold as bedroom suites.³⁷ They contend that industry participants do not view the individual items within the WBF category as separate and distinct products and that the physical characteristics and end uses of these items are broadly similar.³⁸ They also argue that most WBF is sold in similar channels of distribution (*i.e.*, to retailers), and that all items of WBF are produced on the same manufacturing lines using the same employees and production processes.³⁹

Generally, respondents do not challenge petitioners’ proposed domestic like product. However, one respondent group, the Maria Yee Group, argues that “joinery” WBF should be considered a different domestic like product than other types of WBF.⁴⁰ According to the Maria Yee Group, “joinery” WBF – which is made entirely of solid wood and uses no fasteners (such as nails or screws) in its construction – is more durable, more attractive, and more expensive than non-joinery WBF.⁴¹ Maria Yee asserts that the production process for joinery WBF is more labor-intensive than the process used to produce non-joinery

³¹ Petition at 20; Petitioners Postconference Brief at Ex. 1, p. 5; Lacquer Craft Postconference Brief at pp. 7-12.

³² Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Preliminary), USITC Pub. 3667 (January 2004) at 8-9 (“Prelim. Det.”).

³³ Prelim. Det. at 8-9.

³⁴ Wooden bedroom suites also can be referred to as bedroom collections, bedroom groups, or bedrooms.

³⁵ Prelim. Det. at 9-10.

³⁶ Petitioners Prehearing Brief at 7-14.

³⁷ Petitioners Prehearing Brief at 8.

³⁸ Petitioners Prehearing Brief at 8-9.

³⁹ Petitioners Prehearing Brief at 9-10.

⁴⁰ Maria Yee Prehearing Brief at 7-13.

⁴¹ Maria Yee Prehearing Brief at 9-10.

WBF,⁴² and that joinery WBF is therefore more expensive than other forms of WBF.⁴³ Maria Yee asserts that joinery WBF is sold only to high-end resellers of WBF, such as Crate & Barrel and Room & Board.⁴⁴

Petitioners argue in response that there is no clear dividing line between joinery and non-joinery WBF.⁴⁵ Petitioners argue that, once assembled, joinery WBF has the exact same physical characteristics and end uses as other types of WBF and that the only difference between the products is the manner in which joinery WBF is physically joined together.⁴⁶ Petitioners argue that joinery WBF and non-joinery WBF are interchangeable and there is no record evidence indicating a strong purchaser preference for joinery WBF.⁴⁷ Finally, petitioners contend, producer and importer responses to the Commission's questionnaires indicate that there are more similarities than differences between joinery and non-joinery furniture.⁴⁸

3. Joinery WBF is Part of the Same Domestic Like Product as Other Types of WBF

On the basis of the record as a whole, we do not find joinery WBF to be a different domestic like product than other forms of WBF. First, there are not significant physical and end use differences between joinery and non-joinery WBF. Although Maria Yee emphasizes that joinery furniture is physically distinguished from other forms of WBF because it is made of solid wood and uses no fasteners in its assembly process,⁴⁹ one of the critical distinguishing characteristics of the products covered by the scope is that they are made substantially of wood and wood products.⁵⁰ In addition, other high-end forms of WBF are manufactured solely or primarily from solid wood, as is joinery furniture.⁵¹

Furthermore, although joinery WBF is, in one sense, distinguished from non-joinery furniture because it is assembled without fasteners, joinery WBF, once assembled, has the same basic physical appearance and is used for the same basic purposes as other forms of WBF.⁵² In fact, domestic producers and importers who have familiarity with joinery products report that joinery WBF is "all but indistinguishable" from other forms of high-quality WBF.⁵³ Given this, we find that joinery and non-joinery furniture share similar characteristics and uses and are interchangeable for one another.⁵⁴

⁴² Maria Yee Prehearing Brief at 11-12.

⁴³ Maria Yee Prehearing Brief at 12-13.

⁴⁴ Maria Yee Prehearing Brief at 12-13; Tr. at 226 (Mr. Zaucha).

⁴⁵ Petitioners Prehearing Brief at 10-11.

⁴⁶ Petitioners Prehearing Brief at 11.

⁴⁷ Petitioners Prehearing Brief at 11-12.

⁴⁸ Petitioners Prehearing Brief at 11-14.

⁴⁹ Maria Yee Prehearing Brief at 1.

⁵⁰ CR at I-7-8, PR at I-5-7.

⁵¹ CR at I-14, PR at I-11.

⁵² See, e.g., CR/PR at Figures I-1, I-2, I-3 & I-4.

⁵³ *Id.*

⁵⁴ Domestic Producer's Questionnaire Response of ***, Question II-30. Although Maria Yee's customers Crate & Barrel and Room & Board testified at the hearing that their retail customers perceived there to be a significant difference between joinery and non-joinery WBF, Tr. at 229-231, other producers and importers who have familiarity with the products assert that they are fully interchangeable with each other once assembled. Domestic

(continued...)

Moreover, although there are production differences between joinery WBF and other forms of WBF, they are not significant enough to warrant treating joinery WBF as a different domestic like product than other WBF. While Maria Yee asserts the production process for joinery furniture is labor-intensive and involves significant amounts of hand work during the assembly process, most WBF, including high-end forms of WBF, is assembled into its final form by hand.⁵⁵ In addition, like most non-joinery WBF, joinery WBF is marketed and sold to furniture retailers, such as Crate & Barrel and Room & Board.⁵⁶ Finally, the record evidence with respect to pricing indicates that average unit values for joinery WBF are not significantly different than the range of prices reported for the domestic price comparison products.⁵⁷

On the whole, while there may be some physical and production differences between joinery and non-joinery WBF, we do not conclude that they are significant enough to warrant finding that joinery and non-joinery furniture are different domestic like products. The record indicates that joinery and non-joinery WBF have the same basic physical characteristics and end uses, are interchangeable for one another, undergo somewhat similar production processes, and are sold at comparable price levels in similar channels of distribution. Joinery furniture is simply part of the continuum of products comprising WBF. Given this, we find there is one domestic like product in this final phase investigation, consisting of both joinery and non-joinery forms of WBF.⁵⁸

III. DOMESTIC INDUSTRY AND RELATED PARTIES

The domestic industry is defined as “producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁵⁹ In defining the domestic industry, the Commission’s general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.⁶⁰ We find the domestic industry to include all U.S. producers of WBF.

⁵⁴ (...continued)

Producer’s Questionnaire Responses of *** and *** at Question II-30; Importer’s Questionnaire Responses of *** and *** at Question II-16.

⁵⁵ See CR at I-14-16 & I-18-23.

⁵⁶ For example, Maria Yee sells its joinery furniture to Crate & Barrel and Room & Board, both large retailers. Hearing Transcript at 229-231.

⁵⁷ The average unit values for Maria Yee’s joinery furniture were \$*** in 2001, \$*** in 2002, and \$*** in 2003. Maria Yee Importers’ Questionnaire. These unit values are well within the range of the domestic unit prices reported for the price comparison products 1-A, 1-B, 2-A, and 2-B. CR/PR at Tables V-5, V-6, V-9, & V-10.

⁵⁸ Maria Yee argues in the alternative that the Commission has the authority to exclude joinery furniture from its affirmative injury determination on the grounds that it is a niche product and does not injure any member of the industry. Maria Yee Prehearing Brief at 4-7. However, the Commission has consistently rejected arguments that it has the authority to “exclude” an article from the scope of an antidumping or countervailing duty investigation. Certain Cold Rolled Steel Products from Australia et al., Inv. Nos. 731-TA-965, -971-72, -979, -980 (Final), USITC Pub. 3536 (Sept. 2002) at 10, n. 31; Certain Cold Rolled Steel Products from Australia et al., Inv. Nos. 731-TA-965, 971, 972, 979, and 980 (Preliminary), USITC Pub. 3437 (Nov. 2001) at 5, & n.20.

⁵⁹ 19 U.S.C. § 1677(4)(A).

⁶⁰ See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int’l Trade 1994), aff’d, 96 F. 3d 1352 (Fed. Cir. 1996).

Petitioners contend that the Commission should find that appropriate circumstances exist to exclude two domestic producers of WBF – *** and *** – from the domestic industry as related parties under section 771(4)(B) of the Act.⁶¹ Section 771(4)(B) allows the Commission, if appropriate circumstances exist, to exclude producers from the domestic industry that are related to an exporter or importer of subject merchandise or which are themselves importers.⁶² Exclusion of a related or importing producer is within the Commission’s discretion based upon the facts presented in each case.⁶³

1. The Preliminary Determination

During the preliminary phase of the investigation, petitioners argued that the Commission should exclude *** and *** from the domestic industry as related parties.⁶⁴ They stated that both companies opposed the petition and that they imported significant and increasing volumes of subject WBF during the period of investigation.⁶⁵ They also argued that both companies benefitted significantly from importing during the POI.⁶⁶ Respondents argued that no domestic producers of wooden bedroom furniture should be excluded from the industry as related parties simply because they imported subject merchandise.⁶⁷

In our preliminary determination, we found that appropriate circumstances did not exist to exclude these two companies from the industry,⁶⁸ noting that both companies produced more merchandise domestically than they imported and that neither company benefitted disproportionately from importing when compared to the rest of the industry.⁶⁹ We also noted that it had become common for members of the WBF industry to import subject merchandise to supplement their domestic production.⁷⁰

⁶¹ 19 U.S.C. § 1677(4)(B).

⁶² 19 U.S.C. § 1677(4)(B).

⁶³ Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), aff’d without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g., Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int’l Trade 1992), aff’d without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. *See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan*, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

⁶⁴ Petitioners’ Postconference Brief at Ex. 1, pp. 20-23.

⁶⁵ Petitioners’ Postconference Brief at Ex. 1, pp. 20-23.

⁶⁶ Petitioners’ Postconference Brief at Ex. 1, pp. 20-23.

⁶⁷ Lacquer Craft Postconference Brief at pp. 12-14; Furniture Retailers Group Postconference Brief at p. 2, n.2.

⁶⁸ Prelim. Det. at 12-14.

⁶⁹ Prelim. Det. at 12-13.

⁷⁰ Prelim. Det. at 12-13.

2. Parties' Arguments

In the final phase of this investigation, petitioners again argue that *** and *** should be excluded from the industry because they opposed the petition and have imported increasingly significant volumes of subject imports during the period of investigation.⁷¹ They also argue that the operating margins of both companies were *** than the industry as a whole during the period, thus indicating that both companies *** from importing subject merchandise during this time.⁷² Respondents argue the Commission should not exclude any producer from the domestic industry because "virtually all major U.S. producers import themselves."⁷³

3. Analysis and Finding

Although both *** and *** import subject merchandise and are therefore related parties, we find that appropriate circumstances do not exist to exclude either company from the domestic industry. Accordingly, we find that the domestic industry includes all U.S. producers of WBF.

a. ***

*** was the *** largest U.S. shipper of WBF in 2003 and accounted for *** percent of all reported domestically produced U.S. shipments in that year.⁷⁴ *** imported a substantial and growing volume of subject imports during the period of investigation, importing \$*** million worth of WBF from China in 2001, \$*** million in 2002, and \$*** million in 2003.⁷⁵ ***'s importation of subject merchandise also increased during the interim periods, growing from \$*** million in interim 2003 to \$*** million in interim 2004.⁷⁶ As a percentage of its domestic production (in pieces), ***'s imports of subject merchandise grew from *** percent of production in 2001 to *** percent in 2002, *** percent in 2003, and *** percent in interim 2004.⁷⁷ ***'s operating income margins were *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in interim 2004.⁷⁸ *** opposes the petition.⁷⁹

Although *** opposes the petition and has imported a growing volume of subject imports during the period, we do not find that appropriate circumstances exist to exclude the company from the industry. First, *** was one of the largest domestic producers of WBF throughout the period of investigation and has produced and shipped considerably more domestically produced WBF in the United States than it imported from China throughout the period of investigation.⁸⁰ Given this, it would appear that *** primary interest continued to remain in domestic production rather than in importation during the period of investigation. In fact, we note that two members of the petitioning group, *** and ***, both imported

⁷¹ Petitioners' Posthearing Brief at Att. 1, p.1-4.

⁷² Petitioners' Posthearing Brief at Att. 1, p.1-4.

⁷³ Lacquer Craft Prehearing Brief at 21.

⁷⁴ CR/PR at Tables I-2 & III-1.

⁷⁵ CR/PR at Table D-4.

⁷⁶ CR/PR at Table D-4.

⁷⁷ CR/PR at Table IV-6.

⁷⁸ CR/PR at Table VI-5.

⁷⁹ CR/PR at Table III-1.

⁸⁰ CR/PR at Tables III-3, IV-5 & IV-6.

a much higher volume of subject imports relative to their domestic production than *** did in both 2003 and interim 2004.⁸¹

Moreover, the record does not indicate that *** benefitted disproportionately from importing the subject merchandise when compared with the rest of the industry. As indicated above, ***'s operating income margins ranged between *** percent and *** percent during the POI.⁸² Although these operating margins were higher than the domestic industry's average operating income levels during the period of investigation,⁸³ there was a wide range of operating results with respect to individual producers⁸⁴ and seven of the seventeen domestic producers that did not import subject merchandise during the period had operating margins that were comparable to or higher than *** during the period.⁸⁵ Given this, it does not appear that *** benefitted disproportionately from its importation of subject merchandise as compared to other members of the industry.

Finally, because *** financial results are not disproportionately different from those of other domestic producers and because *** accounted for *** percent of domestic production in 2003,⁸⁶ we do not find that inclusion of *** financial and trade data would significantly skew the industry's overall financial or trade data. Accordingly, we do not find appropriate circumstances to exclude *** from the domestic industry.

b. ***

*** was the *** largest U.S. shipper of WBF in 2003 and accounted for *** percent of all domestically produced U.S. shipments in that year.⁸⁷ *** imported substantial volumes of subject imports during the period, importing \$*** million worth of WBF from China in 2001, \$*** million in 2002, and \$*** million in 2003.⁸⁸ *** imported \$*** million of subject merchandise in interim 2003 and \$*** million in interim 2004.⁸⁹ *** imports of subject merchandise were equivalent to a substantial percentage of its domestic production (in pieces) during the period, equaling *** percent of production in 2001, *** percent in 2002, *** percent in 2003, and *** percent in interim 2004.⁹⁰ *** operating income margins were *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in interim 2004.⁹¹ *** opposes the petition.⁹²

⁸¹ The ratio of ***'s imports of subject merchandise to domestic production was, for example, *** percent in 2003 and *** percent in interim 2004, while the ratio of ***'s imports of subject merchandise to domestic production was *** percent in 2003 and *** percent in interim 2004. CR/PR at Table IV-6.

⁸² CR/PR at Table VI-5.

⁸³ The industry's operating income margins were 4.7 percent in 2001, 4.6 percent in 2002, 2.5 percent in 2003, and 3.2 percent in interim 2004. CR/PR at Table VI-1.

⁸⁴ CR/PR at Tables VI-4 & VI-5.

⁸⁵ ***. CR/PR at Table VI-4.

⁸⁶ CR/PR at Table III-3.

⁸⁷ CR/PR at Tables I-2 & III-1.

⁸⁸ CR/PR at Table IV-5.

⁸⁹ CR/PR at Table IV-5.

⁹⁰ CR/PR at Table IV-6.

⁹¹ CR/PR at Table VI-5.

⁹² CR/PR at Table III-1.

Although *** opposes the petition and imported substantial volumes of subject imports during the period, we do not find that appropriate circumstances exist to exclude the company from the industry. First, *** was one of the largest domestic producers of WBF during the period of investigation and continued to produce and ship considerably more domestically produced WBF in the United States than it imported from China during the period of investigation.⁹³ Moreover, as a percentage of its domestic production, *** actually imported a decreasing amount of subject imports into the United States in 2003 and interim 2004, with its imports of subject merchandise declining from *** percent of its domestic production in 2002 to *** percent in 2003 and then to *** percent in interim 2004.⁹⁴ Thus, it appears that *** primary focus was on domestic production rather than importation of the subject merchandise during the period of investigation.

Moreover, the record does not indicate that *** benefitted disproportionately from importing the subject merchandise when compared with the rest of the industry. ***'s operating income margins ranged between *** percent and *** percent during the POI.⁹⁵ Although these operating income margins were higher than the domestic industry's average operating income levels during the period of investigation,⁹⁶ the record also shows there was a wide range of operating results within individual members of the industry⁹⁷ and that seven of the seventeen domestic producers that did not import subject merchandise during the period had comparable or higher operating income margins during the period of investigation.⁹⁸ Given this, we find that *** did not benefit disproportionately from its importation of subject merchandise when compared to other members of the industry who did not import subject merchandise.

Finally, because *** financial results are not disproportionately different from those of other domestic producers and because *** accounted for *** percent of domestic production in 2003,⁹⁹ we do not find that inclusion of *** financial and trade data would significantly skew the industry's overall financial or trade data. Accordingly, we do not find appropriate circumstances to exclude *** from the domestic industry.

As a result, we define the domestic industry to include all U.S. producers of the domestic like product.¹⁰⁰

⁹³ CR/PR at Tables III-3, IV-5 & IV-6.

⁹⁴ CR/PR at Table IV-6.

⁹⁵ CR/PR at Table VI-5.

⁹⁶ The industry's operating income margins were 4.7 percent in 2001, 4.6 percent in 2002, 2.5 percent in 2003, and 3.2 percent in interim 2004. CR/PR at Table VI-1.

⁹⁷ CR/PR at Tables VI-4 & VI-5.

⁹⁸ ***. CR at Table VI-4.

⁹⁹ CR/PR at Table III-3.

¹⁰⁰ No party argued for the exclusion from the industry of any producer other than *** and ***. Nonetheless, we also examined the data concerning the twenty-four other producers who imported subject merchandise during the period of investigation and find that appropriate circumstances do not exist to exclude any of these producers from the industry as a related party.

IV. MATERIAL INJURY BY REASON OF LESS THAN FAIR VALUE IMPORTS¹⁰¹

A. Conditions of Competition¹⁰²

Several conditions of competition are pertinent to our analysis.

1. Demand Conditions

Demand for WBF is affected by changes in the housing market, consumer tastes, personal income levels, and demographics.¹⁰³ Generally, demand for WBF is moderately responsive to price changes in the market, primarily because of the discretionary nature of the retail customer's decision on whether to purchase WBF.¹⁰⁴ Nonetheless, a substantial number of purchasers reported that the presence of low-priced subject imports from China did not significantly affect overall demand for WBF in the U.S. market.¹⁰⁵ Moreover, the record indicates that demand for WBF, as measured by apparent consumption, has tracked housing starts and new home sales during the POI,¹⁰⁶ indicating that growth in demand during the POI has been affected primarily by changes in the housing market rather than by the increased presence of low-priced subject imports from China.

Apparent U.S. consumption of WBF grew during the period of investigation, increasing by 13.2 percent between 2001 and 2003, and by an additional 12.0 percent between interim 2003 and 2004.¹⁰⁷ Measured by value,¹⁰⁸ apparent U.S. consumption increased from \$4.1 billion in 2001 to \$4.5 billion in

¹⁰¹ We find that subject imports from China are not negligible under 19 U.S.C. § 1677(24). CR/PR at Table IV-2.

¹⁰² We find that the captive production provision does not apply in this investigation because the domestic producers did not internally transfer significant production of the domestic product for the production of a downstream product. 19 U.S.C. 1677(7)(C)(iv). The domestic industry internally consumed or transferred to related companies no more than *** percent of its total shipments during the period of investigation. CR/PR at Table III-4.

¹⁰³ CR at II-9, PR at II-6.

¹⁰⁴ CR at II-9-11 & II-37, PR at II-6-8 & II-28.

¹⁰⁵ CR at II-11, PR at II-8. In this regard, twenty-seven of the sixty-seven purchasers providing usable comments regarding the effect of subject WBF on aggregate U.S. demand, Purchasers' Questionnaires, Question III-3.c., reported that the presence of imports from China had not significantly affected overall U.S. demand for wooden bedroom furniture. Three purchasers reported that imports from China had reduced demand for U.S.-produced wooden bedroom furniture and increased the demand for the subject imported product. Twenty-three purchasers reported that overall demand had increased as a result of imports from China, while two reported that the volume of sales increased. Ten purchasers reported that imports from China had provided more styles or better quality at a similar price and thus provided a better value to consumers.

¹⁰⁶ Petitioners Prehearing Brief, Ex. 9.

¹⁰⁷ CR/PR at Table C-1.

¹⁰⁸ We have relied primarily on value data when analyzing volume and market share trends because quantity-based data are not available for certain categories of official import data. The parties agree that value data are best for assessing such issues as apparent consumption and import and domestic market share. See Tr. at 162-63; Tr. of Preliminary Staff Conference at 201-202. However, we also recognize that the use of value data for market share calculations may understate actual import volume to the extent it reflects less than fair value sales of WBF.

2002.¹⁰⁹ It then increased to \$4.7 billion in 2003.¹¹⁰ Apparent U.S. consumption was also higher in interim 2004 (at \$2.5 billion) than in interim 2003 (\$2.2 billion).¹¹¹

The large majority of wooden bedroom furniture is sold by producers and importers to furniture retailers in the U.S. market, with smaller amounts being sold to “hospitality/institutional” firms,¹¹² distributors, and other firms in the market.¹¹³ Approximately 91.8 percent of all domestic shipments of WBF and 87.8 percent of subject import shipments in 2003 (by value) were sold to furniture retailers.¹¹⁴ Much smaller amounts were sold to hospitality/institutional firms, distributors, and other firms in the market during 2003.¹¹⁵

U.S. furniture retailers generally display wooden bedroom furniture in designated retail areas, called “slots,” on their display floor.¹¹⁶ Access to these retail display slots is a critical aspect of a supplier’s ability to sell WBF through the retailer to the retail customer.¹¹⁷ Accordingly, the gain or loss of “slots” at any retailer can affect the overall volume of merchandise shipped by a producer or an importer.

The market for wooden bedroom furniture can be divided generally into three quality or pricing levels: a low-priced segment, a medium-priced segment, and a high-end segment.¹¹⁸ The quality or pricing category of a particular bedroom furniture suite is determined by the quality of its materials, construction and finish.¹¹⁹ Although most market participants agree that the market is comprised of furniture within these three quality segments, there is no consistent definition within the industry of the furniture quality or pricing that characterizes each segment.¹²⁰

2. Substitutability and Purchase Factors

The record indicates that there is a moderate to high degree of substitutability between domestic wooden bedroom furniture and the subject imports.¹²¹ The subject imports are similar in style and design features to the domestic merchandise.¹²² A substantial majority of purchasers report that the domestic and

¹⁰⁹ CR/PR at Tables IV-8 & C-1.

¹¹⁰ CR/PR at Tables IV-8 & C-1.

¹¹¹ CR/PR at Tables IV-8 & C-1.

¹¹² Hospitality sector firms include hotels, motels, retirement homes, and assisted care facilities.

¹¹³ CR/PR at Tables IV-4 & III-7.

¹¹⁴ CR/PR at Tables IV-4 & III-7.

¹¹⁵ CR/PR at Tables IV-4 & III-7.

¹¹⁶ CR at I-17 & II-16, PR at I-14 & II-10-11; see also Public Staff Report (Preliminary) at II-3 & II-4.

¹¹⁷ CR at I-17, PR at I-14; Tr. at 32 (Mr. Wentworth), 42 (Mr. W. Bassett), 105 (Mr. J. Bassett); Prelim. Det. at II-3 & II-4.

¹¹⁸ CR at I-14, PR at I-11.

¹¹⁹ CR I-14, PR at I-11.

¹²⁰ Preliminary Staff Report at V-5.

¹²¹ We note that staff estimates that the elasticity of substitution between the domestic and imported Chinese wooden bedroom furniture ranges from 3 to 6, suggesting a moderate to high degree of substitutability between the domestic and imported subject products. CR at II-38, PR at II-28.

¹²² CR at I-16, PR at I-14.

subject merchandise are always or frequently used interchangeably.¹²³ Further, most purchasers rated the domestic and subject merchandise as being comparable to one another on a variety of factors affecting the purchase decision, except for lowest price, delivery times and brand names.¹²⁴

The record also indicates that price is an important factor in the purchase decision for wooden bedroom furniture, with the large majority of responding purchasers reporting that “lowest price” is a very important factor in their purchase decision.¹²⁵ Similarly, the large majority of responding purchasers reported that price was either the first or second most important factor in their purchase decision.¹²⁶

3. Supply

There are a large number of WBF producers in the United States, with more than 50 firms reporting production of this furniture during the period of investigation.¹²⁷ The ten largest U.S. producers accounted for approximately 56 percent of U.S. producer shipments in 2003.¹²⁸ Only four of the ten largest producers, ***, accounted individually for more than five percent of the industry’s shipments in 2003, however.¹²⁹

The domestic WBF industry is a high variable-cost industry, that is, an industry in which unit raw materials, labor and other variable costs are high relative to its unit fixed costs.¹³⁰ An industry with high variable and low fixed costs, such as this one, can be expected to respond to changes in demand for its products by reducing capacity, production and employment levels.¹³¹ Between 2001 and 2003, the industry’s total production capacity fell by 2.9 percent,¹³² its production levels declined by 9.1 percent,¹³³ and the number of its production-related workers decreased by 19.9 percent.¹³⁴

¹²³ CR at II-23, PR at II-14. Forty-four of seventy-three responding purchasers reported that domestic and subject merchandise are always or frequently used interchangeably. Id. Fifteen purchasers reported that they are sometimes used interchangeably. Id.

¹²⁴ CR/PR at Table II-7. The subject imports were rated as being superior to the domestic merchandise with respect to “lowest price” by the large majority of purchasers, while the domestic merchandise was rated as being superior to the subject merchandise with respect to “delivery times” and “brand names” by a majority of purchasers. Id.

¹²⁵ CR/PR at Table II-4.

¹²⁶ CR/PR at Table II-3.

¹²⁷ CR at I-5, III-1 & Table III-1, PR at I-4, III-1 & Table III-1.

¹²⁸ CR at I-5, PR at I-4.

¹²⁹ CR/PR at Table III-1.

¹³⁰ CR at II-5-6, PR at II-4.

¹³¹ CR at II-5-6, PR at II-4.

¹³² CR/PR at Tables III-2 & C-1. The industry’s production capacity fell by 1.8 percent between interim periods. Id.

¹³³ CR/PR at Tables III-2 & C-1. The industry’s production quantity fell by 2.6 between interim 2003 and interim 2004. Id.

¹³⁴ CR/PR at Tables III-2 & C-1. The industry’s production and related workers fell by an additional 11.5 percent between interim periods. Id.

There are a large number of producers of wooden bedroom furniture in China. The petition identified 133 Chinese producers and exporters of wooden bedroom furniture,¹³⁵ and the Commission received foreign producer responses from 154 Chinese producers of WBF.¹³⁶ China was the largest source of imported wooden bedroom furniture during the period of investigation, accounting for 50.2 percent of total imports in 2003.¹³⁷ Chinese production capacity for the subject product grew considerably during the POI, more than doubling (measured in pieces) between 2001 and 2003.¹³⁸ Chinese production capacity is projected to increase by *** percent in 2004 and by an additional *** percent in 2005.¹³⁹

Non-subject imports maintained a substantial but stable presence in the U.S. market during the POI.¹⁴⁰ The market share of non-subject imports was *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in interim 2004.¹⁴¹ Non-subject imports maintained a stable market share during the POI even though their average unit values were substantially lower than the subject imports during the POI.¹⁴²

The domestic industry was responsible for a substantial but stable percentage of the subject imports during the period.¹⁴³ During the POI, the domestic industry imported between 33.3 percent and 36.0 percent of the subject merchandise (measured by value) imported during the POI.¹⁴⁴ However, subject imports accounted for an increasing portion of the domestic industry's total shipments during the POI, with the volume of the industry's subject imports growing from 7.8 percent of domestically produced shipments in 2001 to 16.7 percent in 2002, 25.6 percent in 2003, and 32.7 percent in interim 2004.¹⁴⁵

The domestic industry is divided with respect to its support for the petition.¹⁴⁶ Thirty-eight members of the industry, accounting for 37.8 percent of domestic production (measured in pieces) but 47.6 percent of the industry's U.S. shipments (measured by value) in 2003, support the petition.¹⁴⁷ Nine members of the industry, accounting for 59.1 percent of domestic production (measured in pieces) but 45.6 percent of the industry's U.S. shipments (measured by value) in 2003, oppose the petition.¹⁴⁸ Seven members of the industry, accounting for 3.1 percent of domestic production (measured in pieces) and 6.8

¹³⁵ CR/PR at VII-1, n.4.

¹³⁶ CR/PR at VII-1. The record indicates that China may possess 50,000 furniture makers employing more than 5 million workers. CR at VII-6-7, PR at VII-5.

¹³⁷ CR/PR at Table IV-1.

¹³⁸ CR/PR at Table VII-1.

¹³⁹ CR/PR at Table VII-1.

¹⁴⁰ CR/PR at Table IV-8.

¹⁴¹ CR/PR at Table IV-8.

¹⁴² CR/PR at Table IV-2.

¹⁴³ CR at IV-10, PR at IV-9.

¹⁴⁴ CR at IV-10; PR at IV-9.

¹⁴⁵ CR/PR at Table IV-5 & Figure IV-4.

¹⁴⁶ CR/PR at Table III-1.

¹⁴⁷ CR/PR at Tables III-1 & D-2; E-Mail from F. Fischer to K. Jones, dated Dec. 9, 2004 at Supplemental Table 1. Three producers that support the petition did not report data. Id.

¹⁴⁸ CR/PR at Tables III-1 & D-2; E-Mail from F. Fischer to K. Jones, dated Dec. 9, 2004, at Supplemental Table 1.

percent of the industry's U.S. shipments (measured by value) in 2003, take no position with respect to the petition.¹⁴⁹ Domestic producers opposing the petition accounted for a substantially larger percentage of subject imports during the POI than those supporting or taking no position on the petition.¹⁵⁰

B. Volume of the Subject Imports

Section 771(7)(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."¹⁵¹

We find that the volume of subject imports increased rapidly and consistently during the POI, both in absolute terms and relative to production and consumption in the United States. Measured by value, the volume of the subject imports increased by *** percent between 2001 and 2003, rising from \$*** million in 2001 to \$*** million in 2002 and to \$*** billion in 2003.¹⁵² The volume of the subject imports continued to rise significantly between interim periods, increasing from \$*** million in interim 2003 to \$*** million in interim 2004.¹⁵³

The market share of the subject imports also rose rapidly and consistently during the POI, increasing from *** percent of apparent consumption in 2001 to *** percent in 2002 and *** percent in 2003.¹⁵⁴ The subject imports' market share also grew between interim periods, increasing from *** percent in interim 2003 to *** percent in interim 2004.¹⁵⁵ Finally, the ratio of subject imports to domestic production (based on pieces) increased rapidly during the POI, growing from *** percent in 2001 to *** percent in 2002, and to *** percent in 2003.¹⁵⁶ This trend continued over the interim periods, increasing from *** percent in interim 2003 to *** percent in interim 2004.¹⁵⁷

¹⁴⁹ CR/PR at Tables III-1 & D-2; E-Mail from F. Fischer to K. Jones, dated Dec. 9, 2004, at Supplemental Table 1. Two producers who take no position did not report data to the Commission. *Id.* We also note that ***. Counsel for petitioners states that ***.

¹⁵⁰ CR/PR at Figure IV-3.

¹⁵¹ 19 U.S.C. § 1677(7)(C)(i).

¹⁵² CR/PR at Tables IV-8 & C-1. As noted earlier, we have relied primarily on value to perform our volume-based analyses because quantity-based volume data are not available for certain categories of official import data. However, we recognize that the use of value data for market share calculations may understate actual import volume to the extent it reflects LTFV sales of wooden bedroom furniture.

¹⁵³ CR/PR at Tables IV-8 & C-1.

¹⁵⁴ CR/PR at Tables IV-8 & C-1.

¹⁵⁵ CR and PR at Table IV-8 & C-1. The Lacquer Craft Group argued in its final comments (at 2-3) that the Commission's market share and consumption calculations understated the amount of merchandise shipped into the United States by the Chinese exporter Markor, which received a *de minimis* margin from Commerce, making its imports non-subject. Lacquer Craft suggested that the Commission adjust this data by using the volumes of exports to the United States reported in Markor's foreign producer questionnaire as a proxy for Markor's U.S. shipments. Adjusting our consumption table in the manner suggested by Lacquer Craft does not make a significant difference in the data or trends. *See* E-Mail from F. Fischer to K. Jones, et al., dated December 9, 2004, at Supplemental Table 2.

¹⁵⁶ CR/PR at Table IV-7.

¹⁵⁷ CR/PR at Table IV-7.

Given these rapid and consistent increases in subject imports during the POI, we find that the volume of the subject imports was significant during the period of investigation, both in absolute terms and relative to production and consumption in the United States. As we discuss below, the increases in subject import volumes and market share came directly out of the market share of the domestic industry and reduced the industry's production, shipment, and sales levels significantly.¹⁵⁸

We have considered respondents' argument that the domestic industry is itself primarily responsible for the large and consistent increases in subject volumes during the POI.¹⁵⁹ According to respondents, the increases in subject import volumes are the result of a decision by the domestic industry to utilize a "blended" sourcing strategy to compete more efficiently in the market.¹⁶⁰ We do not agree. Although it is true that the domestic producers imported approximately one third of all subject merchandise imported into the United States during the POI, importers who are not members of the domestic industry were responsible for roughly two-thirds of the subject imports and two-thirds of all increases in subject import volumes during the POI.¹⁶¹ Thus, the bulk of the subject import increases during the POI are attributable to the actions of importers that are not part of the domestic industry. Furthermore, even those domestic producers who have decided to "blend" their domestic production with imports freely admit that they are shifting production to China to obtain the benefit of low production costs,¹⁶² which indicates they are reducing their own production and sales of WBF in response to the LTFV pricing of subject merchandise.

We also considered respondents' argument that an increased supply of moderately priced subject WBF has increased overall demand in the market.¹⁶³ We do not agree that the significant increases in subject import volumes occurred primarily because they expanded aggregate demand in the market.^{164 165}

¹⁵⁸ In this regard, we note that the market share of the non-subject imports remained essentially stable during the period of investigation, ranging between *** percent and *** percent of apparent consumption throughout the POI. CR/PR at Tables IV-8 & C-1.

¹⁵⁹ Lacquer Craft Prehearing Brief at 4 & 16-17, 19-22; Furniture Retailers of America ("FRA") Brief at 3; see also Coalition Prehearing Brief at 4.

¹⁶⁰ Lacquer Craft Prehearing Brief at 4 & 16-17, 19-22; FRA Brief at 3; see also Coalition Prehearing Brief at 4. In this regard, we note that the term "blended strategy" refers to a strategic business decision made by members of the industry to shift production of certain items of WBF furniture to China as a means of benefitting from the low cost of production available in China. Id. Producers who adopt a "blended strategy" may import WBF as an entire bedroom suite or as individual pieces of WBF, such as beds or nightstands. As respondents frankly concede, however, the decision to shift production to facilities in China is based primarily on cost concerns, that is, on price.

¹⁶¹ CR at IV-10, PR at IV-9.

¹⁶² See CR/PR at Appendix H-3-6; Furniture Brands Prehearing Brief at 4-5.

¹⁶³ FRA Brief at 13.

¹⁶⁴ In this regard, we note that the statute does not suggest that increased imports that stimulate demand are to be viewed, per se, as not being significant or injurious. On the contrary, the statute specifically directs consideration of whether the volume of subject imports is significant "either in absolute terms or relative to production or consumption in the United States." 19 U.S.C. §1677(7)(C)(i). Thus, even if subject imports had increased aggregate demand in the market, the Commission would still be required to assess, inter alia, the absolute level of the subject imports, any increases in their market share, and their significance in the market.

¹⁶⁵ Commissioner Pearson finds that the record in this investigation does not allow a precise determination as to how much of the increase in consumption was due to lower prices and how much was due to continued growth in housing construction and home sales. Economic theory suggests that part of the consumption increase was due to lower prices. However, demand growth due to lower prices appears to have been quite modest relative to demand

(continued...)

First, if these increases in subject volumes occurred because low-priced imports significantly expanded demand in the market, we would have expected to find that increased subject import volumes satisfied the newly-created demand without significantly affecting the industry's shipment and production levels during the POI. However, the opposite occurred in this case, with the industry experiencing significant declines in its production, shipments, and sales levels as it lost substantial market share to subject imports.¹⁶⁶ Moreover, between 2001 and 2003, subject import volume rose much more sharply than the increase in apparent consumption.¹⁶⁷ Finally, although we recognize that demand for WBF is somewhat elastic and might be expected to respond to the availability of low-priced imports, the record indicates a closer tie between the increases in apparent consumption and increased housing starts and new house sales during the POI than between consumption changes and subject import volumes.¹⁶⁸

Accordingly, we find both the volume and increase in volume of subject imports, both in absolute terms and relative to production and consumption in the United States, to be significant.¹⁶⁹

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁷⁰

As discussed above, we find that there is a moderate to high degree of substitutability between domestic wooden bedroom furniture and the subject imports. In this regard, the majority of purchasers report that the subject imports and domestically produced WBF are always or frequently used interchangeably.¹⁷¹ Moreover, a majority of purchasers reported that the subject imports and the domestic and subject merchandise are comparable to one another with respect to most factors figuring into their purchase decision.¹⁷² We also note that the record indicates that price is an important factor in the

¹⁶⁵ (...continued)
growth driven by housing starts and home sales.

¹⁶⁶ CR/PR at Table C-1.

¹⁶⁷ Compare CR/PR at Table IV-1 with CR/PR at Table IV-8.

¹⁶⁸ Petitioners Prehearing Brief, Ex. 9.

¹⁶⁹ In fact, the Lacquer Craft Group concedes there “is no denying that the volume of Chinese imports, and their period of investigation rise, {were} material” during the POI. Lacquer Craft Prehearing Brief at 10.

¹⁷⁰ 19 U.S.C. § 1677(7)(C)(ii).

¹⁷¹ CR at II-23, PR at II-14. Forty-four of 73 responding purchasers reported that domestic and subject merchandise are always or frequently used interchangeably with one another. Id. Fifteen purchasers reported that they are sometimes used interchangeably with one another. Id.

¹⁷² CR/PR at Table II-7. The subject imports were rated as being superior to the domestic merchandise with respect to “lowest price” by the large majority of purchasers, while the domestic merchandise was rated as being superior to the subject merchandise with respect to “delivery times” and “brand names” by a majority of purchasers.
(continued...)

purchase decision for wooden bedroom furniture, with the large majority of responding purchasers reporting that “lowest price” is a very important factor in their purchase decision.¹⁷³

The quarterly price comparison data show that there was consistent and substantial underselling by the subject imports throughout the period of investigation.¹⁷⁴ The subject imports undersold the domestic merchandise in all 112 of the quarterly price comparisons between producer and importer pricing on the Louis Philippe- and Mission-style items of furniture examined by the Commission in this final phase investigation.¹⁷⁵ Moreover, the margins of underselling exhibited by the subject imports were large throughout the POI, ranging from 15.9 percent to 61.1 percent.¹⁷⁶ Given the consistency and size of underselling by the subject imports, we find that the subject imports undersold the domestic merchandise significantly during the POI.¹⁷⁷

Moreover, the price comparison data show that the subject imports depressed and suppressed domestic prices to a significant degree during the POI. In particular, the pricing data show that, for each price comparison product, weighted-average domestic prices declined significantly during the period between the first quarter of 2001 and the final quarter of 2003, when petitioners filed the petition in this investigation.¹⁷⁸ For example, between the first quarter of 2001 and the last quarter of 2003, the weighted-average domestic prices of the Louis Philippe-style bed, dresser, mirror, and night-stand declined by 28.9 percent, 10.8 percent, 18.3 percent, and 8.8 percent, respectively.¹⁷⁹ Similarly, between the first quarter of 2001 and the last quarter of 2003, the weighted-average domestic prices of the Mission-style bed, dresser, mirror, and night-stand declined by 13.3 percent, 5.8 percent, 22.3 percent, and 15.6 percent, respectively.¹⁸⁰ Thus, the pricing data show a significant correlation between underselling by subject imports and domestic price declines in the market during the period before the filing of the petition, especially given the importance of price to the purchase decision and the substitutability between the domestic and subject merchandise.¹⁸¹ Further, given that declines in the industry’s pricing during the POI outstripped declines in the industry’s costs of goods sold during the

¹⁷² (...continued)

Id.

¹⁷³ CR at II-22, PR at II-14. Similarly, the large majority of responding purchasers reported that price was either the first or second most important factor in their purchase decision. CR/PR at Table II-3.

¹⁷⁴ CR/PR at Tables V-5-V-12 & Figures V-5-V-12.

¹⁷⁵ CR at V-16 & Tables V-5-V-12 & Figures V-5-V-12, PR at V-14 & Tables V-5-V-12 & Figures V-5-V-12. The purchaser price data (which cover a smaller volume of sales than the producer/importer data) show that the subject imports undersold the domestic merchandise in the large majority of possible price comparisons. CR/PR at Tables 13-20.

¹⁷⁶ CR at V-16 & V-34, PR at V-14.

¹⁷⁷ We note that respondents have conceded that the subject imports have generally been priced well below domestic merchandise. Lacquer Craft Prehearing Brief at 11.

¹⁷⁸ In this regard, we note that domestic prices for several price comparison products recovered somewhat after the filing of the petition, indicating that the filing of the petition had a beneficial effect on domestic prices in the market. CR/PR at Tables V-5-V-12 and Figures V-5-V-12.

¹⁷⁹ CR/PR at Tables V-5-V-8.

¹⁸⁰ CR/PR at Tables V-9-V-12.

¹⁸¹ In this regard, we note that annual average unit value data for domestic shipments show a decline of 9.1 percent between 2001 and 2003, and a further decline of 3.9 percent between interim 2003 and interim 2004. CR/PR at Table C-1.

POI, the record indicates that this underselling caused the industry to experience a cost-price squeeze during the period.¹⁸²

The price comparison data also show that the significant and consistent underselling by the subject imports caused a significant shift in purchases from the domestic merchandise to the subject imports during the POI. In particular, the price comparison data for producers and importers show that, although there were some fluctuations on a quarter-by-quarter basis, continued underselling by the subject imports of the price comparison products led to significant declines in sales volumes for the domestic industry over the POI and to substantial increases in the amount of subject merchandise sold for each comparison product.¹⁸³ Given this shift in purchase volumes and the moderate to high degree of substitutability between the domestic and subject merchandise, the record indicates that subject import underselling not only had a significant effect on the domestic industry's prices but on its sales volumes and market share as well.

Finally, we have considered respondents' argument that the Commission's weighted-average price comparison data masks the fact that the subject imports did not, in fact, have any clear impact on domestic prices during the POI.¹⁸⁴ Although respondents concede that the Commission's price comparison charts show weighted-average domestic prices declining during the POI, they argue that a company-specific analysis of pricing trends shows no clear correlation between domestic producer pricing trends and underselling by the subject imports.¹⁸⁵ We do not agree with this argument. Although it is true that the Commission has the discretion to utilize any reasonable price comparison methodology in its analysis, the quarterly weighted-average price comparison methodology used in this proceeding is the standard methodology the Commission uses to assess whether subject imports are underselling domestic merchandise and having adverse price effects in the market.¹⁸⁶ We generally rely on weighted-average pricing because it allows us to assess, in a meaningful fashion, whether general pricing trends across a number of domestic producers indicate that the subject imports are having an adverse impact on domestic prices overall.

By weight-averaging reported domestic and imported prices, we are able to ensure that we do not place too much weight on pricing and price trends that are associated with smaller, less significant sales in the market. Breaking our price series apart by segregating out individual producer pricing and basing our price conclusions on those individual sets of data, as respondents suggest, would simply result in our giving greater weight to those producers who should have less weight, comparatively, in the analysis.

¹⁸² CR/PR at Table VI-1. The industry's cost of goods sold as a percentage of net sales increased from 79.8 percent to 81.4 percent between 2001 and 2003; it was 80.2 percent in interim 2004. *Id.* The industry's SG&A expenses as a percentage of net sales also increased during the POI, growing from 15.5 percent in 2001 to 16.1 percent in 2003 and 16.6 percent in interim 2004. *Id.* Both of these changes affected the industry's operating income margins, which fell from 4.7 percent in 2001 to 2.5 percent in 2003, and 3.2 percent in interim 2004. *Id.*

¹⁸³ CR/PR at Tables V-5-V-12. We recognize that the volume trends in the purchaser price data are not as clear. However, as we noted above, the importer price comparisons cover a larger volume of sales.

¹⁸⁴ Lacquer Craft Prehearing Brief at 11.

¹⁸⁵ Lacquer Craft Prehearing Brief at 11 & 39-40; FRA Prehearing Brief at 18.

¹⁸⁶ See, e.g., Certain Ceramic Station Post Insulators from Japan, Inv. No. 731-TA-1023 (Final) USITC Pub. 3655 at 15, n. 104 (Dec. 2003); DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Final), USITC Pub. 3616 at 24 (August 2003).

Moreover, the statute directs us to assess the effect of subject imports on the industry “as a whole,”¹⁸⁷ requiring us to focus on the prices of the broader industry rather than simply those of individual producers.¹⁸⁸

Finally, the quarterly individual producer pricing data are, in fact, consistent with our finding that underselling by the subject import caused significant price depression and suppression and significant sales shifts during the POI. Although the quarterly producer data show that prices increased during the POI for a number of the reporting domestic producers, they also show that a substantial number of producers, including a number of the largest volume producers, experienced significant price declines on individual price comparison products during the POI.¹⁸⁹ Further, the data also show that most of the producers whose prices increased over the POI experienced significant declines in their volumes on price comparison products during the POI.¹⁹⁰ Thus, to the extent that individual producer prices were not declining during the POI, the producers were generally losing significant volumes to the subject imports as a result of underselling. Given this, we do not find that the individualized price comparison methodology suggested by respondents indicates that the subject imports did not have a significant impact on domestic prices or sales during the POI.¹⁹¹

Accordingly, we find that there has been significant price underselling by the subject imports and that the effect of such imports has been to depress prices for the domestic like product to a significant degree during the POI.

D. Impact of the Subject Imports

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.¹⁹² These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is

¹⁸⁷ See 19 U.S.C. § 1677(4)(A); Timken Co. v. United States, Slip op. 04-17 (Feb. 25, 2004); Calabrian Corp. v. United States, 794 F. Supp. 377, 385-86 (CIT 1992).

¹⁸⁸ DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Final), USITC Pub. 3616 at 24 (August 2003).

¹⁸⁹ CR/PR at Table V-4. We examined the percentage changes in producer prices between the first and last quarters for which producers reported data, provided that data were reported for at least half of the requested fourteen quarters. *Id.* This analysis showed that, of 81 producer level price changes over the POI, forty-four were increases, thirty-six were decreases, and one showed no difference. CR at V-16, PR at V-14 & Table V-4.

¹⁹⁰ See E-Mail from W. Deese to N. Reynolds, dated December 21, 2004, at Attachment.

¹⁹¹ We also note that we received three allegations of lost revenues from the domestic producers during the POI and were ***. CR at V-39-40 & V-42, PR at V-26-28. However, this fact does not offset the substantial record evidence we have cited above that shows that the subject imports undersold the domestic merchandise significantly during the POI and had significant adverse effects on domestic prices during the POI.

¹⁹² 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”).

dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”¹⁹³

As we discussed above, there were rapid and significant increases in the volume and market share of the subject imports during the POI and the subject imports consistently undersold domestic merchandise at significant margins throughout the POI. As these lower-priced subject imports entered the market in increasing volumes during the POI, the domestic industry experienced substantial declines in almost all of its trade and financial indicia, even during a period of growing apparent consumption.¹⁹⁴ Between 2001 and 2003, as the subject imports gained *** percentage points of market share as a result of consistent underselling, the industry lost 15.3 percentage points of market share.¹⁹⁵ These declines continued between interim periods, with the industry’s market share declining by 7.0 percentage points between interim 2003 and 2004 as the subject imports saw their market share increase by *** percentage points.¹⁹⁶ Further, in the face of these increasing volumes of low-priced subject imports, the industry experienced significant declines in its capacity, production, capacity utilization, domestic shipments, net sales values and quantities, employment levels, operating income, operating income margins, and capital investment.¹⁹⁷

Because of its relatively high variable costs, the industry responded to increased volumes of subject imports in the WBF market primarily by reducing its capacity, production, and employment levels. The industry’s reported production capacity fell by 2.9 percent from 2001 to 2003, and by 1.8 percent between the interim periods.¹⁹⁸ The industry’s production quantities fell by 9.1 percent between 2001 and 2003, and by 2.6 percent between interim periods; its capacity utilization rate declined by 4.5 percentage points between 2001 and 2003 and by 1.3 percentage points between interim periods.¹⁹⁹ The number of production workers employed by the industry declined significantly during the POI, falling by 19.9 percent between 2001 and 2003, and by 11.5 percent between interim periods.²⁰⁰ Wages paid by the industry fell by 15.6 percent between 2001 and 2003, and by 3.8 percent between interim periods, while

¹⁹³ 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

¹⁹⁴ CR/PR at Table C-1.

¹⁹⁵ CR/PR at Tables IV-8 & C-1.

¹⁹⁶ CR/PR at Tables IV-8 & C-1. As noted previously, the market share of non-subject imports remained essentially stable throughout the POI (ranging between *** percent and *** percent), indicating that the subject imports gains were made at the direct expense of the industry. Id.

¹⁹⁷ CR/PR at Table C-1.

¹⁹⁸ CR/PR at Tables III-2 & C-1. The industry’s reported capacity (measured in pieces) fell from 17.8 million pieces in 2001 to 17.3 million pieces in 2003, and was 8.8 million pieces and 8.6 million pieces in interim 2003 and 2004, respectively. Id. These reported capacity declines are understated somewhat because we did not receive producer questionnaires from a number of domestic producers that went out of business during the POI. CR/PR at III-1, n. 4; Tr. at 13 (Dorn). In addition, the industry has closed as many as 68 plants producing WBF during the POI. Petitioners Prehearing Brief at 37, & Ex. 32; Petitioners’ Final Comments at Ex. 2.

¹⁹⁹ CR/PR at Tables III-2 & C-1. Measured by pieces, the industry’s reported production volume fell from 14.0 million pieces in 2001 to 12.7 million pieces in 2003, and was 6.7 million pieces and 6.5 million pieces in interim 2003 and 2004, respectively. Id. Measured by pieces, the industry’s reported capacity utilization rate fell from 77.2 percent in 2001 to 72.7 percent in 2003. It was 76.1 percent and 74.6 percent in interim 2003 and 2004, respectively. Id.

²⁰⁰ CR/PR at Tables III-12 & C-1. We note that the Department of Labor has certified that 12,793 workers at 53 domestic plants were eligible for trade adjustment assistance during January 2001 through June 2004. CR at III-21, PR at III-19.

hours worked in the industry fell by 20.4 percent between 2001 and 2003, and by 9.1 percent between interim periods.²⁰¹

The increased volumes of the subject imports and their corresponding price effects also had a significant adverse impact on the industry's sales and shipment levels.²⁰² The quantity of the industry's domestic shipments (measured in pieces) declined by 9.8 percent between 2001 and 2003 and by 2.7 percent between interim periods, while the value of its domestic shipments declined by 18.1 percent between 2001 and 2003, and by 6.4 percent between interim periods.²⁰³ The industry's net sales values declined by 18.3 percent between 2001 and 2003 and by 8.0 percent between interim periods, while its net sales quantities declined by 9.9 percent from 2001 to 2003, and by 5.1 percent between interim periods.²⁰⁴ These declines occurred even as apparent consumption increased by 8.2 percent from 2001 to 2002, by 4.6 percent between 2002 and 2003, and by 12.0 percent between interim periods.²⁰⁵

While remaining positive throughout the POI, the industry's financial performance indicators declined significantly between 2001 and 2003, with the industry's operating income continuing to decline between interim periods.²⁰⁶ The industry's operating income fell by 56.7 percent, from \$109.8 million to \$47.5 million, between 2001 and 2003, and by 4.9 percent between interim periods.²⁰⁷ The industry's net income fell by 71.4 percent, from \$77.2 million to \$22.1 million, between 2001 and 2003, and remained essentially unchanged between interim periods.²⁰⁸ The industry's operating income margin fell from 4.7 percent in 2001 to 4.6 percent in 2002 and to 2.5 percent in 2003.²⁰⁹ The industry's operating income

²⁰¹ CR/PR at Tables III-12 & C-1. We note that the industry's productivity increased by 14.9 percent between 2001 and 2003, and by 5.9 percent between interim periods. Id.

²⁰² The declines in the industry's sales and shipment levels, as well as its market share losses, are due, in part, to its loss of display "slots" at retailers during the POI. CR at II-16, PR at II-10-11. As we noted above, access to these display slots is a critical component in selling WBF through the retailer to the retail customer. Twenty-five of 41 responding producers reported that they lost floor space at retailers to subject suppliers and 21 of 51 purchasers reported that they allotted less floor space to the domestic producers relative to the subject imports during the POI. CR at II-16, PR at II-10-11.

²⁰³ CR/PR at Tables III-4 & C-1. Measured by pieces, the quantity of the industry's domestic shipments dropped from 14.0 million in 2001 to 12.6 million in 2003, and was 6.6 million and 6.4 million in interim 2003 and interim 2004, respectively. Id. The value of the industry's domestic shipments dropped from \$2.3 billion in 2001 to \$1.9 billion in 2003, and was \$961 million and \$899 million in interim 2003 and interim 2004, respectively. Id.

²⁰⁴ CR and PR at Tables VI-1 & C-1. The industry's aggregate net sales value declined from \$2.3 billion in 2001 to \$1.9 billion in 2003, and was \$991.8 million and \$912.9 million in interim 2003 and interim 2004, respectively. Id. The industry's aggregate net sales quantity fell from 13.9 million pieces in 2001 to 12.5 million pieces in 2003, and was 6.6 million pieces and 6.3 million pieces in interim 2003 and interim 2004, respectively. Id.

²⁰⁵ CR/PR at Table IV-8. We received several lost sales allegations from two members of the industry during the final investigation. CR at V-35-38, PR at V-25-26. *** these allegations. Id. However, this fact does not offset the evidence in the record indicating that the industry lost substantial sales volumes to the imports, especially considering the fact that most of these allegations related to sales made in the institutional/hospitality sector of the market, id., which accounts for a small portion of the overall market. CR/PR at Figure III-4.

²⁰⁶ CR/PR at Tables VI-1 & C-1.

²⁰⁷ CR and PR at Tables VI-1 & C-1. The industry's aggregate operating income fell from \$109.7 million in 2001 to \$47.5 million in 2003, and was \$30.7 million and \$29.2 million in interim 2003 and interim 2004, respectively. Id.

²⁰⁸ CR and PR at Tables VI-1 & C-1.

²⁰⁹ CR/PR at Tables VI-1 & C-1.

margin was 3.1 percent and 3.2 percent in interim 2003 and interim 2004, respectively.²¹⁰ Finally, the industry's research and development and capital expenditures both fell during the POI.²¹¹

In sum, subject imports had a significant adverse impact on the condition of the domestic industry during the POI. As discussed above, the significant increases in the volumes of the subject imports consistently and significantly undersold the domestic merchandise during the period of investigation. The domestic industry lost significant market share to LTFV imports, which in turn significantly affected the industry's production, shipments and sales volumes as well as nearly all of its other indicators. Although the industry's operating margin remained positive throughout the period of investigation, the industry's aggregate operating income fell by a significant amount during the POI.²¹² Thus, we find that subject imports adversely affected the performance of the domestic industry during the period of investigation.

As part of our analysis, we have considered respondents' argument that the industry has actually benefitted from the subject imports because it has adopted a "blended sourcing" strategy that allows it to source WBF from the most cost-effective suppliers in China and the United States.²¹³ They argue that producers who have adopted this strategy have been able to maintain their profitability levels during the POI, and that declines in the industry's production or sales levels are offset by its increased sales of subject and non-subject imports during the POI.²¹⁴ Respondents' arguments on this score are legally and factually flawed. First, as a legal matter, the statute directs us to assess the "impact of imports on domestic producers of domestic like products, but only in the context of domestic production operations within the United States."²¹⁵ Congress has specifically stated that the:

²¹⁰ CR/PR at Tables VI-1 & C-1.

²¹¹ CR/PR at Table VI-6 & C-1. The industry's research and development expenses fell from \$11.039 million in 2001 to \$10.6 million in 2003, and were \$5.7 million in interim 2003 and \$5.5 million in interim 2004. *Id.* The industry's capital expenditures fell from \$57.4 million in 2001 to \$30.4 million in 2003, and were \$16.3 million and \$11.5 million in interim 2003 and 2004, respectively. *Id.*

²¹² We have considered respondents' argument that the staff report's financial charts make the industry's financial condition appear worse than it is because certain members of the industry (such as ***) included non-recurring restructuring costs in their financial data as operating costs. Lacquer Craft Prehearing Brief at 34-36; FRA Prehearing Brief at 27-29. Respondents argue that the Commission should analyze the industry's financial condition without these restructuring costs, looking primarily at the financial results of the industry's "continuing operations." We disagree. Most, if not all, of these restructuring expenses were associated with the shutdown or closing of plants by members of the industry during the POI, which were related, at least in part, to the impact of subject imports. CR at VI-7, n.7, PR at IV-7, n.7. Moreover, these costs were reported in accordance with GAAP. CR at VI-7, n.8 PR at IV-7, n.7. Because we find that these shutdowns were due, in significant part, to the impact of the subject imports on the industry, we find that it is reasonable to include the related costs in the industry's reported costs of operations.

Furthermore, we note that, in response to these arguments, we obtained data on the industry's non-recurring costs to assess whether inclusion of these costs significantly affected the industry's operating results. Memorandum INV-BB-149 at 1. Although the resulting data show that the operating income and margins of the industry are higher on a year-to-year basis when these costs are excluded, the data also show that the declines in the industry's operating income and margins are actually larger when these costs are stripped out. *Id.* (showing a decline from 2001 to 2003 of \$90.3 million in operating income before non-recurring costs are stripped out, as opposed to a decline of \$62.3 million with the costs included, and a decline of 3.2 percentage points in the industry's operating income margin with non-recurring costs stripped out, as opposed to a decline of 2.2 percentage points with the costs included). Given this, the exclusion of these costs would have no impact on our findings in this case.

²¹³ Lacquer Craft Prehearing Brief at 9 & 31-32.

²¹⁴ Lacquer Craft Prehearing Brief at 31-33; FRA Prehearing Brief at 15.

²¹⁵ 19 U.S.C. §1677(7)(B)(III)(emphasis added).

foreign operations or import operations of domestic producers are not to be considered in measuring the impact of imports on the domestic industry. For example, profits earned by a domestic producer due to products which it imports to meet competition should not be the basis of a negative determination of injury. The domestic industry may be materially injured by reason of unfair imports even if some producers themselves import in order to stay in business.”²¹⁶

The statute therefore requires the Commission to focus on whether the subject imports are having an adverse impact on the domestic production operations of the industry, not on whether the industry’s overall operations, including its import operations, are performing well despite the presence of subject imports in the market. And, as we discussed above, the record shows that the domestic production operations of these companies have clearly become smaller and weaker as a result of increased LTFV subject imports during the POI.²¹⁷

Second, respondents’ argument is flawed factually. It ignores the fact that nearly two-thirds of subject imports were imported not by members of the industry but by importers selling merchandise in competition with the industry.²¹⁸ The adverse impact of these imports cannot be attributed to the adoption of a “blended sourcing” strategy by the domestic producers during the POI. Further, the record does not support the argument that members of the industry who have adopted such a strategy have been able to maintain their profitability levels during the POI by importing subject merchandise.²¹⁹ While several of the larger domestic producers who import have been able to maintain the operating income margins on their domestic production operations during the POI,²²⁰ the record also shows that, considered as a whole, domestic producers who import experienced similar operating income margins declines on their domestic operations as did those members of the industry who did not import during the POI.²²¹

We also have considered in our analysis respondents’ argument that imposition of the dumping margins found by Commerce would not have had any impact on competition in the WBF market during the POI.²²² Again, we do not find this argument persuasive. First, although we have considered the

²¹⁶ S. Rep. No. 100-171, 100th Cong., 1st Sess. 117 (1988)(emphasis added); see also H. Rep. 100-40, 100th Cong., 1st Sess. 128-29 (1988).

²¹⁷ Respondents argued that the industry is “smaller but stronger” during the final phase investigation. See, e.g., Lacquer Craft Prehearing Brief at 31, Lacquer Craft Posthearing Brief at 3 and 6. The data discussed above, in particular the financial data, disprove this claim.

²¹⁸ See CR at IV-10, Table IV-8 & Figure IV-3, PR at IV-9, Table IV-8 & Figure IV-3.

²¹⁹ CR/PR at Table VI-5.

²²⁰ CR/PR at Table VI-5 (e.g., *** and ***).

²²¹ Compare CR/PR at Table VI-5 (importing producers had operating margins of 4.7 percent in 2001, 4.8 percent in 2002, 2.5 percent in 2003, and 3.2 percent in interim 2004) with CR/PR at Table VI-4 (importing producers who did not import had operating margins of 4.8 percent in 2001, 3.7 percent in 2002, 2.3 percent in 2003, and 3.0 percent in interim 2004).

²²² Lacquer Craft Posthearing Brief at 1; FRA Posthearing Brief at 3. Respondents contend that subject imports would still undersell domestic merchandise significantly, even if dumping duties in these amounts were to be imposed. Id. To the extent that respondents are arguing that the dumping margins are too low to benefit the domestic industry, we note that nothing in the statute or case law requires (or allows) us to consider the likely effectiveness of a dumping order in making our injury determination. The possibility that non-subject imports will increase in the future after an antidumping order is imposed is similarly not relevant to our analysis of whether subject imports are currently materially injuring the industry.

margins of dumping announced by Commerce in our analysis,²²³ as required by the statute,²²⁴ the dumping margin is only one of the many factors that we are required to consider as part of our assessment of the impact of subject imports on the condition of the industry.²²⁵ Thus, whether or not the LTFV margins announced by Commerce are properly characterized as being low, moderately high or very high, we are still required to assess these margins within the context of all of the other factors that establish whether the subject imports have affected the condition of the domestic industry.^{226 227}

Furthermore, it is not the case that the filing of the petition and imposition of Commerce's preliminary duties have had no impact on the pricing or volumes of the subject merchandise during the POI. On the contrary, the record indicates that imposition of preliminary duties in June 2004 had a significant dampening effect on the volume of subject imports.²²⁸ Moreover, our price comparison data indicate that the filing of the petition has had some beneficial effect on domestic prices in the market during the first half of 2004.²²⁹

Finally, we have considered the fact that a substantial proportion of the industry opposes the petition and the imposition of antidumping duties in this investigation. As we noted previously, nine members of the industry, accounting for 59.1 percent of domestic production (measured in pieces) but 45.6 percent of the industry's U.S. shipments (measured in value) in 2003, oppose the petition.²³⁰ Thirty-eight members of the industry, accounting for 37.8 percent of domestic production (measured in pieces) but 47.6 percent of the industry's U.S. shipments (measured in value) in 2003, support the petition.²³¹ Respondents argue that the opposition of a substantial portion of the industry to the petition indicates that the industry as a whole is not being materially injured by subject imports and that the subject imports from China have been a net benefit to the industry's operations.²³²

²²³ 69 Fed. Reg. at 67317-67319. In its final affirmative LTFV determination, Commerce found that one company, Markor International Furniture (Tianjin) Manufacturing Company, had a *de minimis* rate (of 0.79 percent). For the other companies entitled to an individual dumping margin, Commerce found dumping margins ranging from 2.22 percent to 198.08 percent. The rate applicable to 115 firms (those who filed section A responses alone) was 8.64 percent. The "all others" rate found by Commerce was 198.08 percent.

²²⁴ 19 U.S.C. §1677(7)(C)(iii)(V).

²²⁵ 19 U.S.C. §1677(7)(C)(iii). Commissioner Pearson does not join the remainder of this discussion on margins.

²²⁶ 19 U.S.C. §1677(7)(C)(iii).

²²⁷ We also note the statute requires us to assess the actual impact of the prices and volumes of subject imports on the current industry within existing conditions of competition in the market in our present injury analysis. 19 U.S.C. §1677(7)(C)(iii).

²²⁸ Petitioners Posthearing Brief at Ex. 17.

²²⁹ See, e.g., CR/PR at Tables V-5-V-12 & Figure V-5-V-12.

²³⁰ CR/PR at Tables III-1 & D-2; E-Mail from F. Fischer to K. Jones, dated Dec. 9, 2004, at Supplemental Table 1.

²³¹ CR/PR at Tables III-1 & D-2; E-Mail from F. Fischer to K. Jones, dated Dec. 9, 2004, at Supplemental Table 1. Three producers that support the petition did not report data to the Commission. *Id.* Seven members of the industry, accounting for 3.1 percent of domestic production (measured in pieces) and 6.8 percent of the industry's U.S. shipments (measured by value) in 2003, take no position with respect to the petition. Two of these producers did not report data to the Commission. *Id.*

²³² Lacquer Craft Prehearing Brief at 40; Furniture Brands Prehearing Brief at 1-2.

We do not find respondents' argument compelling.²³³ While it is true that we have the discretion to consider the level of an industry's support for the petition as part of our analysis, the level of support by the industry is not dispositive with respect to a finding of present material injury.²³⁴ Thus, even though a substantial percentage of the industry opposes the petition, this does not outweigh the other record evidence indicating that the subject imports have had significant volume and price-related effects on the industry.

Moreover, while it is true that nine members of the industry, representing a majority of domestic production in 2003, oppose the imposition of dumping duties, thirty-eight producers, representing a larger percentage of domestic shipments (measured by value) in 2003 than those in opposition, support the imposition of duties in this case.²³⁵ Also, we note that six unions support the petition, including two unions whose members work at facilities owned by ***.²³⁶ Thus, there remains substantial industry-wide support for the petition. Finally, we would add that the nine domestic producers who oppose the petition have been responsible for the large majority of the subject merchandise imported by the industry during the POI,²³⁷ indicating that their views on this matter are affected by a desire to continue importing subject imports.

Accordingly, we conclude that the subject imports of WBF have had a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we find that the domestic wooden bedroom furniture industry is materially injured by reason of LTFV imports from China.

²³³ To the extent that respondents' argument appears to suggest that we should revisit whether the petitioners had "standing" to file the petition on behalf of the industry, we note that it is the responsibility of the Commerce Department, not the Commission, to determine whether there is sufficient domestic industry support for the petition. See, e.g., 19 U.S.C. §1673a(c)(4). Moreover, once made, Commerce's standing decision may not be revisited after initiation. 19 U.S.C. §1673a(c)(4)(E); SAA at 863 ("Arguments regarding industry support should not be made to either Commerce or the Commission following initiation."); *Fujitsu Limited v. United States*, 36 F. Supp. 2d 394 (Ct. Int'l Trade 1999). Thus, to the extent these arguments pertained to whether or not the petitioners had standing to file the case, they are irrelevant to our determination.

²³⁴ See *Allegheny Ludlum Corp. v. United States*, 287 F.3d 1365, 1375-76 (Fed. Cir. 2002).

²³⁵ CR at III-3, PR at III-3; E-Mail from F. Fischer to K. Jones, et al., dated Dec. 9, 2004, at Supplemental Table 1.

²³⁶ ***. CR/PR at Table III-13.

²³⁷ CR/PR at Table IV-3.

PART I: INTRODUCTION

BACKGROUND

This investigation was instituted in response to a petition filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) on October 31, 2003, by the American Furniture Manufacturers Committee For Legal Trade, Washington, DC, and its individual members,¹ and the Cabinet Makers, Millmen, and Industrial Carpenters, Local 721, Whittier, CA.² The petition alleges that an industry in the United States is materially injured, and threatened with material injury, by reason of imports from China of wooden bedroom furniture³ that are alleged to be sold in the United States at less than fair value (LTFV). Information relating to the background of this investigation is presented in table I-1.

PREVIOUS INVESTIGATIONS

The Commission has not previously conducted antidumping or countervailing duty investigations concerning wooden bedroom furniture.

ORGANIZATION OF THE REPORT

Information on the subject merchandise, alleged dumping margins, and the domestic like product is presented in Part I. Information on conditions of competition and other economic factors is presented in Part II. Information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment, is presented in Part III. Information on the volume of imports of the subject merchandise, apparent consumption, and market shares is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial condition of U.S. producers. Information on the producers in China and on U.S. importers' inventories is presented in Part VII.

¹ At the time of the filing of the petition, the American Furniture Manufacturers Committee For Legal Trade (AFM Committee) consisted of 27 U.S. producers. However, since the institution of the investigation two firms, Hooker and Cresent, have withdrawn from the AFM Committee. *See* letter of Joseph W. Dorn, counsel for petitioners, to Commerce and the Commission dated July 27, 2004, indicating Hooker's withdrawal as a petitioner; and letter of Joseph W. Dorn to Commerce and the Commission dated September 17, 2004, indicating Cresent's withdrawal as a petitioner. ***.

² On December 4, 2003, the petitioners amended the petition to include four additional labor unions as co-petitioners: UBC Southern Council of Industrial Workers, Local Union 2305, Columbus, MS; United Steelworkers of America, Local 193U, Lewisburg, PA; Carpenters Industrial Union, Local 2093, Phoenix, AZ; and Teamsters, Chauffeurs, Warehousemen and Helpers, Local 991, Bay Minette, AL. *See* letter to the Commission and Commerce from petitioners dated December 4, 2003.

On November 2, 2004, the petitioners amended the petition to include an additional labor union as co-petitioner—the IUE, Industrial Division of CWA, Local 82472, Hagerstown, MD. *See* letter to the Commission and Commerce from petitioners dated November 2, 2004.

³ The merchandise subject to this investigation is wooden bedroom furniture, as described in the section entitled *The Subject Product* in Part I of this report.

Table I-1
Wooden bedroom furniture: Chronology of investigation No. 731-TA-1058

Date	Action
October 31, 2003	Petition filed with Commerce and the Commission
October 31, 2003	Commission institutes investigation No. 731-TA-1058 (Preliminary)
November 10, 2003	Commission publishes notice of institution in the <i>Federal Register</i> ¹
November 21, 2003	Commission's public conference
November 24, 2003	Commerce publishes in the <i>Federal Register</i> its notice extending the date of its initiation of investigation ²
December 17, 2003	Commerce publishes notice of its initiation in the <i>Federal Register</i> ³
January 9, 2004	Date of Commission's vote in the preliminary phase investigation
January 12, 2004	Commission's transmittal of its preliminary determination to Commerce
January 20, 2004	Commission's views sent to Commerce
June 24, 2004	Commerce publishes its preliminary antidumping determination in the <i>Federal Register</i>
July 15, 2004	Commission publishes its schedule for the final phase investigation in the <i>Federal Register</i> ⁴
August 5, 2004	Commerce publishes an amended preliminary antidumping determination in the <i>Federal Register</i>
September 9, 2004	Commerce publishes an amended preliminary antidumping determination in the <i>Federal Register</i>
November 9, 2004	Commission's hearing ⁵
November 17, 2004	Commerce publishes its final antidumping determination in the <i>Federal Register</i> ⁶
December 10, 2004	Commission's vote
December 22, 2004	Commission's transmittal of its determination and views to Commerce
<p>¹ 68 FR 63816. ² 68 FR 65875. ³ 68 FR 70228. ⁴ 69 FR 42452, presented in app. A. ⁵ A list of witnesses appearing at the Commission's hearing is presented in app. B. ⁶ 69 FR 67313, presented in app. A.</p> <p>Source: Various <i>Federal Register</i> notices.</p>	

SUMMARY OF DATA PRESENTED IN THE REPORT

A summary of data collected in the investigation is presented in appendix C. U.S. producers' data are based on the questionnaire responses of 49 firms⁴ accounting for approximately 88 percent of estimated U.S. shipments (based on value) in 2003.⁵ Data on U.S. imports are based on official statistics of Commerce, except as noted.⁶ Data on the industry in China are based on the questionnaire responses of 154 firms believed to account for approximately 62 percent of Chinese exports of the subject merchandise to the United States in 2003.⁷

THE NATURE AND EXTENT OF SALES AT LTFV

On November 17, 2004, Commerce published its final antidumping determination in the *Federal Register*.⁸ The final dumping margins range from 0.79 percent *ad valorem*⁹ to 198.08 percent *ad valorem*. Commerce determined separate rates for seven "mandatory" respondents ranging from 0.79 percent *ad valorem* to 198.08 percent *ad valorem*,¹⁰ and 115 Chinese producers/exporters that voluntarily completed Commerce's "Section A" questionnaire and demonstrated that they were eligible to receive a separate rate of 8.64 percent *ad valorem*.¹¹ The China-wide rate for all other producers/exporters in China is 198.08 percent *ad valorem*.¹² The period of investigation for Commerce's dumping investigation is April 2003-September 2003. Commerce used Indian surrogate values to calculate factors of production, material inputs, and other costs.

⁴ The financial analysis of U.S. producers presented in Part VI of this report is based on the responses of 43 firms.

⁵ Coverage was calculated using the Commission's total U.S. shipment value for 2003 of \$1.879 billion (*see* table III-4) and the petitioners' U.S. industry estimate for 2003 of \$2.141 billion. Staff phone conversations with Joseph Dorn, counsel to petitioners, October 18, 2004; and Wyatt Bassett, Executive Vice President, Vaughan-Bassett, October 19, 2004.

⁶ The Commission received questionnaire responses from 123 U.S. importers believed to account for approximately 80 percent of imports of wooden bedroom furniture from China in 2003. Coverage was calculated using the value of U.S. imports from China reported by responding U.S. importers in 2003 (\$1.124 billion) compared to the value of imports of \$1.402 billion in 2003 from official import statistics.

⁷ Coverage was calculated using the Commission's quantity of wooden beds exported to the United States reported by Chinese producers in 2003 (1.948 million) and the quantity of wooden beds imported from China in 2003 (3.137 million) from official import statistics.

⁸ 69 FR 67313, November 17, 2004.

⁹ Markor International Furniture (Tianjin) Manufacture Co., Ltd. (Markor Tianjin) received a *de minimis* dumping margin of 0.79 percent *ad valorem*.

¹⁰ Commerce estimated that the seven mandatory respondents account for approximately 35 percent of U.S. imports of wooden bedroom furniture from China. *See* Commerce's *Fact Sheet* from its preliminary determination, p. 1.

¹¹ Chinese producers/exporters subject to the Section A rate are believed to account for approximately 55 percent of U.S. imports of wooden bedroom furniture from China.

¹² Chinese producers/exporters subject to the PRC-wide rate of 198.08 percent *ad valorem* are believed to account for approximately 10 percent of imports of wooden bedroom furniture from China. At the time of the preliminary determination in June 2004, Chinese producers/exporters subject to the PRC-wide rate were believed to account for approximately 20 percent of imports from China. *See* "Documentation Led To Lower Duties, DOC Says," *Furniture Today*, November 10, 2004.

Commerce's final dumping margins, as amended, are as follows:

Manufacturer/exporter	Final dumping margin
	Percent ad valorem
Dongguan Lung Dong	2.22
Dorbest Group	16.70
Lacquer Craft	6.95
Markor Tianjin ¹	0.79
Shing Mark	5.07
Starcorp	15.24
Tech Lane	198.08
Section A respondents (115 firms)	8.64
PRC-wide (all other firms)	198.08
¹ De minimis margin.	

SUMMARY OF MARKET PARTICIPANTS

Over 50 U.S. firms produced wooden bedroom furniture during January 2001-June 2004, and over 120 U.S. firms imported wooden bedroom furniture from China. Table I-2 presents a list of the largest U.S. producers and importers of wooden bedroom furniture.

Table I-2
Wooden bedroom furniture: Largest U.S. producers and U.S. importers of the subject merchandise, 2003

*	*	*	*	*	*	*
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The top 10 reporting U.S. producers accounted for approximately 56 percent of estimated U.S. producers' shipments (based on value) in 2003.¹³ The top 10 reporting U.S. importers accounted for approximately 48 percent of U.S. imports (based on value) of the subject merchandise in 2003.¹⁴

¹³ See table III-1 in Part III of this report. The top 10 U.S. producers had U.S. shipments of \$1.202 billion in 2003 out of an estimated industry total U.S. shipments of \$2.141 billion in 2003.

¹⁴ The top 10 reporting U.S. importers reported imports of \$557.4 million of wooden bedroom furniture from China in 2003, while total reported U.S. imports of wooden bedroom furniture from China were \$1.165 billion in 2003.

U.S. producers and importers sell wooden bedroom furniture principally to the many retailers of the product. Some of the producers and importers are retailers themselves. Table I-3 presents a list of the largest known purchasers of domestically produced wooden bedroom furniture (based on value), and the largest purchasers of subject merchandise (based on value) imported from China.

Table I-3
Wooden bedroom furniture: Largest known U.S. purchasers of domestically produced product and subject merchandise imported from China, 2003

*	*	*	*	*	*	*
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The Commission received 154 questionnaire responses from wooden bedroom furniture producers in China that are believed to account for approximately 62 percent of exports of wooden bedroom furniture to the United States in 2003. However, there may be tens of thousands of producers of wooden bedroom furniture in China.¹⁵ Information on the industry in China is presented in Part VII of this report.

THE SUBJECT PRODUCT

Scope

Commerce has defined wooden bedroom furniture, the product subject to investigation, as follows—¹⁶

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, oriented 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: (1) Wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side 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, chifferobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are

¹⁵ Petitioners' posthearing brief, exh. 1, p. 2.

¹⁶ 69 FR 67314, November 17, 2004.

attached to, incorporated in, sit on, or hang over the dresser; (5) chests-on-chests,¹⁷ highboys,¹⁸ lowboys,¹⁹ chests of drawers,²⁰ chests,²¹ door chests,²² chiffoniers,²³ hutches,²⁴ and armoires;²⁵ (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 Petition excludes: (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

¹⁷ 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.

¹⁸ 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).

¹⁹ A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

²⁰ A chest of drawers is typically a case containing drawers for storing clothing.

²¹ 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.

²² 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.

²³ A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

²⁴ A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

²⁵ 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.

predominate;²⁶ (9) jewelry armories (sic);²⁷ (10) cheval mirrors,²⁸ and (11) certain metal parts.²⁹

Imports of subject merchandise are classified under statistical category 9403.50.9040 of the Harmonized Tariff Schedule of the United States (“HTSUS”) as “wooden . . . beds” and under statistical category 9403.50.9080 of the HTSUS as “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 statistical category 9403.50.9040 of the HTSUS as “parts of wood” and framed glass mirrors may also be entered under statistical category 7009.92.5000 of the HTSUS as “glass mirrors . . . framed.” This investigation 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.

²⁶ 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 Customs Headquarters’ Ruling Letter 043859, dated May 17, 1976.

²⁷ Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24" in width, 18" in depth, and 49" in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door lined with felt or felt-like material, with necklace hangers, and a flip-top lid with inset mirror. See Memorandum from Laurel LaCivita to Laurie Parkhill, Office Director, *Issues and Decision Memorandum 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.

²⁸ Cheval mirrors, i.e., any framed, tiltable mirror with a height in excess of 50" that is mounted on a floor-standing, hinged base. See *Id.*

²⁹ 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 in HTS subheading 9403.90.70.

U.S. Tariff Treatment

Table I-4 presents current tariff rates for wooden bedroom furniture.³⁰ The scope mentions four Harmonized Tariff Schedule of the United States (HTS) subheadings and statistical reporting numbers; however, most of the subject imports enter under the first two statistical reporting numbers, 9403.50.9040 (beds) and 9403.50.9080 (other wooden furniture of a kind used in the bedroom). The third number, HTS subheading 9403.90.70, contains, among other things, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or “basket” category that contains, among other items, framed glass mirrors of a kind used in the bedroom.

Table I-4
Wooden bedroom furniture: Tariff rates, 2004

HTS provision	Article description ¹	General ²	Special ³	Column 2 ⁴
		Rates (percent <i>ad valorem</i>)		
9403.50.9040	Wooden furniture of a kind used in the bedroom: Other (than bent-wood furniture): Other (than designed for motor vehicle use): Beds	Free	(⁵)	40.0
9403.50.9080 ⁶	Wooden furniture of a kind used in the bedroom: Other (than bent-wood furniture): Other (than designed for motor vehicle use): Other (than beds)	Free	(⁵)	40.0
9403.90.7000	Wooden furniture of a kind used in the bedroom: Other (than bent-wood furniture): Parts of furniture (other than of a kind used for motor vehicles), of wood	Free	(⁵)	40.0
7009.92.5000	Glass mirrors, whether or not framed, including rear-view mirrors: Framed: Over 929 cm ² reflecting area	6.5	Free ⁷	45.0

¹ An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.
² Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to imports from China.
³ For eligible goods under the Generalized System of Preferences, African Growth and Opportunity Act, Caribbean Basin Economic Recovery Act, Andean Trade Preference Act, Automotive Products Trade Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico, and Chile Free Trade Agreement.
⁴ Applies to imports from a small number of countries that do not enjoy normal or preferential trade relations duty status.
⁵ Not applicable.
⁶ Customs does not collect quantity data for this statistical reporting number. See footnote to text below.
⁷ Imports from Singapore enter at a rate of 4.8 percent *ad valorem* pursuant to the United States-Singapore Free Trade Agreement.

Source: Harmonized Tariff Schedule of the United States (2004).

³⁰ U.S. Customs and Border Protection (Customs) collects quantity data for beds but not for other wooden bedroom furniture; therefore, only value data for wooden bedroom furniture from official statistics are presented in this report, except as noted.

DOMESTIC LIKE PRODUCT ISSUES³¹

In the preliminary phase of the investigation, petitioners argued that the domestic like product corresponded to the scope definition.³² Respondents Lacquer Craft Manufacturing Co., Ltd.; Markor International Furniture (Tianjin) Manufacturing Co. (Markor Tianjin); and the Committee for Free Trade in Furniture indicated that they “. . . recognize that for purposes of its preliminary determination the Commission does not have the data it would need to take a different approach to the like product issues raised in this case, but want to reserve our position on these issues” should the investigation proceed to a final phase.³³ Other respondent parties did not take a position on the appropriate domestic like product.

In its views in the preliminary phase of this investigation, the Commission found that there is one domestic like product consisting of wooden bedroom furniture as defined in the scope of the investigation.³⁴ In the final phase of the investigation, respondents have not challenged the domestic like product, with the exception of respondents Maria Yee Inc., Guangzhou Maria Yee Furnishings Ltd., and Pyla HK Ltd. (collectively “Maria Yee”) who contend that joinery wooden bedroom furniture is a separate like product from non-joinery wooden bedroom furniture.

Physical Characteristics and Uses³⁵

Wooden bedroom furniture consists of furniture made of wood products and having physical characteristics applicable to the intended use in a bedroom. The furniture consists of different individual articles (e.g., beds, nightstands, chests, armoires, and dressers with mirrors) with different configurations and uses, all of which share the physical characteristics imparted by their common raw material (wood) and by their intended function for use in a bedroom, as opposed to other types of furniture such as dining room tables, china chests, and office desks. Figure I-1 presents examples of selected wooden bedroom furniture pieces.

Wooden bedroom furniture is used primarily in residences, but is also used in lodging and in care facilities such as assisted living facilities. Specific types of wooden bedroom furniture included in this investigation are listed in the scope of the investigation presented earlier in this section of the report.

³¹ The Commission’s decision regarding the appropriate domestic products that are “like” the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

³² See petition, pp. 16-24. See also petitioners’ postconference brief, p. 28.

³³ See postconference brief of Lacquer Craft Manufacturing Co., Ltd., Markor International Furniture (Tianjin) Manufacturing Co., and the Committee for Free Trade in Furniture (joint respondents’ postconference brief) at 7.

³⁴ See *Wooden Bedroom Furniture from China, Investigation No. 731-TA-1058 (Preliminary)*, USITC Pub. 3667, January 2004, p. 11.

³⁵ Portions of this discussion are derived from the petition at 20-24, from petitioners’ postconference brief, pp. 13-18, and from other sources as cited.

Figure I-1
Examples of selected wooden bedroom furniture pieces



Bed



Dresser



Tall chest



Armoire



Nightstand



Mirror

Source: Ethan Allen Inc. (www.ethanallen.com).

Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, commonly called bedroom suites³⁶ or “bedrooms” in which all of the individual pieces share the same basic design, raw materials, construction, and finish.³⁷ Figure I-2 presents an example of a wooden bedroom furniture suite.

At a minimum, a suite includes a bed frame, chest of drawers, and a nightstand. As one furniture retailer stated: “Although we are perfectly willing to sell different bedroom furniture items separately, the vast majority of our customers, more than 90 percent, buy suites. This is the way virtually all retailers operate.”³⁸ Respondents agree that the fact that bedroom furniture is sold as a single unit or suite may be true for many sales, but it is “most certainly not true for all,”³⁹ indicating that the definition of a suite is quite fluid (different suites may contain one or two nightstands, a chest or no chest, perhaps a mirror, and a range of bed sizes) and even differs on a regional basis.⁴⁰ Moreover, customers may buy a single piece of furniture or any subset of the “so-called” suite.⁴¹ Wooden bedroom furniture suites are typically for either the adult, youth, or hospitality markets.

Adult bedroom suites are produced for at least three different price/quality points: low, middle, and high. The quality of the material used in construction is a major factor that (along with other factors, e.g., quality of construction and quality of finish) determines the price point at which the suites are sold.⁴² The materials found in the lowest category of bedroom suites tend to consist of (1) particle board components for the interior structure that holds the drawers; (2) glued paper covering the interior of drawers; (3) a certain amount of stapled construction; and (4) plastic components that are designed to look similar to wood. The front of a chest or dresser is often covered with wood, while the sides are most likely of particle board. Mid-priced bedroom suites usually include solid wood on the top of chests or dressers, while wood veneered on the particle board is used on the side and front. A plywood interior structure holds the drawers in place. High-priced bedroom suites normally use solid wood on drawer fronts and the top and sides of chests and dressers.

³⁶ In the furniture trade, the term “suites” is pronounced like the word “suits” as in bathing suits.

³⁷ Wooden bedroom suites can also be referred to as bedroom collections, bedroom groups, or bedrooms.

³⁸ See testimony of Harold Hewitt, President, Superior Furniture, conference transcript at 59.

³⁹ See joint respondents’ postconference brief, p. 8.

⁴⁰ For instance, in the New York market, a suite typically consists of a dresser, mirror, armoire, bed, and two nightstands. However, in California, a suite typically consists of a dresser, mirror, bed, and two nightstands, while in the southeastern United States, a suite typically consists of a dresser, mirror, chest, and bed. While there are different ways of defining a suite across the country, retailers within a geographic region usually quote a suite in the same way. See testimony of Wyatt Bassett, Executive Vice President, Vaughan-Bassett, conference transcript at 116-117.

⁴¹ See joint respondents’ postconference brief at 8.

⁴² These materials, ranked in descending order, are: (1) solid wood; (2) solid wood veneer on plywood; (3) solid wood veneer on particle board; and (4) paper glued on composite board.

Figure I-2
Example of a wooden bedroom furniture suite



Wooden bedroom suite

Source: Kincaid Furniture (www.kincaidfurniture.com).

Common Manufacturing Facilities and Production Employees

Wooden bedroom furniture is produced in facilities that may also produce non-bedroom wooden furniture. In response to a question on whether they produce other products using the same equipment and the same workers as those used to produce wooden bedroom furniture, most large producers answered in the affirmative, stating that they produce other wooden furniture (e.g., dining room furniture, occasional, entertainment centers, bookcases, and other case goods).⁴³ With regard to bedroom furniture of materials other than wood (e.g., brass beds), such furniture reportedly is not produced by the same U.S. producers that produce wooden bedroom furniture.⁴⁴

The process of manufacturing wooden bedroom furniture is similar in the United States, China, and other producing countries. Lumber, veneers, and engineered wood products are sawed and/or cut into shapes, furniture is assembled from those shapes, and the furniture is stained or painted, as needed, on a finishing line.⁴⁵

Manufacturing processes involved in the production of wooden bedroom furniture have been increasingly automated. Computer-numerically-controlled equipment, which allows operators to input complex, sequential demands instructing production machinery how to cut, rout, and/or carve different furniture parts, has improved productivity.

In the traditional method of bedroom furniture manufacturing, a prototype is made to serve as a model for the furniture to be manufactured.⁴⁶ To prepare the wood, logs are sawed into boards using a large band saw/dimension saw machine. Next, the boards are dried (either naturally or through a kiln dryer). If the boards are dried in a kiln dryer, they are first coated with a wood glue/white cement mixture to prevent the wood from bending. This wood is then stored in a warehouse until it readjusts to the surrounding atmosphere. The dried board is cut according to the required measurements, vertically with a rip-saw and horizontally with a cross-cut saw. Some furniture manufacturers make decorative carvings on the components (table tops, legs, etc.) at this stage. The wood is then softened through sanding and planing. Next, these components are assembled using glue, nails, and/or bolts. Producers usually conduct quality control inspections once components are assembled. The fully assembled furniture is then finished through the process of spraying, drying, waxing, staining, and buffing. The wooden bedroom furniture is labeled and packed to protect the product from damage while the furniture is stored or shipped.

The manufacturing process for joinery wooden bedroom furniture, for which no nails are used, is discussed in the section entitled *Joinery Furniture* at the end of Part I of this report.

⁴³ See table D-1 in app. D for a compilation of U.S. producers' responses to questions II-6 and II-8 of the Commission's U.S. producers' questionnaire. Thirty-four of 49 producers indicated that they produce other products using the same plant and equipment as used in the production of wooden bedroom furniture. Thirty-five of 49 producers indicated that they produced other products using the same production and related workers employed to produce wooden bedroom furniture.

⁴⁴ See testimony of Wyatt Bassett, Executive Vice President, Vaughan-Bassett, conference transcript at 78-79.

⁴⁵ See joint respondents' postconference brief, p. 15.

⁴⁶ *The Furniture/Product Manufacturing* found at http://www.furniture-design-services.com/furniture_or_product_manufacture.htm, retrieved on October 18, 2004.

Interchangeability and Customer and Producer Perceptions

Wooden bedroom furniture generally is not interchangeable with other types of furniture such as dining room tables, china cabinets, and office desks, which are essentially designed for use in rooms of the house other than bedrooms. Wooden bedroom furniture is often sold as suites of compatible articles of furniture that are designed for use in a bedroom. Of course, certain types of wooden bedroom furniture (e.g., such as beds, nightstands, etc.) are different from each other in specific physical characteristics and uses and are therefore not interchangeable. However, they are designed as an integrated unit to be compatible in appearance and can be sold together as suites.

Some bedroom furniture is made of material other than wood, such as metal (e.g., brass beds). U.S. purchasers' questionnaire responses regarding the substitution in demand in the retail market between wooden bedroom furniture and bedroom furniture constructed of materials other than wood are discussed in the section entitled *Substitute Products* in Part II of this report.

Part II of this report also contains information on the interchangeability between domestically produced wooden bedroom furniture and such furniture produced in China and in other countries. In general, the imported furniture is interchangeable with the domestically produced furniture, and is sometimes a copy of the domestic product.⁴⁷ Producers in China and elsewhere use generally the same or comparable raw materials, production equipment, and manufacturing techniques as U.S. producers.⁴⁸ In fact, respondents argue that a significant amount of the wooden bedroom furniture imported from China and other countries is imported by U.S. wooden bedroom producers and sold alongside domestically produced wooden bedroom furniture, and that a significant portion of the imported wooden bedroom furniture has even been designed in the United States by U.S. manufacturers.⁴⁹

Channels of Distribution

Wooden bedroom furniture is generally sold in retail stores, as is non-bedroom furniture.⁵⁰ Although non-bedroom furniture may be sold in the same stores, it is often displayed in a separate area of the store. Retailers reserve what are known in the industry as "slots" (allocated space in a certain area of a store) for bedroom suites, and it is these slots which serve as the primary channel of distribution for wooden bedroom furniture. Further information on channels of distribution for wooden bedroom furniture is presented in Part II and Part III of this report.

Price

The Commission collected price data on eight specific types of wooden bedroom furniture, consisting of various types of Louis Philippe-style and Mission-style beds, nightstands, and double dressers. These data are presented in part V of this report. The prices among the individual types of bedroom furniture (beds, nightstands, and dressers) often vary substantially. However, the products can be sold as suites. Joint respondents contend that wooden bedroom furniture is not priced on a suite-by-

⁴⁷ See testimony of Wyatt Bassett, Executive Vice President, Vaughan-Bassett, conference transcript at 40; and testimony of Harold Hewitt, President, Superior Furniture, conference transcript at 62.

⁴⁸ See affidavit of Wyatt Bassett, petition, exh. 10, p. 1.

⁴⁹ See testimony of Jeffrey Seaman, President & CEO, Rooms To Go, conference transcript at 154.

⁵⁰ Other channels of distribution include sales to hospitality/institutional purchasers and distributors.

suite basis, that price negotiations conducted by manufacturers are on a piece-by-piece basis, and that at retail sale the goods are also priced individually.⁵¹

JOINERY FURNITURE

In the final phase of this investigation, Maria Yee requested that the Commission obtain separate data for joinery wooden bedroom furniture, which is produced using the joinery technique in which solid wood is assembled by expert craftsmen using precise and tightly fitting interlocking joints without the use of nails or screws.⁵² The Commission's questionnaires asked U.S. producers, U.S. importers, and foreign producers in China whether or not they produced, imported, or exported joinery wooden bedroom furniture.⁵³ The Commission also asked U.S. producers and U.S. importers to comment on the comparability of joinery wooden bedroom furniture and non-joinery wooden bedroom furniture.⁵⁴

Construction of wooden bedroom furniture, at its core, involves multiple connections of pieces of wood in one of two general ways: use of metal connectors (nails, screws, staples) or use of interlocking construction, or joinery.⁵⁵ The method used is largely dependent on a cost versus quality decision-making process: metal connector construction of wooden furniture is generally cheaper and quicker and requires less-skilled labor than the more labor-intensive joinery construction, but joinery construction of wooden furniture is considered to produce more stable and longer-lasting furniture.⁵⁶ Two examples of Maria Yee's joinery technique and assembly are presented in figure I-3. Selected examples of joinery wooden bedroom furniture from several U.S. producers are presented in figure I-4.

⁵¹ See joint respondents' postconference brief, p. 9.

⁵² See letter to the Commission of Patricia P. Yeh, counsel to Maria Yee, regarding comments on the draft questionnaires, August 5, 2004; prehearing brief of Marie Yee, p. 9; and posthearing brief of Maria Yee, pp. 4 and 5.

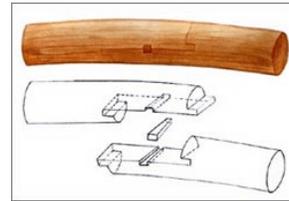
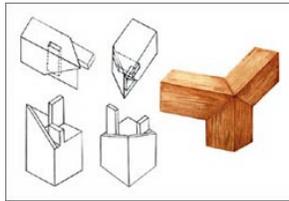
⁵³ See responses to question II-9 of the Commission's producer questionnaire; question II-6 of the importer questionnaire; and question II-11 of the foreign producer/exporter questionnaire.

⁵⁴ Question II-30 of the Commission's producer questionnaire, and question II-16 of the importer questionnaire.

⁵⁵ Joinery construction can involve the use of interlocking wood construction only or the additional use of glue or sometimes metal connectors to finish the process. The most widespread joinery techniques are dowel, mortise and tenon, tongue-in-groove, and dovetail. Smithsonian Center for Materials Research and Education, "Fundamental Construction Techniques for Furniture & Wooden Objects," 2002, found at <http://www.si.edu/scmre/takingcare/fundconst.htm>, retrieved October 14, 2004; Shirley M. Niemeyer, "Selecting Case Goods—Woods," March 1996, found at <http://ianrpubs.unl.edu/homefurnish/g1247.htm>, retrieved October 14, 2004; "Construction," *Homestore.com*, found at <http://www.homestore.com/HomeGarden/Decorate/Furniture/Wood/Construction.asp?poehomestore>, retrieved on October 14, 2004; "Types of Joinery," *FurnitureFIND.com*, found at http://www.furniturefind.com/education/2_030_joinery.aspx, retrieved October 14, 2004; "Construction Features," *Furniture.com*, found at http://www.furniture.com/Common/magazine/archives/construct_gloss.asp, retrieved October 14, 2004.

⁵⁶ "Nails are one of the worst ways of holding separate pieces of wood together (conversely, they are also one of the fastest and most efficient ways). . . . Glued joints {as used in joinery construction} are the most secure way of holding separate pieces of wood together; if you think of the strength of a joint as a function of the amount of area that is held tightly together, it doesn't take much to realize that the area of a nail, a screw, or even a dowel, is much smaller than a well executed joint." "FAQ," *World Wood Works (Maui)*, found at <http://www.worldwoodworks.com/faq.html>, retrieved October 15, 2004. See "Services, Shipping, Warranty & Construction," *The Twig Shoppe*, 2004, found at <http://www.thetwigshoppe.com/ServicesShippingWarrantyConst.html>, retrieved October 15, 2004; Miller Dowel Company, found at <http://millerdowel.com/company/>, retrieved October 15, 2004.

Figure I-3
Wooden bedroom furniture: Examples of Maria Yee's joinery design/technique and bed



Joinery design and technique



Bed

Source: Maria Yee, Inc. (<http://www.mariayee.com>).

Figure I-4

Wooden bedroom furniture: Selected examples of joinery wooden bedroom furniture



Branch Hill Joinery
Twin Hard Maple Dressers



Branch Hill Joinery
Twin Hard Maple Dressers



The Joinery Inc.
Versailles Collection



Southern Joinery
Mission Sleigh Bed



Southern Joinery
Shaker Dresser

Source: Branch Hill Joinery (www.branchhill.com); The Joinery Inc. (www.thejoinery.com); and Southern Joinery (www.southernjoinery.com).

A number of sources state that the method used to join two pieces of wood in the construction of any wooden furniture will determine its quality and that joinery construction is superior to use of metal connectors.⁵⁷ Wooden furniture producers of smaller scale will tout their use of joinery construction as a qualitative enticement to customers.⁵⁸ One source states that joinery construction that traditionally was not visible on the surface of wooden furniture is now shown for “decorative effect.”⁵⁹

Only one responding U.S. producer, ***, indicated that it produced joinery wooden bedroom furniture in the United States.⁶⁰ ⁶¹ Five U.S. importers reported importing joinery wooden bedroom furniture from January 2001-June 2004.⁶² The Commission asked producers in China whether or not they exported joinery wooden bedroom furniture to the United States since January 1, 2001. Six producers/exporters in China reported exporting joinery wooden bedroom furniture to the United States from January 2001 to June 2004.⁶³

⁵⁷ Smithsonian Center for Materials Research and Education, “Fundamental Construction Techniques for Furniture & Wooden Objects,” 2002, found at <http://www.si.edu/scmre/takingcare/fundconst.htm>, retrieved October 14, 2004; Shirley M. Niemeyer, “Selecting Case Goods—Woods,” March 1996, found at <http://ianrpubs.unl.edu/homefurnish/g1247.htm>, retrieved October 14, 2004; Roger Sheldon, “Woodworking,” *Encarta*, found at http://encarta.msn.com/text_761570306__8/Woodworking.html, retrieved October 15, 2004; “Construction,” *Homestore.com*, found at <http://www.homestore.com/HomeGarden/Decorate/Furniture/Wood/Construction.asp?po=homestore>, retrieved on October 14, 2004; “Types of Joinery,” *FurnitureFIND.com*, found at http://www.furniturefind.com/education/2_030_joinery.aspx, retrieved October 14, 2004; “Construction Features,” *Furniture.com*, found at http://www.furniture.com/Common/magazine/archives/construct_gloss.asp, retrieved October 14, 2004.

⁵⁸ “FAQ,” *World Wood Works (Maui)*, found at <http://www.worldwoodworks.com/faqf.html>, retrieved October 15, 2004; Miller Dowel Company, found at <http://millerdowel.com/company/>, retrieved October 15, 2004; Number Nine Furniture Company, found at <http://www.az.com/~gabe/menu.htm>, retrieved October 15, 2004; Catherine Murrell, “Amish-Made Furniture Has Customization, High Quality,” *Courier-Journal.com*, May 3, 2003, found at <http://www.courier-journal.com/reweb/community/interiors/2003/in20030503.html>, retrieved October 14, 2004; “Craftsmanship,” *Dana Robes Wood Craftsman*, found at <http://www.danarobes.com/craftsmanship.htm>, retrieved October 15, 2004.

⁵⁹ Smithsonian Center for Materials Research and Education, “Fundamental Construction Techniques for Furniture & Wooden Objects,” 2002, found at <http://www.si.edu/scmre/takingcare/fundconst.htm>, retrieved October 14, 2004.

⁶⁰ *** was requested to provide separate trade data for joinery wooden bedroom furniture. The firm has not responded to the Commission staff’s request for such information. In describing its production of joinery wooden bedroom furniture, ***. See petitioners’ prehearing brief, p. 11, fn. 21; and posthearing brief of Maria Yee, p. 7, fn. 1.

⁶¹ Respondent Maria Yee identified several reported U.S. producers of joinery furniture. Posthearing brief of Maria Yee, p. 7. Commission staff researched these firms and found that four—Branch Hill Joinery, Southern Joinery, Andrews Furniture, and The Joinery—apparently produce joinery wooden bedroom furniture as described above, based on the information provide on each firm’s web site. See cited company’s web sites, retrieved on November 19, 2004. None of these firms was identified as a U.S. producer in the petition.

⁶² The five U.S. importers reporting imports of joinery wooden bedroom furniture from January 2001-June 2004 were: ***. Respondent Maria Yee raised objections to these firms being considered importers of joinery wooden bedroom furniture, stating “{o}ur review of the questionnaire responses, however, suggests that all but Maria Yee, Inc. misconstrued the definition of joinery wooden bedroom furniture.” See prehearing brief of Maria Yee, p. 19.

⁶³ See table G-3 in app. G for a compilation of foreign producers’ responses to questions II-11 of the Commission’s foreign producers’ questionnaire. The Chinese producers indicating that they exported joinery wooden bedroom furniture to the United States were: ***.

Of the 44 domestic producers that responded to a question on the comparability of joinery and non-joinery wooden bedroom furniture, only one, ***, stated that it had produced joinery wooden bedroom furniture since January 1, 2001.⁶⁴ The company stated that ***.⁶⁵

⁶⁴ As referenced earlier, in response to *** Commission staff attempted to contact *** to confirm that the company produced joinery wooden bedroom furniture as stated in its questionnaire response, as a question was raised during the hearing regarding some respondents' confusion about their production of solid wood furniture and its relation to joinery construction. *See* testimony of Joseph Dorn, counsel for petitioners, hearing transcript at 107. *** did not respond by the report deadline.

⁶⁵ Two U.S. producers, ***, stated in their questionnaire responses that, although they do not produce joinery wooden bedroom furniture, they do make furniture that is "very similar" or "all but indistinguishable" from joinery furniture. Both producers also indicated that the manufacturing processes and channels of distribution for their furniture and joinery furniture are the same, that customers perceive no difference between their higher-quality furniture and joinery furniture, and that there is no meaningful or significant difference in price between their higher-quality furniture and joinery furniture.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

MARKET CHARACTERISTICS

Over 50 U.S. producers and over 100 importers supply the domestic market with wooden bedroom furniture. Firms are organized in a variety of ways. Several producers are vertically integrated through to the retail level. Some producers also import and sell both domestically produced and imported wooden bedroom furniture. In general, producers and importers sell to retailers. Some large retailers purchase directly from U.S. producers and/or from foreign exporters. Sales through retailers to final consumers are the main channel of distribution,¹ but hotels and other large institutions are also important final consumers of wooden bedroom furniture.² Large institutional consumers often contract with firms specializing in design or in purchasing to write specifications and to contract for the purchase of furniture. Furniture rental firms comprise a smaller share of the market.

Responding purchasers were asked to identify the category that best described themselves, and 58 firms reported that they were retailers; 26 reported being distributors; one reported being a hospitality firm; one reported being a furniture rental firm; and seven reported being in other categories. Most of those in the other category were wholesalers or U.S. manufacturers that also purchase.

U.S. producers that also import were asked to state their reasons for importing. *** stated that the low cost of Chinese wooden bedroom furniture was their reason for importing. A few producers reported that certain styles with detailed carving were only available from China. Several importers, which are not U.S. producers, responded that the subject product is available in the quality, quantity, and time frame needed to service their dealers and that U.S. manufacturers never provided them comparable quantities and service at any price. Furniture Brands International contends that its imports serve a market segment that would largely be unserved were it not for the low-priced imports.³ The petitioners asserted that the domestic producers that source significant product from offshore had closed many domestic plants.⁴

Several producers reported that wooden bedroom furniture is designed and marketed as suites, and others reported that they generally sold individual pieces. *** reported that customers can buy any piece separately except that mirrors are generally sold with dressers. Forty-six producers reported that, on average, 50.7 percent of sales were by the piece and 49.3 percent were by suites, and 90 importers

¹ Although a few retailers are large, 80 percent of retailers have no more than four stores (testimony of Ken Loring, President, Boston Interiors, hearing transcript at 59).

² U.S. producers' shipments to unrelated retailers were the largest channel of distribution, followed by shipments to related retailers. The hospitality sector or distributors followed, depending on the year and whether the ranking is based on pieces, pounds, or value (*see* table III-7). U.S. importers reported shipping product primarily to unrelated retailers and related retailers, while distributors and the hospitality sector accounted for relatively small shares (*see* table IV-4).

³ Furniture Brands International, posthearing brief, p. 2.

⁴ Petitioners remarked that producers pursuing blending strategies closed many domestic plants (petitioners' posthearing brief, p. 10).

reported selling 66.5 percent by the piece and 33.5 by suites. Seventy-two purchasers reported that, on average, 59.8 percent of their purchases were on a piece basis with the remainder on a suite basis.⁵

When asked if all pieces of a suite of wooden bedroom furniture are produced in the same country, 16 producers replied affirmatively and 18 replied negatively; 41 importers responded affirmatively and 12 responded negatively.⁶ *** reported that a labor-intensive piece, such as a carved headboard, is often manufactured in a low-cost country and a less complicated piece, such as a dresser or chest, might be manufactured in the United States. It added that the ability to blend pieces from different countries allowed it to benefit from each country's advantages and that blending was a key factor in the domestic industry's ability to remain viable. When asked if the percentage of their firms' blended sales had changed since January 2001, 14 producers responded affirmatively and nine negatively; 19 importers responded affirmatively and 32 negatively.⁷

Importers that also produce wooden bedroom furniture in the United States were asked if they combine subject imports with U.S.-produced pieces and sell them as suites; 14 responded in the affirmative and 14 in the negative. These firms were also asked if they had ceased production of certain pieces in the United States and replaced them with items imported from China, and 16 firms responded in the negative and 12 in the affirmative. *** stated that imported collections are usually new product introductions and that it is rare to cease domestic production and simultaneously to begin importing the same product. ***, however, stated that it now imports beds from China to match other pieces due to the imports' lower price. *** reported shifting production of some items to China to lower costs and remain competitive. *** reported shifting production of an entire line to China ***. *** reported that it no longer produces domestically but that it used to import pieces to match domestic production.

Purchasers were asked to identify the major types of consumers to which they sell wooden bedroom furniture. The most frequent answer was retailers, followed by end users. Many purchasers reported targeting certain income groups or age levels. A few focused on low-income groups, with *** selling primarily to inner-city stores. Most purchasers reported focusing on middle income groups or value-conscious consumers. Some purchasers target upper-income levels; *** reported selling to upper-income customers and to designers. ***. A few purchasers focus on first and second-time homeowners.

⁵ Petitioners asserted that virtually all wooden bedroom furniture is promoted and sold in suites. They stated that furniture is developed in collections and that retailers in different parts of the country select different components of the collection to display in their showrooms (petitioners' prehearing brief, exh. 1, p. 4).

⁶ Forty-one purchasers stated that all components of a suite are produced in the same country, and 18 replied that they could be from different countries.

⁷ Changes tended to be in the direction of increasing imports; however, *** reported that changes occur yearly based on the success of particular designs and on which items dealers are promoting, and *** reported that the number of imported beds increased from 1998-2002 but had since decreased.

Although firm size and type of firm organization varies, the large number of market participants suggests that the market for wooden bedroom furniture is competitive.⁸ When purchasers were asked if their firms competed for sales with manufacturers or importers from which they purchase wooden bedroom furniture, 22 replied in the affirmative and 54 in the negative. When asked to list any firms considered to be price leader, purchasers made a variety of responses, and no one firm or group of firms emerged as the clear leaders, although several purchasers identified importers of Chinese wooden bedroom furniture as price leaders.⁹ *** stated that most firms price independently and that other firms do not follow. *** stated that the market has many retailers and is very competitive, and *** stated that no one supplier is dominate in pricing.

Some consolidation has occurred at the retail level, with some smaller retailers going out of business.¹⁰ *** stated that more furniture is being sold through big box stores and more diverse retailers, such as Wal-Mart, Costco, and Ikea.

In some cases, large retailers have asked suppliers to develop private label furniture to enable the retailer to differentiate its product from other retailers, and domestic producers have generally not agreed to furnish private labels, although some importers do supply private-label furniture.¹¹ U.S. producers have, however, provided some retailers with exclusive designs in their geographic trading area.

With the predominance of marketing through retailers, the retail showroom remains the most important venue for viewing and purchasing furniture. Virtually no purchasers, producers, or importers reported that internet sales are important.¹² ***, and a few other purchasers reported selling through mail-order catalogs. Other non-reporting companies also sell through mail-order catalogs.

⁸ As an example of the depth of the market, several purchasers reported contacting 100 or more suppliers before making a purchase, and it was not uncommon for purchasers to report contacting 20 or more suppliers, although some only contacted three or four suppliers, and some purchasers had proprietary relationships with single suppliers. When asked if they had changed suppliers since January 2001, 59 purchasers reported that they had changed suppliers, and 31 reported that they had not. Some purchasers reported large turnovers of suppliers. *** reported that it made changes every six months, but did not keep records pertaining to previous suppliers. Purchasers reported adding new Chinese and nonsubject firms and dropping domestic, subject, and nonsubject firms when quality, style, or delivery did not meet their needs. The Coalition of Certain China Furniture Producers characterized the U.S. market as intensely competitive in its prehearing brief (p. 2).

⁹ For example, *** (a producer that also imports) was cited as a price leader by 5 purchasers, *** (an importer) was cited 4 times, *** (a producer) was cited twice, and 16 other firms were cited once. Nine purchasers, all of which were also U.S. producers, alleged that importers of Chinese product were price leaders. Similarly, petitioners alleged in their prehearing brief (exhibit 1, pp. 4-5) that importers of the subject product were price leaders. Ten purchasers stated that there were no price leaders.

¹⁰ Prehearing brief of the Furniture Retailers of America, p. 26. "Big box" stores allegedly account for a greater share of retail sales.

¹¹ Ibid.

¹² All 39 responding U.S. producers reported that they did not sell wooden bedroom furniture over the internet. Five importers reported selling wooden bedroom furniture over the internet, and 86 reported that they did not sell over the internet. None of the 92 responding purchasers reported buying wooden bedroom furniture over the internet.

U.S. SUPPLY OF DOMESTICALLY PRODUCED WOODEN BEDROOM FURNITURE

Marginal production costs in relation to the market clearing price are the primary determinant of supply. Capacity utilization, availability of alternative markets, and production efficiency affect the supply response.

Domestic capacity was 17.3 million pieces during 2003, which was down 2.9 percent from the level in 2001. Capacity utilization based on pieces ranged from 77.2 percent in 2001 to 72.7 percent in 2003. The ratio of inventories to shipments ranged from 12.8 percent in 2001 to 14.0 percent during January-June 2004. Exports ranged from 1.5 to 1.8 percent of total U.S. shipments by value; this indicates that U.S. producers have little opportunity to use other markets to shift supply.

Firms typically produce positive output along their marginal cost curve when the market price exceeds their average variable costs. The wooden bedroom furniture industry has high variable costs relative to fixed costs.¹³ When the market clearing price drops below a firm's average variable costs, that firm will likely choose to cease operations. In an industry with high variable costs and low fixed costs, plant closings may be more common than in an industry with high fixed costs. In this regard, petitioners stated that U.S. producers had closed over 65 plants.¹⁴ Furniture Brands International stated that it closed some plants because they were antiquated and inefficient, not because of imports, and that it made capital expenditures to improve the efficiency of its remaining plants.¹⁵ Conversely, high fixed costs would not serve as a barrier to entry in this type of industry. Thus, other factors being equal, an industry with low fixed costs would be expected to adjust capacity in response to changes in demand more readily than a high fixed cost industry.

Efficiency indicators were generally positive.¹⁶ Pieces produced per thousand hours increased from 223.4 in 2001 to 256.6 in 2003. During January-June 2004, pieces produced per hour were 259.3 compared to 244.8 during the similar period in 2003. Unit labor costs were down from \$53.76 per piece in 2001 to \$49.63 in 2003, although hourly wages increased during this time. The unit cost of goods sold decreased by 7.4 percent between 2001 and 2003 and by 3.9 percent between January-June 2003 and January-June 2004.

In the short term, U.S. producers of wooden bedroom furniture are likely to respond to changes in prices with large changes in the quantity shipped to the U.S. market. Availability of some idle capacity, ability to adjust capacity, some existing inventories, and relatively positive efficiency indicators contribute to this response.

¹³ Financial data indicate that variable costs are in excess of 70 percent of total production costs. Also see petitioners' prehearing brief, pp. 28-29.

¹⁴ Plant closing are listed in exhibit 32 of the petitioners' prehearing brief, and petitioners allege that subject imports contributed to these closings (testimony of Joseph Dorn, counsel for petitioners, hearing transcript at 10).

¹⁵ Furniture Brands International, prehearing brief, p. 9. It claimed that plant closings had resulted in an industry-wide improvement in efficiency.

¹⁶ Lacquer Craft alleged that some types of wood furniture could not be efficiently produced in the United States and that most producers recognize that blending imports with domestic production is a rational strategy (Lacquer Craft's prehearing brief, p. 3-4). Petitioners claimed that all types of wooden bedroom furniture can be manufactured in the United States and that computerized carvers can efficiently produce pieces identical to Chinese hand-carving (testimony of Wyatt Bassett, Executive Vice President, Vaughan-Bassett, hearing transcript at 40).

U.S. SUPPLY OF IMPORTED WOODEN BEDROOM FURNITURE

Subject Imports from China

Reported Chinese capacity was *** million pieces in 2003, which was more than double the level in 2001. Chinese capacity was up *** percent during January to June of 2004 compared to the similar period the previous year. Capacity utilization ranged from *** percent to *** percent. China's home market and internal consumption accounted for *** percent of total shipments in 2001, and this level fell to *** percent of total shipments in 2003; this figure was *** percent during January to June of 2004 compared to *** percent for the similar period the previous year. China's exports to the United States grew from *** percent of total Chinese shipments in 2001 to *** percent in 2003. Exports to third countries decreased from *** percent of total shipments in 2001 to *** percent in 2003; this figure was *** percent and *** percent, respectively, in January-June 2003 and January-June 2004.

Petitioners asserted that there are tens of thousands of Chinese producers and that Chinese capacity greatly exceeds the figure derived from the approximately 150 foreign producer questionnaires received by the Commission.¹⁷ Lacquer Craft contends that a smaller number of large producers account for most U.S. imports from China.¹⁸ The Coalition of Certain China Furniture Producers maintains that many Chinese producers are small and cannot produce export-quality furniture, although the number of producers making export-quality goods has grown.¹⁹

Because the furniture industry has low fixed costs, Chinese producers can easily expand production.²⁰ Another component of China's supply response relates to its low labor costs, which by one estimate were about 4 percent of those in the United States, although productivity in China was also lower.²¹

¹⁷ Petitioners' prehearing brief, pp. 60-62 and exh. 1, pp. 5-6. Petitioners allege that between 30,000 and 300,000 producers comprise the Chinese wooden bedroom furniture industry and that additional capacity is planned.

¹⁸ The seven mandatory respondents selected by Commerce account for over 40 percent of subject imports by value (Lacquer Craft's prehearing brief, p. 24).

¹⁹ "Monitoring of the Chinese Furniture Sector," Union Europeenne de L'Ameublement (March 2000) and Dian Shen and Merry Cao, "Furniture Sales," U.S. Foreign and Commercial Service and U.S. Department of State (1999) included in the prehearing brief of the Coalition of Certain China Furniture Producers, exhs. 3 and 4. Apparently better-off consumers in large cities and certain coastal areas purchase export-quality furniture. Ethan Allen and Ikea have stores in China to serve this market segment (testimony of Matthew Jaffe, counsel for the Coalition of Certain Chinese Furniture Producers, hearing transcript at 225). The majority of Chinese consumers purchase furniture made for the Chinese market that is of lower quality, is less expensive, and has smaller dimensions. Many small firms produce for this market segment.

²⁰ Chinese furniture manufacturers can, allegedly, add capacity at a cost of \$3 to \$4 per square foot compared to a cost of \$15 per square foot in the United States. "U.S. Furniture Industry Is Rocked by Chinese Imports," *Manufacturing & Technology News* (July 3, 2003), included in petitioners' prehearing brief, exhibit 40.

²¹ Robert L. Lacy, "Whither North Carolina Furniture Manufacturing?" Federal Reserve Bank of Richmond Working Paper No. 04-07 (September 2004) included in the prehearing brief of the Coalition of Certain China Furniture Producers, exh. 1. He estimated that labor productivity remains low in China despite recent improvements in automation and privatization. However, productivity is improving, and new furniture plants in China have equipment comparable or superior to that in North Carolina. Harvey Dondero stated that the labor content of wooden bedroom furniture produced in the United States was approximately 50 percent compared to 10 percent for subject imports from China (testimony of Harvey Dondero, President, Universal Furniture International, hearing transcript at 200-201).

Chinese manufacturers have the ability to access their own domestic market and a number of foreign markets, and the U.S. market has been very important to Chinese manufacturers. The Coalition of Certain China Furniture Producers stated that increasing domestic income and reforms to facilitate home ownership are expected to increase domestic Chinese demand.²²

The large size of the Chinese wooden bedroom furniture industry, its ability to expand production, and its low labor costs increase its ability to respond to price changes. Considering these factors together with potentially dampening factors, such as increasing demand in China and low productivity, suggests that there likely would be large changes in the quantity of subject shipments from China to the U.S. market in response to changes in the price of wooden bedroom furniture.

Nonsubject Imports

A limited amount of information is available concerning nonsubject supply, but the large number of countries that supply wooden bedroom furniture to the United States suggests that the nonsubject supply response may be moderate to large.²³ The share of apparent consumption attributed to nonsubject countries was approximately 30 percent in 2003. Major nonsubject sources include Brazil, Canada, Indonesia, Italy, Malaysia, Mexico, and Vietnam. New capacity in central Europe was also reported to be on the rise. Since 2001, imports of wooden bedroom furniture from Malaysia and Vietnam realized large percentage increases between 2001 and 2003, but overall nonsubject imports increased by only *** percent between 2001 and 2003. Respondents allege that new capacity is now coming on line in Vietnam and some other Asian countries in response to the expected duties on subject imports from China.²⁴

U.S. DEMAND

Demand Characteristics

The demand for wooden bedroom furniture is a price-quantity relationship that is influenced by consumer tastes, personal income, and demographics. The demand for housing and for hotel rooms affects the demand for wooden bedroom furniture. Marketing influences consumer tastes, and most wooden bedroom furniture continues to be marketed through retailers, as producers, importers, and purchasers all reported that internet sales are a relatively minor amount of overall sales. Thus, how retailers allocate floor space affects sales. Other factors affecting demand are perceived quality, brand names, and availability of substitutes. Because tastes vary, wooden bedroom furniture comes in a wide variety of styles, qualities, and prices.

Producers were asked if the U.S. demand for wooden bedroom furniture had changed since January 1, 2001. Twenty-nine producers reported that demand had increased; six reported that it had decreased; and six reported that it had not changed. Producers mentioned the strong housing market and,

²² Prehearing brief of the Coalition of Certain China Furniture Producers, p. 8, and previously cited exhs. 3 and 4.

²³ Between 2001 and 2003, imports from Malaysia more than doubled, and those from Vietnam, which started from a very low base, increased more than 50 times. Petitioners objected to this characterization and stated that in absolute terms China was, by far, the dominant importer.

²⁴ See testimony of Lynn Chipperfield, Senior Vice President and Chief Administrative Officer, Furniture Brands International, hearing transcript at 197.

in particular, the number of new housing starts as reasons for the increase.²⁵ Some producers stated that demand in the hospitality sector had declined since the events of September 11, 2001, but that this was a smaller segment of the market.²⁶

Forty-seven importers reported that demand had increased since January 1, 2001; eight reported that it had decreased; and 24 reported that it was unchanged.²⁷ *** reported that industry statistics show significant increases in the number of pieces sold. It reported that purchases of bedroom furniture are highly discretionary and that increased prices will likely cause consumers to shift to purchases of other goods. Many importers mentioned that, since the recession in 2001, the number of housing starts had picked up and that a slow recovery had followed and led to increases in demand.

Purchasers were similarly asked how demand had changed since January 2001; 46 reported that it had increased; 6 reported that it had decreased; and 32 reported that it had remained the same. *** reported that the housing boom had led to an increase in demand and that importers were offering affordable styles. It added that styles and types of furniture had been updated since 2001 and that the greater number of styles had drawn new low- and middle-income purchasers into the market. *** reported that demand had decreased more for U.S. products and for higher-priced merchandise.

Purchasers were asked to report the effect on overall demand of the presence of Chinese wooden bedroom furniture on the market. *** stated that imports from China had resulted in a greater number of designs being available to a larger number of low- and middle-income consumers. *** reported that there was no effect in the mid-to-upper tier, but that prices are more favorable to the consumer in the lower tier. *** reported that imports from China had not changed overall demand, but that customers had received better quality furniture for the same or a lower price than was previously available. A number of purchasers including *** reported that the presence of Chinese wooden bedroom furniture had not

²⁵ Lynn Chipperfield of Furniture Brands International, one of the few producers claiming that demand decreased, stated that as many as 850 smaller retailers had gone out of business and that larger retailers are putting pricing pressure on suppliers (testimony of Lynn Chipperfield, Senior Vice President and Chief Administrative Officer, Furniture Brands International, hearing transcript at 193-194, and Furniture Brands International's prehearing brief, pp. 3-4). He noted that 2001 was a very bad year, so that increases relative to a low starting point still mean that demand was depressed, although Census data show that retail sales of all furniture fell by only 0.3 percent in 2001 compared to 2000 (Furniture Brands International, posthearing brief, p. 10). Petitioners dispute this allegation and state that Commerce data show that disposable personal income and expenditures on furniture and household equipment increased between the first quarter of 2001 and the second quarter of 2004 (petitioners' prehearing brief, exhibit 8). Petitioners further assert that furniture superstores are replacing domestic wooden bedroom furniture with similar subject imports (testimony of Ken Loring, President, Boston Interiors, hearing transcript at 59).

²⁶ *** stated that consumers currently appear less willing to buy expensive bedroom furniture compared to before 2001. *** stated that uncertainty in the job market and weak financial markets had contributed to a decline in middle- and higher-priced furniture. *** reported that, despite the growth in overall demand, the demand for their firms' products had decreased because of low-priced imports.

²⁷ *** stated that more pieces of wooden bedroom furniture had been sold and that this was attributable to population and housing growth and the availability of high-quality, low-cost imports. *** added that better quality, more varied styles, and better prices were factors in the increase. *** stated that Chinese veneers and carving techniques, not available in the United States, provide consumers with more style choices at a better value. *** stated that the lack of consumer confidence had decreased high-price purchases and that furniture competes for consumer income with the auto, electronics, and travel industries, which advertise more. *** reported that it had experienced double-digit growth since 2001 by offering high-quality, medium-priced furniture. *** reported that it had increased sales by expanding the number of styles offered. *** stated that improved finishes and varieties and knock-down capability to offset ocean freight were factors in increasing demand.

affected overall U.S. demand. Petitioners also argued that apparent consumption grew at approximately the same rate as the growth in housing starts and that if low-priced imports were driving demand, then apparent consumption should have grown at a much greater rate.²⁸

The Commission asked U.S. producers, importers, and purchasers if there had been significant changes in the product range or marketing of wooden bedroom furniture since January 2001, and 15 producers responded affirmatively and 22 responded negatively. *** stated that the furniture industry is a fashion business and that styles keep pace with changing consumer taste. It added that no revolutionary changes had occurred in products or marketing. *** reported that retailers are increasingly purchasing directly from China. It added that the Chinese are copying unique designs and that products have a shorter life-cycle, which has led to increased research and development costs and greater discounting.²⁹ *** concurred that product lives significantly shortened over the last 3 years, which increased costs. *** reported that it has an aggressive program to develop new bedroom products. *** stated that it had been forced to introduce new designs more frequently and that its inventory of previously designed suites had increased and that these had to be sold at discount prices. *** reported that cherry finishes by Chinese manufacturers had flooded the market and forced it to drop 40 percent of its cherry line.

Fifty importers reported that no significant changes in product range or marketing of wooden bedroom furniture had occurred since January 2001, and 38 reported that there had been significant changes. *** reported that Vietnam, Malaysia, and China have greater flexibility in manufacturing than U.S. firms and that the foreign firms use more species of wood and a greater number of colors and stains. *** expanded its product line with imports from China that have intricate carvings and complex veneers. It also believes that less money is spent on advertising for furniture and that this has contributed to softness in the domestic market because furniture purchases are highly discretionary. *** reported that there is more bedroom furniture with heavy carvings and mixed media (metal, leather, wicker, bamboo, and rattan). *** reported that the product range in the low end had increased and that ready-to-assemble furniture had increased. *** stated that there are many more producers worldwide in such countries as China, Indonesia, Malaysia, South America, Mexico, and Canada. *** reported that a significant change is the capability of Chinese exporters to provide retailers with containers of mixed products. This practice allows retailers to buy less of each product and still fill a container; it allows smaller firms to buy direct from China and avoid U.S. warehouse and shipping costs. *** reported that consumers are purchasing more transitional and contemporary styles than before.

Forty-six purchasers reported that there were no significant changes in product range or marketing and 39 reported that significant changes had occurred. *** reported that there was greater competitiveness in the good and better ranges. *** reported that prices had decreased in all price ranges.

²⁸ Petitioners' prehearing brief, exhibit 1, p. 10.

²⁹ Producers and importers were asked if certain subject imports are copies of U.S.-produced wooden bedroom furniture. Twenty-four producers agreed that certain imports are copies and 18 producers disagreed, whereas 23 importers agreed and 43 importers disagreed. *** stated that the Chinese competition can make any wooden bedroom group that it manufactures and has, in fact, copied several of its lines for ***. *** added that most bedroom furniture made in China is a replica of what is already made in the United States. *** stated that, in general, styles of furniture are variations and combinations of design elements that have existed for years. *** stated that the vast majority of styles are not American-designed, rather designs are cyclical and have been around for centuries. *** stated that manufacturers in the United States, China, and other countries produce similar styles, but that although the styles may be similar, they are not exact duplicates. Ken Loring of Boston Interiors stated that imports from China are copies of domestic products and are directly replacing the domestic product at large retailers (testimony of Ken Loring, President, Boston Interiors, hearing transcript at 59).

*** reported that it was now offering better furniture in the middle price range. *** reported that consumers are far less willing to spend disposable income on very expensive bedroom sets when quality products are available at a lower price. *** stated that consumers today have more choices in style, design, and type of product than in 2001. *** reported that Chinese producers are copying unique designs more quickly. *** reported that Chinese manufacturers are offering products with more detailed and intricate work. *** stated that imports from China and other countries have more intricate carvings and sophisticated finishes. It added that customers are willing to pay a little more for these types of furniture and that *** has expanded its import program to include these types of items. *** stated that it has greatly reduced prices because of imports from China and that it is continually developing new products to sell at near cost in order to remain competitive.

Quality Tiers

The Commission asked purchasers if there are different tiers within the retail market for wooden bedroom furniture. Out of 82 responding purchasers, 77 replied in the affirmative with the remainder in the negative. *** stated that furniture retailing is very fragmented and that price, quality, and functionality are the main factors affecting sales. *** stated that there are consumer-driven categories based on age, affluence, and taste. Many purchasers reported that there are three categories, such as good, better, and best, which are distinguished by price, quality, and the materials used. *** stated that there are many different tiers from the cheapest to the most expensive special order.

Purchasers were asked what differentiates the tiers besides price,³⁰ and the following factors were cited: size, details, materials, workmanship, finish, brand, wood, drawer construction. *** stated that “good quality” denotes furniture that is small, has no dust-proofing between drawers, 5-to-7-step finishes, and masonite backs stapled on; “better quality” has dust-proofing on the bottom drawers at least, some curves, better veneer, hand carving, 7-to-12-step finishes, plywood backs that are screwed on, dovetail construction on drawers, and wood on gliders; “best quality” is larger, has wood-banded tops, dust-proofing on each row of drawers, some marble tops, curves and shape, extensive veneer, multistep finishes, dovetail construction on drawers, hard wood drawers on guides, and screw-on wood back panels. *** stated that good quality wooden bedroom furniture is small scale, made of particle board, and has little or no veneer; better quality is medium scale and has less particle board and more veneer; best quality is large scale, almost entirely wood, and has intricate veneer work. *** stated that good quality has basic features, small size, no dust panel, and a print finish; better quality has more size, a better finish that only has minimal print finish, and better woods; best quality has intricate details and styling, the best veneer matching, and exotic woods.

Purchasers were also asked to estimate the percentage of their firms’ total purchases of wooden bedroom furniture in the good, better, and best categories. Purchasers indicated that, on average, 32.1 percent, 45.4 percent, and 22.5 percent were, respectively, in the good, better, and best categories.

Joinery furniture, which could be viewed as a type of high-end furniture, is fully finished and made of solid wood (with no particle board, fiberboard, manufactured board, or veneer). It is assembled by hand using joinery techniques without any nails, screws, staples, or other fasteners, but may incorporate metal hardware for decorative or non-structural purposes. Purchasers were asked to compare joinery wooden bedroom furniture with non-joinery wooden bedroom furniture. *** reported that joinery is distinctive in quality, construction, materials, and style; it is functionally the same as other furniture but different in materials, looks, and workmanship; and it is higher in quality and price and requires a more

³⁰ Price differences are discussed in Part V.

skilled work force. *** stated that some customers perceive that solid wood is superior to veneer and that some suppliers market solid wood as superior. It stated that solid wood products are frequently produced separately from non-joinery furniture and that solid wood has a 10- to 15-percent price premium. It added that the visual characteristics and end uses are similar and that both types of furniture are marketed through similar channels of distribution. *** stated that customers prefer joined products, but that they require greater skill to produce and cost more.

Brand Names

Producers and importers were asked if they sold wooden bedroom furniture under brand names; 32 producers reported that they did and 15 producers reported that they did not. Forty-seven importers reported that they sold under brand names, and 38 importers reported that they did not. Most producers that sell under brand names reported that 100 percent of their sales are brand-name sales and that the percentage had not changed since January 2001. Although there were a few exceptions, importers tended to sell either entirely under brand names or not to sell brand names, and their shares tended not to have changed since January 2001.

Purchasers were asked if they sold wooden bedroom furniture under brand names; 53 reported that they did and 36 reported that they did not. Purchasers were also asked how often brand names are important in their firm's sales of wooden bedroom furniture. Eight purchasers responded that they were always important; 13 reported that they were usually important; 31 reported that they were sometimes important; and 36 reported that they were never important.

Floor Space

Purchasers that are retailers reported that they allocate floor space based on price, quality, design, style, availability, brand names, and the overall likelihood that the item will sell. Some retailers stated that they try to offer different price points that appeal to a variety of consumers. *** reported that it attempts to allocate 50 percent of its floor space to good quality furniture, 30 percent to better quality, and 20 percent to the best quality. Several retailers stated that they have no pre-set arrangements, rather pieces that sell remain on the floor, while others are removed. Experience with suppliers, their track record, and the reliability of supply were also important in allocating floor space. Thus, the demand for floor space is derived from the final demand for wooden bedroom furniture.

Purchasers that are retailers were asked if the portion of floor space allotted to domestic wooden bedroom furniture had increased, decreased, or remained the same relative to the floor space allotted to Chinese wooden bedroom furniture since 2001. Five purchasers reported that it had increased, 21 reported that it had decreased, and 25 reported that it had remained the same. *** reported that the combination of styles, quality, and value of the Chinese product was superior to the domestic product, and it therefore allocated more space to the imported product. *** stated that fewer products are now available domestically and that more quality products are currently available from a variety of sources. In a similar vein, *** reported that domestic floor space decreased because there are fewer domestic sources to choose from and imports are a better value.

U.S. producers were asked if their firms had lost floor space at retailers to importers of the subject product from China since January 2001. Twenty-five producers reported that they had lost floor space and 16 reported that they had not.

U.S. importers of subject product were asked if they had lost floor space to domestically produced wooden bedroom furniture since January 2001. Eight importers reported losing floor space to the domestic product and 58 importers reported that they had not lost such floor space.

Substitute Products

Purchasers identified similar products made from high-density synthetic materials, iron, other metals, composite materials, upholstered materials, and wicker as substitutes for wooden bedroom furniture. Metal products were the most commonly mentioned substitute. *** stated, however, that few consumers view metal beds as substitutes for wooden beds. Some other products were identified as potential substitutes, such as end tables for nightstands, entertainment centers for armoires, and futons for beds. Purchasers were also asked if changes in the prices of substitutes had affected the prices of wooden bedroom furniture, and 42 out of 51 purchasers stated that prices of the potential substitutes had no effect. *** stated that it considered the other products as being competitive on price, although it had no specific data to support its view.

Consumption

Quantities and values of purchases provided by reporting purchasers generally increased for Chinese and nonsubject sources between 2001 and 2003; purchases from China more than doubled between 2001 and 2003 (table II-1).³¹ Annual quantities of purchases from the United States increased, but decreased in the two interim periods by smaller amounts, and the value of purchases from U.S. sources decreased for all periods.

Table II-1

Wooden bedroom furniture: Reported purchases,¹ by sources, 2001-03, January-June 2003, and January-June 2004

Source	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
United States	2,082,900	2,329,600	2,397,301	1,283,376	1,092,573
China	1,543,589	2,231,370	3,305,409	1,606,231	1,673,941
Nonsubject	2,663,660	2,790,028	3,828,136	1,775,770	2,165,520
	Value (\$1,000)				
United States	378,438	367,151	361,593	188,556	150,583
China	228,139	326,499	510,228	266,088	276,319
Nonsubject	273,746	285,173	341,994	171,539	204,436
¹ Responding purchasers accounted for less than a third of the value of apparent U.S. consumption of wooden bedroom furniture in 2003. Source: Compiled from data submitted in response to Commission questionnaires.					

³¹ Apparent consumption is discussed in Part IV. Although purchasers' reported data account for only part of apparent consumption, trends are generally similar.

Purchasers also reported the quantities purchased of individual pieces (table II-2). Between 2001 and 2003 and the two interim periods, the quantities purchased generally increased.³² Dressers/chests of drawers were the most-purchased item. After dressers/chests of drawers, beds and then nightstands/night tables were the next most purchased items. The fact that quantities are not equal for all items, particularly for armoires, indicates that the components of purchased suites may vary by regions of the country and that items are not always purchased as suites.

Table II-2
Wooden bedroom furniture: Reported purchases,¹ by selected pieces, 2001-03, January-June 2003, and January-June 2004, as reported by purchasers

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Beds ²	1,104,560	1,622,450	2,200,051	1,102,166	1,163,265
Dressers/chest of drawers	1,824,192	1,843,193	2,404,233	1,231,890	1,345,898
Nightstands/night tables	1,103,769	1,336,030	1,714,631	865,972	970,186
Armoires ³	250,677	341,738	529,701	268,732	311,504
All other pieces	623,597	686,985	978,344	471,914	464,918
Total purchases	4,906,795	5,830,396	7,826,960	3,940,674	4,255,771
	Share (percent)				
Beds ²	22.5	27.8	28.1	28.0	27.3
Dressers/chest of drawers	37.2	31.6	30.7	31.3	31.6
Nightstands/night tables	22.5	22.9	21.9	22.0	22.8
Armoires ³	5.1	5.9	6.8	6.8	7.3
All other pieces	12.7	11.8	12.5	12.0	10.9
Total purchases	100.0	100.0	100.0	100.0	100.0
<p>¹ Responding purchasers accounted for less than half of the volume (in pieces) of apparent consumption of wooden bedroom furniture in 2003.</p> <p>² A bed is defined as a headboard, with or without any combination of related pieces such as a footboard, side rails, and canopy, with a bed considered a single piece whether it contains one or more separate pieces. Bunk beds are considered two beds and therefore are two pieces.</p> <p>³ 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.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

³² Similar tables are shown for producers (table III-6) and importers (table IV-3).

SUBSTITUTABILITY ISSUES

Substitution between domestic and imported wooden bedroom furniture depends upon quality, styles, relative prices, the conditions of sale, types of customers, and product differentiation. Based on available data, staff believes that domestic and subject imported wooden bedroom furniture is generally substitutable at least in the market segment aimed at low- and middle-income consumers, but there also appears to be some product differentiation that will moderate the degree of substitution to some extent between the U.S.-produced and subject imported product.

Factors Affecting Purchases and Sales

Purchasers were asked to list the three major factors, in order of their importance, that they consider in deciding from whom to purchase wooden bedroom furniture. Quality and price were cited most frequently (table II-3).

Table II-3
Wooden bedroom furniture: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	1	4	14
Capability	0	5	1
Consistency	1	7	6
Delivery	0	10	9
Design	12	4	1
Price	24	16	16
Quality	29	23	13
Reliability	1	4	14
Style	8	2	2
Value	8	4	1
Other	6	9	9

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked to report the characteristics that determine the quality of wooden bedroom furniture. A wide variety of characteristics was reported, including overall appearance, clarity of finish, the veneers selected, the quality of the woodworking, drawer construction, stability, metal hardware, durability, style, wood species, stability of gluing in solid wood, safety, ease of use, fit of the doors, packaging, dovetailing of drawers, dust-proofing between drawers, and type of substrates. Other purchasers were more general and said that if the product is manufactured to their engineering specifications, then it is acceptable and that ultimately it has to meet the customer's expectations.

Most purchasers reported that they are aware if the product they are purchasing is U.S.-produced or imported, and most were similarly aware of the manufacturer.³³ Purchasers' perception was that 48.4 percent of buyers are always or usually interested in the country of origin and that 51.6 percent are sometimes or never interested in the country of origin of the product that they are procuring. When asked how often their firm purchases wooden bedroom furniture that is offered at the lowest price, 3, 18, 40, and 26 purchasers reported that they, respectively, always, usually, sometimes, or never purchase wooden bedroom furniture that is offered at the lowest price.

Purchasers were asked if they required suppliers to become certified or prequalified with respect to some performance characteristic of wooden bedroom furniture. Out of 90 responding purchasers, 33 reported that they required qualification for all of their purchases; 13 reported requiring qualification for some part of their purchases; and 44 reported not requiring any type of qualification. When asked if any domestic or foreign producer had failed to qualify since January 2001, 58 purchasers responded negatively and 20 responded affirmatively. Several purchasers mentioned Chinese firms that did not qualify because of poor quality or failure to deliver on time; a few purchasers also stated that some domestic and nonsubject firms had not qualified at least in some product lines. Several firms stated that dropping a supplier was based on actual experience instead of a formal qualification procedure.

Purchasers were asked to rate the importance of 16 purchase factors in their decision to buy wooden bedroom furniture (table II-4). Availability, delivery time, lowest price, product consistency, quality meets industry standards, and the reliability of supply appear to be the most important factors.

Comparisons of Domestic Products and Imports from China

U.S. producers and importers were asked to report the shares of their firms' sales in 2003 that were from inventory and that were produced to order, and the lead times for each category. Simple averages suggest that the domestic industry had approximately a 67-33 split in favor of sales from inventory and that importers had a slightly higher share of sales from inventory (table II-5). Lead times for sales from inventory averaged 14.9 days for producers and 18.5 days for importers. Lead times for sales produced to order averaged 44.5 days for producers and 81.2 days for importers.

Purchasers were asked if wooden bedroom furniture produced in the United States and China is used interchangeably. Thirty-five firms reported that they are always used interchangeably; nine firms reported that they are frequently used interchangeably; 15 firms reported that they are sometimes used interchangeably, and 14 firms reported that they are never used interchangeably. *** stated that, although wooden bedroom furniture from all countries is technically interchangeable, consumer preferences, quality, and value guide the purchase decision. It stated that imported wooden bedroom furniture from China and other countries is often better in quality than is available from the United States at a similar price.

Purchasers were asked if they ever ordered wooden bedroom furniture specifically from one country over other possible sources of supply. Sixty-seven purchasers responded in the negative and 21 in the affirmative. Countries cited include China, Indonesia, Italy, Malaysia, Mexico, Philippines, Thailand, Vietnam, and the United States. Several purchasers stated that the decision is not specific to a country but specific to a supplier.

³³ Out of 93 responding purchasers, 88 purchasers reported that they are always or usually aware whether the wooden bedroom furniture they are purchasing is domestically produced or imported, and 79 purchasers reported being always or usually aware of the manufacturer.

Table II-4
Wooden bedroom furniture: Importance of purchase factors, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	69	20	4
Brand names	8	20	62
Delivery terms	36	44	13
Delivery time	64	28	1
Discounts offered	31	42	18
Extension of credit	18	34	39
Lowest price	66	27	0
Minimum quantity requirements	21	40	30
Packaging	58	30	4
Product consistency	80	12	0
Quality meets industry standards	73	15	3
Quality exceeds industry standards	43	34	13
Product range	20	47	23
Reliability of supply	80	10	3
Technical support/service	29	42	20
U.S. transportation costs	27	37	26

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-5
Wooden bedroom furniture: Share of sales from inventory and produced to order, and lead times

Type	Source	Share	Lead time
		Percent	Days
Producers	From inventory	67.1	14.9
	Produced to order	32.9	44.5
Importers	From inventory	70.7	18.5
	Produced to order	29.3	81.2

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked if certain types, sizes, or styles of wooden bedroom furniture were only available from a single source. There were 17 and 72, respectively, affirmative and negative responses.³⁴ *** stated that it had not seen any domestically made jewelry armoires. *** stated that only domestic sources can competitively supply low-priced bedrooms of particle board because of the cost of ocean freight. *** stated that Italy has superior polyester finishes. *** stated that more heavily carved and fancy veneer products are available from Asia. *** state speciality, low-production quantity items are only available domestically. Several purchasers responded that labor-intensive styles were not available in the United States.

Purchasers were asked to explain any reasons for purchasing from a particular source when a comparable product may be available from a different source at a lower price. *** responded that the United States had better availability and terms on minimum order sizes. *** reported that all vendors supply equivalent goods through reliable supply chains. *** stated that it will purchase a higher-priced product based on overall quality and reliability of supply. It added that many U.S. suppliers are no more reliable than foreign suppliers and that they only have shorter shipping times. *** reported that a specific supplier, whose brand name is important, designs and manufactures the furniture that *** buys. *** reported that it buys solid wood bedroom furniture produced by *** because of quality, value, and fast delivery, although less expensive products are available. Several purchasers reported that quality, style, and availability must be acceptable before they examine price. *** stated that it likes to purchase domestically because of short lead times and low freight charges but that low-cost alternatives abroad often give better value. Haverty stated that it purchases imports because domestic manufacturers refused to provide it with private-label wooden bedroom furniture.³⁵

Purchasers were asked to report the frequency that wooden bedroom furniture from the United States and from China met minimum quantity specifications. Eighty percent of the responding purchasers reported that U.S.-produced wooden bedroom furniture always or usually met minimum quality specifications, and 96.3 percent of the responding purchasers reported that subject imported wooden bedroom furniture always or usually met similar specifications (table II-6).

³⁴ Seven producers reported that certain styles or types of wooden bedroom furniture are imported from China that are not produced in the United States, and 30 producers reported that there are not. When posed the similar question, 32 importers replied that there are different styles or types from China, and 45 replied that there are not. U.S. producer *** stated that all types produced in China could be produced in the United States, but that it was ultimately a cost-price decision. *** stated that certain labor-intensive styles imported from China cannot be replicated in the United States because they require detailed carving and intricate finishing work. It added that if it produced these items domestically it would not be able to sell them at all because the labor component would price them out of the market. (This assertion is contradicted by Wyatt Bassett in footnote 16.) *** stated that some imported styles may not be produced in the United States, but it cannot readily identify them because the array of designs and styles is too vast.

³⁵ Clarence Ridley, Chairman, Haverty Furniture Companies, hearing transcript at 212-213.

Table II-6**Wooden bedroom furniture: Frequency of meeting minimum quality specifications by source, as reported by purchasers**

Source	Number of firms reporting			
	Always	Usually	Sometimes	Rarely or never
U.S.-produced	12	44	10	4
Imported from China	18	61	3	0

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were asked to compare wooden bedroom furniture from the United States to subject imports from China with respect to the previously discussed 16 purchase factors (table II-7). The domestic product was rated superior most often with respect to brand names, delivery time, minimum quantity requirements, technical support/service, and U.S. transportation costs. Half or more of the reporting purchasers rated U.S.-produced wooden bedroom furniture superior with respect to brand names and delivery time; over 80 percent of reporting purchasers rated the United States inferior with respect to price, and 50 percent or more rated the product from these two sources as comparable with respect to the other factors.

Table II-7**Wooden bedroom furniture: Comparisons between U.S.-produced and subject Chinese products, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	8	41	8
Brand names	23	19	4
Delivery terms	12	38	5
Delivery time	31	20	6
Discounts offered	1	43	8
Extension of credit	11	33	8
Lowest price	4	7	46
Minimum quantity requirements	22	28	4
Packaging	1	43	13
Product consistency	3	39	15
Quality meets industry standards	3	43	11
Quality exceeds industry standards	2	39	16
Product range	7	29	21
Reliability of supply	10	43	4
Technical support/service	21	32	3
U.S. transportation costs	23	25	2

Source: Compiled from data submitted in response to Commission questionnaires.

Comparisons of Domestic Products and Nonsubject Imports

Purchasers compared wooden bedroom furniture from the United States with product from the nonsubject countries of Canada (table II-8), Indonesia (table II-9), Italy (table II-10), Malaysia (table II-11), and Mexico (table II-12) with respect to the 16 purchase factors.

Table II-8

Wooden bedroom furniture: Comparisons between U.S.-produced and nonsubject Canadian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	1	7	1
Brand names	3	3	1
Delivery terms	0	9	0
Delivery time	2	7	0
Discounts offered	0	9	0
Extension of credit	1	8	0
Lowest price	1	7	1
Minimum quantity requirements	1	8	0
Packaging	0	9	0
Product consistency	0	9	0
Quality meets industry standards	0	9	0
Quality exceeds industry standards	0	9	0
Product range	5	3	1
Reliability of supply	2	7	0
Technical support/service	2	7	0
U.S. transportation costs	4	4	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-9
Wooden bedroom furniture: Comparisons between U.S.-produced and nonsubject Indonesian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	2	8	4
Brand names	6	3	0
Delivery terms	1	12	0
Delivery time	10	3	1
Discounts offered	0	12	0
Extension of credit	4	8	0
Lowest price	0	0	14
Minimum quantity requirements	5	8	0
Packaging	0	10	4
Product consistency	3	8	3
Quality meets industry standards	1	10	3
Quality exceeds industry standards	3	8	3
Product range	4	4	6
Reliability of supply	3	11	0
Technical support/service	4	10	0
U.S. transportation costs	5	6	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-10
Wooden bedroom furniture: Comparisons between U.S.-produced and nonsubject Italian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	1	7	0
Brand names	3	2	2
Delivery terms	1	7	0
Delivery time	4	4	0
Discounts offered	0	8	0
Extension of credit	3	5	0
Lowest price	2	4	2
Minimum quantity requirements	4	4	0
Packaging	2	5	1
Product consistency	1	6	1
Quality meets industry standards	0	8	0
Quality exceeds industry standards	0	7	1
Product range	3	4	1
Reliability of supply	2	6	0
Technical support/service	3	4	1
U.S. transportation costs	1	4	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-11
Wooden bedroom furniture: Comparisons between U.S.-produced and nonsubject Malaysian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	1	6	2
Brand names	3	2	0
Delivery terms	2	6	0
Delivery time	6	2	1
Discounts offered	0	7	1
Extension of credit	3	4	0
Lowest price	1	1	7
Minimum quantity requirements	3	3	1
Packaging	0	6	3
Product consistency	0	5	4
Quality meets industry standards	1	5	3
Quality exceeds industry standards	0	5	4
Product range	1	2	6
Reliability of supply	3	4	1
Technical support/service	3	5	1
U.S. transportation costs	4	3	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-12
Wooden bedroom furniture: Comparisons between U.S.-produced and nonsubject Mexican products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	2	9	0
Brand names	7	1	0
Delivery terms	1	10	0
Delivery time	3	8	0
Discounts offered	1	8	2
Extension of credit	1	9	1
Lowest price	1	1	9
Minimum quantity requirements	5	4	0
Packaging	0	11	0
Product consistency	4	6	1
Quality meets industry standards	2	9	0
Quality exceeds industry standards	5	6	0
Product range	7	4	0
Reliability of supply	5	6	0
Technical support/service	4	7	0
U.S. transportation costs	6	5	0

Source: Compiled from data submitted in response to Commission questionnaires.

Comparisons of Subject Imports and Nonsubject Imports

U.S. purchasers compared subject imports from China to nonsubject imports from Canada (table II-13), Indonesia (table II-14), Italy (table II-15), Malaysia (table II-16), and Mexico (table II-17) with respect to the 16 purchase factors.

Table II-13

Wooden bedroom furniture: Comparisons between subject Chinese and nonsubject Canadian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	2	1	1
Brand names	0	4	0
Delivery terms	0	4	0
Delivery time	0	3	1
Discounts offered	0	4	0
Extension of credit	0	4	0
Lowest price	2	1	1
Minimum quantity requirements	0	3	1
Packaging	1	2	1
Product consistency	0	4	0
Quality meets industry standards	0	4	0
Quality exceeds industry standards	0	4	0
Product range	2	1	1
Reliability of supply	0	4	0
Technical support/service	0	4	0
U.S. transportation costs	0	3	0

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-14
Wooden bedroom furniture: Comparisons between subject Chinese and nonsubject Indonesian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	2	7	0
Brand names	0	6	0
Delivery terms	1	7	0
Delivery time	2	7	0
Discounts offered	0	6	0
Extension of credit	0	6	1
Lowest price	2	7	0
Minimum quantity requirements	0	8	0
Packaging	2	7	0
Product consistency	1	8	0
Quality meets industry standards	1	8	0
Quality exceeds industry standards	2	7	0
Product range	4	5	0
Reliability of supply	1	8	0
Technical support/service	1	6	0
U.S. transportation costs	0	7	0

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-15
Wooden bedroom furniture: Comparisons between subject Chinese and nonsubject Italian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	2	2	0
Brand names	0	2	1
Delivery terms	0	4	0
Delivery time	0	3	1
Discounts offered	0	4	0
Extension of credit	0	4	0
Lowest price	3	1	0
Minimum quantity requirements	0	4	0
Packaging	3	1	0
Product consistency	3	1	0
Quality meets industry standards	2	2	0
Quality exceeds industry standards	2	1	1
Product range	3	1	0
Reliability of supply	0	4	0
Technical support/service	1	3	0
U.S. transportation costs	0	3	0

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-16
Wooden bedroom furniture: Comparisons between subject Chinese and nonsubject Malaysian products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	3	6	1
Brand names	1	4	0
Delivery terms	2	7	0
Delivery time	5	5	0
Discounts offered	0	9	0
Extension of credit	0	9	0
Lowest price	1	6	3
Minimum quantity requirements	1	9	0
Packaging	2	8	0
Product consistency	4	6	0
Quality meets industry standards	3	7	0
Quality exceeds industry standards	3	7	0
Product range	7	2	1
Reliability of supply	3	7	0
Technical support/service	1	9	0
U.S. transportation costs	1	5	1

Source: Compiled from data submitted in response to Commission questionnaires.

Table II-17
Wooden bedroom furniture: Comparisons between subject Chinese and nonsubject Mexican products, as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	5	3	1
Brand names	1	5	0
Delivery terms	1	6	2
Delivery time	0	4	5
Discounts offered	1	8	0
Extension of credit	0	8	1
Lowest price	5	3	1
Minimum quantity requirements	0	7	2
Packaging	5	4	0
Product consistency	7	2	0
Quality meets industry standards	5	4	0
Quality exceeds industry standards	5	3	1
Product range	7	1	1
Reliability of supply	4	4	1
Technical support/service	0	8	1
U.S. transportation costs	1	3	3

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

The domestic supply elasticity for wooden bedroom furniture is an indication of U.S. producers' quantity response to changes in the U.S. market price of wooden bedroom furniture. The elasticity of domestic supply depends on firms' cost profiles, ability to adjust capacity, ability to access alternate markets, and other factors. Analysis of these factors earlier indicates that the U.S. industry's response is likely to be large. A supply elasticity in the range of 10 to 15 is suggested.

The U.S. demand elasticity for wooden bedroom furniture measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of wooden bedroom furniture. This estimate depends upon consumer preferences, income, marketing factors, and the viability of substitutes. Petitioners claimed that bedroom furniture is a necessity, and that the number of bedroom suites purchased is limited by the number of bedrooms that one has,³⁶ although respondents believe that spending on wooden bedroom furniture is overwhelmingly discretionary.³⁷ Staff is not aware of any definite data to resolve the issue, but believes that purchases of bedroom furniture tend to be discretionary. Bedroom furniture includes nightstands, chests of drawers, and armoires, which do not appear to be necessities. The existing stock of beds in the country is believed to be large. Demand is more a function of income than population growth, which argues for the discretionary interpretation. The petitioners' exhibit 8 (prehearing brief), in fact, shows that demand has grown roughly in line with disposable income, which is at a greater rate than population growth. Although it is true that only one bedroom suite is usually purchased for a bedroom, with increasing wealth one can add bedrooms, purchase residences with additional bedrooms, or simply replace existing bedrooms suites. It thus appears that purchases of bedroom furniture are largely discretionary. Based on the available information, the aggregate demand for wooden bedroom furniture is likely to be in the range of -1.2 to -1.7.³⁸

The elasticity of substitution measures the percentage change in the ratio of purchases of the domestic product to the imported product in response to a percentage change in their price ratio. It depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon the comparability of the domestic and imported product and the conditions of sale. Based on available information, the elasticity of substitution between U.S.-produced wooden bedroom furniture and imported wooden bedroom furniture is likely to be in the range of 3 to 6.³⁹

³⁶ Petitioners' prehearing brief, p. 35.

³⁷ Lacquer Craft's prehearing brief, p. 3.

³⁸ Petitioners (prehearing brief, exh. 1, p. 12) suggest a range of -0.7 to -1.2. The Furniture Retailers Group (postconference brief, exh. 16) cited somewhat dated empirical work showing that the own-price elasticity of demand ranged from -1.01 to -3.0 and estimated demand elasticity in this case to range from -1.8 to -2.3. Lacquer Craft stated in its prehearing brief (p. 18, footnote 40) that bedroom furniture is a discretionary purchase and that it believed that the staff's original estimate of demand elasticity was slightly low. It also stated that staff's elasticity of supply "may be somewhat high," but that in general the staff's estimates are reasonable.

³⁹ Petitioners (prehearing brief, exh. 1, p. 14) stated that they believe that the staff's estimate is too low and suggest a range of 6 to 9 based primarily on the fact that a majority of purchasers ranked the domestic product as comparable on 13 of the 16 purchase factors. Staff notes that there are differences in delivery time and brand names, and several purchasers stated that hand-carving was more prevalent for the subject imports. A substitution elasticity of 6 is reasonably high; therefore staff did not adjust the figure.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

Information on capacity, production, shipments, inventories, and employment is presented in this section and is based on the questionnaire responses of 49 U.S. producers of wooden bedroom furniture¹ representing approximately 88 percent of the value of U.S. shipments of domestically produced wooden bedroom furniture in 2003.² ³ A summary of U.S. producer data is presented in appendix C.

U.S. PRODUCERS

Table III-1 presents a list of U.S. producers responding to the Commission's questionnaires,⁴ the locations of corporate headquarters, the positions taken with respect to the petition,⁵ the values and shares of U.S. shipments by firm in 2003,⁶ and whether the firms directly imported the subject merchandise from China during January 2001-June 2004.⁷

¹ Two additional U.S. producers, Country Craft and Khoury, submitted questionnaire responses. However, their responses were not used (except in table III-1) because they either contained no trade, employment, or financial data, or were significantly incomplete. One producer, Bernhardt, provided only limited data; however, its response was received so late that Commission staff did not have adequate time to request Bernhardt to update and further complete its questionnaire response. One producer, Bebe Furniture, submitted a letter in support of the petition but did not provide a questionnaire response. Two other U.S. producers, Modern and Thornwood, provided questionnaire responses in the preliminary phase of the investigation but not in the final phase of the investigation.

² Coverage was calculated using the Commission's total U.S. shipment value for 2003 of \$1.879 billion (*see* table III-4) and the petitioners' U.S. industry estimate for 2003 of \$2.141 billion. Staff phone conversations with Joseph Dorn, counsel to petitioners, October 18, 2004; and Wyatt Bassett, Executive Vice President, Vaughan-Bassett, October 19, 2004.

³ Petitioners stated that ". . . survivor bias understates the industry's downturn." Testimony of Joseph Dorn, counsel to petitioners, transcript of hearing at 13.

⁴ The Commission sent producers' questionnaires to all U.S. producers identified in the petition. *See* petition at exh. 1 and 2. On November 3, 2004, the petitioners identified 14 additional U.S. producers that closed plants since January 1, 2001, and that did not provide a response to the Commission's producers' questionnaire. *See* petitioners' prehearing brief, exh. 3. The list provided by the petitioners included seven firms not identified in the petition. The Commission sent questionnaires to the remaining seven firms (not identified in the petition) and received a response from Lexington. Two firms, Boyd Furniture and Baker Furniture, received the Commission's questionnaire but did not provide a response. Four firms were mailed questionnaires but were returned as undeliverable by FedEx.

⁵ Thirty-eight out of 54 responding U.S. producers support the petition, nine firms oppose the petition, and seven firms take no position with respect to the petition.

⁶ The value of U.S. shipments is presented in the table to represent the relative size of U.S. producers rather than the volume of production because many firms had difficulty calculating production quantities on either a pieces or pounds basis.

⁷ Twenty-six of 54 responding U.S. producers imported the subject merchandise from China in January 2001-June 2004. *See* section entitled *U.S. Producers' Imports* in Part IV of this report for additional information on U.S. producers' imports.

Table III-1
Wooden bedroom furniture: U.S. producers, locations of corporate headquarters, positions taken with respect to the petition, shares of reported domestically produced U.S. shipments in 2003, and whether firms directly imported the subject merchandise from China in January 2001-June 2004

Firms	Location	Position taken with respect to the petition					U.S.-produced U.S. shipments in 2003		Imported from China	
		Support ¹	Oppose	Takes no position	Public		Value	Share	Yes	No
					Yes	No	\$1,000	Percent		
Adden	MA	***	***	***			***	***	***	***
American Drew ²	NC	Petitioner				✓	***	***	***	***
American of Martinsville ²	VA	Petitioner				✓	***	***	***	***
Ashley	WI		✓			✓	***	***	***	***
Bassett	VA	Petitioner				✓	***	***	***	***
Bebe	CA	✓				✓	(⁴)	(⁴)	(⁴)	(⁴)
Bernhardt	NC	***	***	***			(⁴)	(⁴)	***	***
Carolina Furniture Works	SC	Petitioner				✓	***	***	***	***
Century	NC	Petitioner				✓	***	***	***	***
Chromcraft Revington	IN	***	***	***			***	***	***	***
Country Craft ³	VA	✓				✓	(⁴)	(⁴)	***	***
Craftique	NC	✓				✓	***	***	***	***
Crawford	NY	Petitioner				✓	***	***	***	***
Cresent ⁵	TN			✓		✓	***	***	***	***
E.J. Victor	NC	✓				✓	***	***	***	***
Ethan Allen	CT	***	***	***			***	***	***	***
Furniture Brands ⁶	MO		✓			✓	***	***	***	***
Harden Manufacturing (AL)	AL	***	***	***			***	***	***	***
Harden Furniture (NY)	NY	Petitioner				✓	***	***	***	***
Hart	TN	Petitioner				✓	***	***	***	***
Higdon	FL	Petitioner				✓	***	***	***	***
Hooker ⁵	VA	***	***	***			***	***	***	***
Johnston-Tombigbee	MO	Petitioner				✓	***	***	***	***
Khoury ³	MI	***	***	***			(⁴)	(⁴)	***	***
Kincaid ²	NC	Petitioner				✓	***	***	***	***
L. & J.G. Stickley	NY	Petitioner				✓	***	***	***	***
Lea ²	NC	Petitioner				✓	***	***	***	***
Lexington	NC	***	***	***			***	***	***	***
Michels & Company	CA	Petitioner				✓	***	***	***	***
MJ Wood Products	VT	Petitioner				✓	***	***	***	***
Mobel	IN	Petitioner				✓	***	***	***	***
Modern ⁷	WA	✓				✓	(⁴)	(⁴)	***	***
Moosehead	ME	Petitioner				✓	***	***	***	***
O'Sullivan	MO	✓				✓	***	***	***	***
Oakwood Interiors	CA	✓				✓	***	***	***	***
Pennsylvania House ²	NC	Petitioner				✓	***	***	***	***
Perdues	SD	✓				✓	***	***	***	***
Progressive ⁸	OH	***	***	***			***	***	***	✓
Samuel Lawrence ⁹	AZ	***	***	***			***	***	***	✓
Sandberg	CA	Petitioner				✓	***	***	***	***
Sauder	OH	***	***	***			***	***	***	✓
Standard	AL		✓			✓	***	***	***	***
Stanley	VA	Petitioner				✓	***	***	***	***
Statton	MD	✓				✓	***	***	***	***
T. Copeland & Sons	VT	Petitioner				✓	***	***	***	***
Thornwood ⁷	AZ	***	***	***			(⁴)	(⁴)	***	***
Through The Barn Door	NC	***	***	***			***	***	***	***
Tom Seely	WV	✓				✓	***	***	***	***
Trendwood	AZ	***	***	***			***	***	***	✓
Vaughan	VA	Petitioner				✓	***	***	***	***
Vaughan-Bassett	VA	Petitioner				✓	***	***	***	***
Vermont Tubbs	VT	Petitioner				✓	***	***	***	***
Webb ¹⁰	VA	Petitioner				✓	***	***	***	***
Whittier Wood Products	OR	***	***	***			***	***	***	***
Total (54)		38	9	7	39	15	1,878,740	100.0	26	26

¹ Five labor unions are co-petitioners and support the petition: UBC Southern Council of Industrial Workers, Local Union 2305, Columbus, MS; United Steelworkers of America, Local 193U, Lewisburg, PA; Carpenters Industrial Union, Local 2093, Phoenix, AZ; and Teamsters, Chauffeurs, Warehousemen and Helpers, Local 991, Bay Minette, AL; and the IUE, Industrial Division of CWA, Local 82472, Hagerstown, MD.

² Firm is a wholly owned subsidiary of La-Z-Boy Inc., Monroe, MI.

³ Firm provided limited, substantially incomplete, or unusable data; therefore its response is not included in the report, except as noted.

⁴ Data not reported.

⁵ Firm was a petitioner during the preliminary phase investigation; however, firm is not a petitioner in the final phase investigation.

⁶ Furniture Brands owns five U.S. producers: Broyhill, Lenoir, NC; Drexel Heritage, High Point, NC; Henredon, Morgantown, NC; Maitland-Smith, High Point, NC; and Thomasville, Thomasville, NC.

⁷ Firm provided a questionnaire response in the preliminary phase investigation but not in the final phase investigation.

⁸ Progressive is a wholly owned subsidiary of Sauder Woodworking Company (Sauder), Archbold, OH.

⁹ Samuel Lawrence is owned by Woodstuff Manufacturing which is owned ***. Samuel Lawrence closed its production facilities in March 2004.

¹⁰ Firm is a 50/50 joint venture owned by Vaughan Furniture and Vaughan-Bassett Furniture, Galax, VA.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data are presented in table III-2 and figure III-1. The Commission's producers' questionnaire requested that firms provide production and capacity data in pieces and pounds; however, many firms could not provide quantity data. U.S. production of wooden bedroom furniture by firm is presented in table III-3.

Table III-2
Wooden bedroom furniture: U.S. producers' capacity, production, and capacity utilization, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Capacity (quantity)				
Pieces	17,833,664	17,884,974	17,316,172	8,774,426	8,620,708
Pounds	1,520,349,978	1,536,833,104	1,486,982,328	756,050,200	751,193,835
	Production (quantity)				
Pieces	13,987,146	13,872,218	12,712,592	6,727,891	6,555,543
Pounds	1,151,087,815	1,166,303,093	1,073,777,550	560,845,453	556,256,575
	Capacity utilization (percent)¹				
Pieces	77.2	76.8	72.7	76.1	74.6
Pounds	74.4	75.1	71.3	73.6	72.9
¹ Capacity utilization calculated from firms providing both production and capacity data.					
Source: Compiled from data submitted in response to Commission questionnaires.					

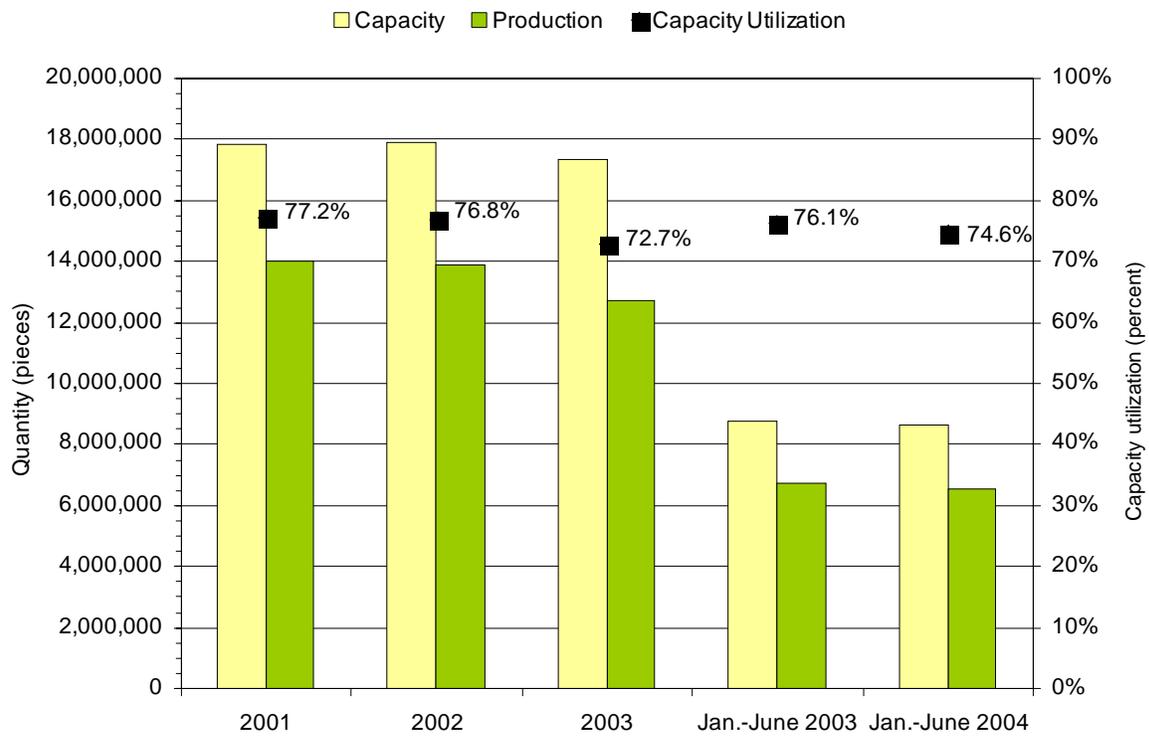
Table III-3
Wooden bedroom furniture: U.S. producers' production, by firm, 2001-03, January-June 2003, and January-June 2004

*	*	*	*	*	*	*
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The 35 firms supporting the petition and providing data (3 firms did not provide data) accounted for 43.4 percent of reported U.S. production (based on pieces) in 2001, 42.9 percent in 2002, 37.8 percent in 2003, 37.2 percent in interim 2003, and 35.9 percent in interim 2004 (figure III-2). The nine reporting firms opposing the petition accounted for 52.3 percent of reported U.S. production in 2001, 53.2 percent in 2002, 59.1 percent in 2003, 59.7 percent in interim 2003, and 60.9 percent in interim 2004. The five reporting firms taking no position with respect to the petition accounted for 4.3 percent of reported U.S. production in 2001, 3.8 percent in 2002, 3.1 percent in 2003, 3.1 percent in interim 2003, and 3.1 percent in interim 2004.⁸

⁸ Table D-2 in app. D presents data of U.S. production of wooden bedroom furniture based on firms' positions with respect to the petition. Table D-3 in app. D presents data of U.S. production of wooden bedroom furniture based on whether firms imported the subject merchandise between January 2001-June 2004.

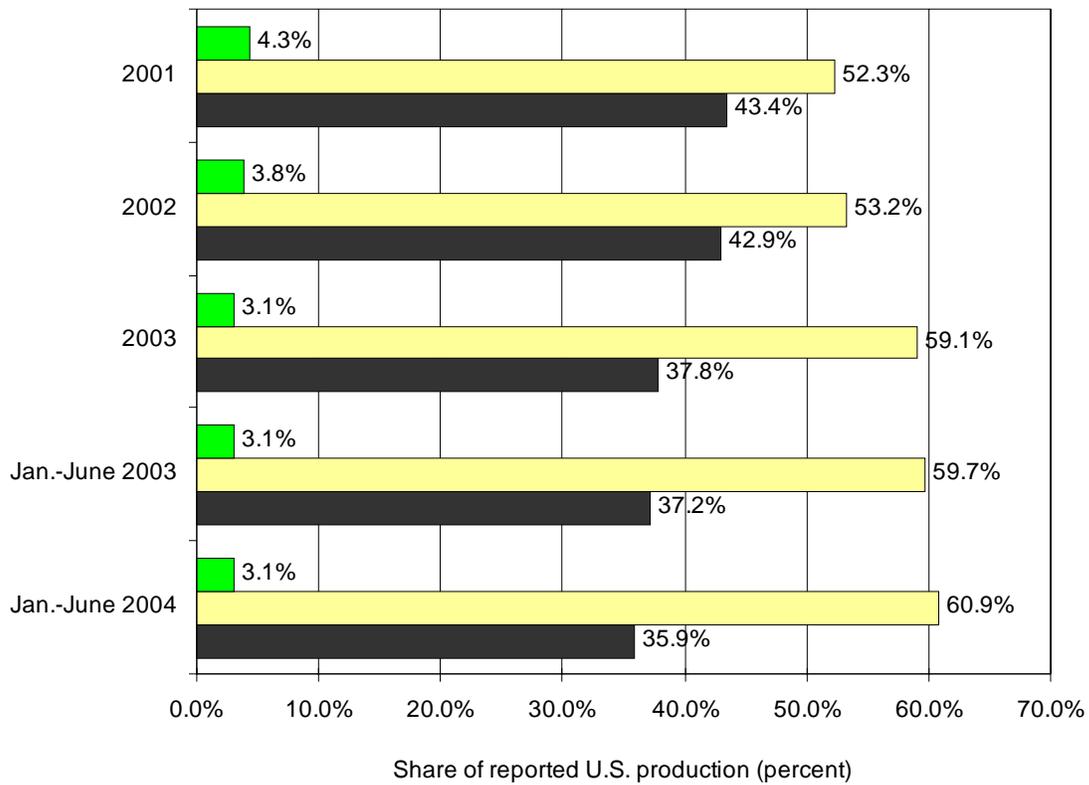
Figure III-1
Wooden bedroom furniture: U.S. producers' capacity, production, and capacity utilization, based on pieces, 2001-03, January-June 2003, and January-June 2004



Source: Table III-2.

Figure III-2
Wooden bedroom furniture: Share of U.S. production accounted for by U.S. producers according to their position taken with respect to the petition

■ Firms in support of petition □ Firms in opposition to petition ■ Firms taking no position on petition



Source: Table D-2.

Many U.S. producers that provided usable data indicated that they had difficulty in determining capacity because of the nature of the production process, which includes three distinct production processes (sawing, assembling, and finishing), each of which has its own capacities and constraints. In many instances, firms providing capacity data based their responses on “best estimates.” With respect to production, many producers indicated that they had difficulty providing precise production data because their firms’ data reporting systems do not collect the data as requested. Moreover, a number of firms which did not provide questionnaire responses closed plants since January 1, 2001, so decreases in capacity and certain other data may be understated.

U.S. PRODUCERS’ SHIPMENTS

Data on U.S. producers’ shipments, by types, are presented in table III-4 and figure III-3. Table III-5 presents U.S. producers’ U.S. shipments, by firm. Table III-6 presents U.S. producers’ U.S. shipments of wooden bedroom furniture by selected pieces. Approximately 21.3 percent of reporting U.S. producers’ U.S. shipments in 2003 (based on pieces) were beds, 31.1 percent were dressers/chest of drawers, 20.2 percent were nightstands/night tables, 3.4 percent were armoires, and 24.1 percent were all other pieces.

Table III-7 and figure III-4 present U.S. producers’ U.S. shipments by channels of distribution. Approximately 15.4 percent of reporting U.S. producers’ U.S. shipments in 2003 (based on value) went to related retailers, 76.4 percent went to unrelated retailers, 4.2 percent went to hospitality/institutional firms, 3.3 percent went to distributors, and 0.8 percent went to other market segments.

Table III-4
Wooden bedroom furniture: U.S. producers' shipments, by type of shipments, 2001-03, January-June 2003, and January-June 2004

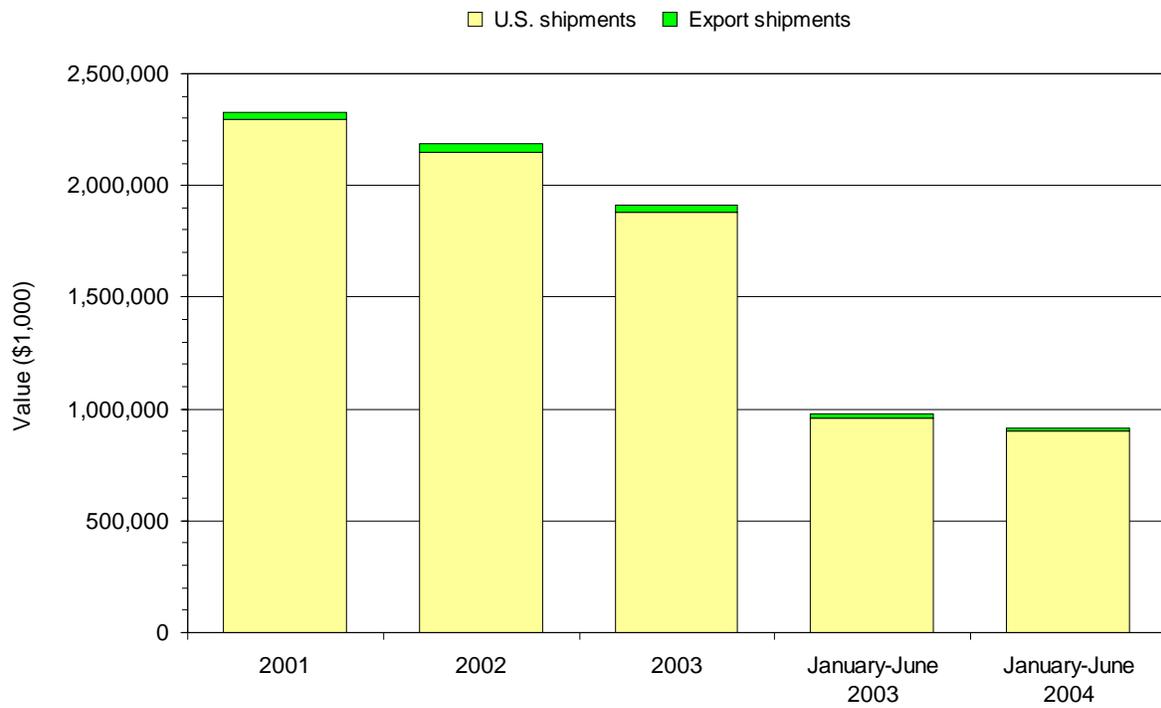
Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Commercial shipments	13,991,430	13,641,891	12,513,684	6,525,586	6,236,116
Internal consumption	15,701	31,671	57,502	15,463	74,365
Transfers to related firms	14,947	26,235	69,907	24,329	80,136
U.S. shipments	14,022,078	13,699,797	12,641,093	6,565,378	6,390,617
Export shipments	206,088	225,349	249,187	109,568	123,000
Total shipments	14,228,166	13,925,146	12,890,280	6,674,946	6,513,617
	Quantity (pounds)				
Commercial shipments	1,147,492,263	1,130,544,800	1,050,801,039	538,035,325	522,056,891
Internal consumption	1,197,707	2,475,729	4,560,932	1,221,508	6,059,534
Transfers to related firms	3,347,991	4,374,316	8,233,315	3,403,599	6,652,795
U.S. shipments	1,152,037,961	1,137,394,845	1,063,595,286	542,660,432	534,769,220
Export shipments	20,127,957	21,438,386	23,493,804	10,784,957	11,728,037
Total shipments	1,172,165,918	1,158,833,231	1,087,089,090	553,445,389	546,497,257
	Value (\$1,000)				
Commercial shipments	2,282,858	2,134,943	1,855,125	951,536	881,273
Internal consumption	2,497	3,410	5,573	1,352	8,186
Transfers to related firms	8,949	11,794	18,042	7,945	9,764
U.S. shipments	2,294,304	2,150,147	1,878,740	960,833	899,223
Export shipments	34,856	35,279	34,928	17,423	16,548
Total shipments ¹	2,329,160	2,185,426	1,913,668	978,256	915,771
Table continued. See footnotes at end of table.					

Table III-4--Continued

Wooden bedroom furniture: U.S. producers' shipments, by type of shipments, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Unit value (per piece)				
Commercial shipments	\$163.16	\$156.50	\$148.25	\$145.82	\$141.32
Internal consumption	159.03	107.67	96.92	87.43	110.08
Transfers to related firms	598.72	449.55	258.09	326.57	121.84
U.S. shipments	163.62	156.95	148.62	146.35	140.71
Export shipments	169.13	156.55	140.17	159.02	134.54
Average	163.70	156.94	148.46	146.56	140.59
	Unit value (per pound)				
Commercial shipments	\$1.74	\$1.67	\$1.56	\$1.57	\$1.50
Internal consumption	2.08	1.38	1.22	1.11	1.35
Transfers to related firms	2.67	2.70	2.19	2.33	1.47
U.S. shipments	1.74	1.67	1.57	1.57	1.49
Export shipments	1.73	1.65	1.49	1.62	1.41
Average	1.74	1.67	1.57	1.57	1.49
	Share of total shipments (percent of value)				
Commercial shipments	98.0	97.7	96.9	97.3	96.2
Internal consumption	0.1	0.2	0.3	0.1	0.9
Transfers to related firms	0.4	0.5	0.9	0.8	1.1
U.S. shipments	98.5	98.4	98.2	98.2	98.2
Export shipments	1.5	1.6	1.8	1.8	1.8
Total	100.0	100.0	100.0	100.0	100.0
<p>¹ The value for total shipments differs from the value of net sales presented in the financial section of this report because of differences in the number of responding firms and because some firms reported their financials on a fiscal-year rather than a calendar-year basis.</p> <p>Note: Totals for U.S. shipments of pieces differ from those in tables III-6 and III-7 because of differences in the number of responding firms and/or because of other reporting anomalies.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Figure III-3
Wooden bedroom furniture: U.S. producers' shipments, by type of shipments, 2001-03, January-June 2003, and January-June 2004



Source: Table III-4.

Table III-5

Wooden bedroom furniture: U.S. producers' shipments, by firm, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table III-6

Wooden bedroom furniture: U.S. producers' U.S. shipments, by selected pieces, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Beds ¹	2,922,320	2,788,318	2,600,129	1,393,402	1,295,094
Dressers/chest of drawers	4,262,311	4,199,809	3,789,350	1,980,480	1,848,370
Night stands/night tables	2,732,194	2,716,891	2,461,466	1,300,435	1,123,477
Armoires ²	470,512	443,737	413,233	206,988	174,622
All other pieces	2,951,395	3,097,224	2,936,771	1,509,664	1,539,151
Total, U.S. shipments	13,338,732	13,245,979	12,200,949	6,390,969	5,980,714
	Share (percent)				
Beds ¹	21.9	21.1	21.3	21.8	21.7
Dressers/chest of drawers	32.0	31.7	31.1	31.0	30.9
Night stands/night tables	20.5	20.5	20.2	20.3	18.8
Armoires ²	3.5	3.3	3.4	3.2	2.9
All other pieces	22.1	23.4	24.1	23.6	25.7
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
<p>¹ A bed is defined as a headboard, with or without any combination of related pieces such as a footboard, side rails, and canopy, with a bed considered a single piece whether it contains one or more separate pieces. Bunk beds are considered two beds and therefore are two pieces.</p> <p>² 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.</p> <p>Note: Totals for U.S. shipments of pieces differ from those in tables III-4 and III-7 because of differences in the number of responding firms and/or because of other reporting anomalies.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table III-7

Wooden bedroom furniture: U.S. producers' shipments by channels of distribution, 2001-03, January-June 2003, and January-June 2004

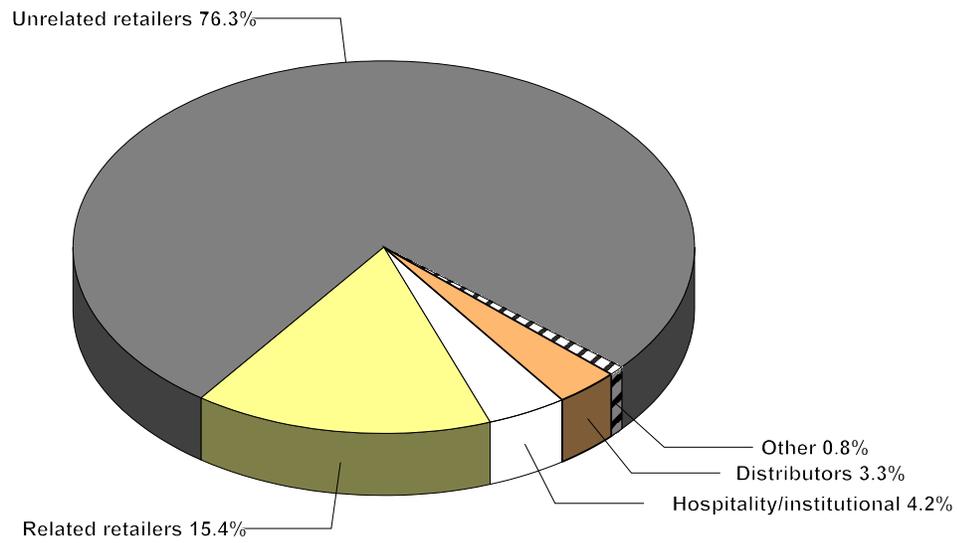
Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
U.S. shipments to:					
Related retailers	1,812,123	1,799,866	1,660,958	914,420	910,627
Unrelated retailers	10,993,311	10,710,943	9,796,333	5,051,740	4,868,453
Hospitality/institutional	722,047	558,118	485,995	260,158	267,628
Distributors	808,561	836,439	886,182	470,335	463,335
Other market segments	105,904	117,901	95,883	49,161	44,946
Total, U.S. shipments	14,441,946	14,023,267	12,925,351	6,745,814	6,554,989
	Quantity (pounds)				
U.S. shipments to:					
Related retailers	93,438,487	95,018,568	94,452,403	50,964,856	45,002,710
Unrelated retailers	931,201,169	929,570,973	882,496,088	436,704,170	425,192,276
Hospitality/institutional	61,493,145	44,485,507	37,524,196	22,196,222	23,023,590
Distributors	57,450,450	61,878,651	56,305,379	29,145,620	30,475,255
Other market segments	11,200,065	12,329,322	9,434,765	4,765,101	4,642,228
Total, U.S. shipments	1,154,783,316	1,143,283,021	1,080,212,831	543,775,969	528,336,059
	Value (\$1,000)				
U.S. shipments to:					
Related retailers	323,047	320,144	301,936	156,866	152,211
Unrelated retailers	1,874,113	1,737,056	1,502,374	771,316	707,361
Hospitality/institutional	129,371	93,955	82,039	38,358	37,569
Distributors	63,259	66,069	64,403	33,992	33,365
Other market segments	16,953	18,143	14,853	6,944	8,017
Total, U.S. shipments	2,406,743	2,235,367	1,965,605	1,007,476	938,523
Table continued. See footnotes at end of table.					

Table III-7--Continued

Wooden bedroom furniture: U.S. producers' shipments by channels of distribution, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Share of U.S. shipments (percent/pieces)				
U.S. shipments to:					
Related retailers	12.5	12.8	12.9	13.6	13.9
Unrelated retailers	76.1	76.4	75.8	74.9	74.3
Hospitality/institutional	5.0	4.0	3.8	3.9	4.1
Distributors	5.6	6.0	6.9	7.0	7.1
Other market segments	0.7	0.8	0.7	0.7	0.7
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Share of U.S. shipments (percent/pounds)				
U.S. shipments to:					
Related retailers	8.1	8.3	8.7	9.4	8.5
Unrelated retailers	80.6	81.3	81.7	80.3	80.5
Hospitality/institutional	5.3	3.9	3.5	4.1	4.4
Distributors	5.0	5.4	5.2	5.4	5.8
Other market segments	1.0	1.1	0.9	0.9	0.9
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Share of U.S. shipments (percent of value)				
U.S. shipments to:					
Related retailers	13.4	14.3	15.4	15.6	16.2
Unrelated retailers	77.9	77.7	76.4	76.6	75.4
Hospitality/institutional	5.4	4.2	4.2	3.8	4.0
Distributors	2.6	3.0	3.3	3.4	3.6
Other market segments	0.7	0.8	0.8	0.7	0.9
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
Note: Totals for U.S. shipments of pieces differ from those in tables III-4 and III-6 because of differences in the number of responding firms and/or because of other reporting anomalies. Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Figure III-4
Wooden bedroom furniture: U.S. producers' shipments by channels of distribution, 2003



Source: Table III-7.

U.S. PRODUCERS' PURCHASES

Information on U.S. producers' purchases of domestically produced and imported wooden bedroom furniture (other than their direct imports) are presented in table III-8 and table III-9. Eight U.S. producers, ***, purchased subject merchandise from China during January 2001-June 2004. Table III-10 presents information on the ratio of U.S. producers' purchases of the subject imports to the value of their U.S. shipments.

Twenty-six U.S. producers also directly imported subject merchandise from China during January 2000-June 2004. Information on U.S. producers' imports is presented in the section entitled *U.S. Producers' Imports* in Part IV of this report. ***.⁹

⁹ ***.

Table III-8
Wooden bedroom furniture: U.S. producers' purchases, by sources, 2001-03, January-June 2003, and January-June 2004¹

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Value (\$1,000)				
Purchases of imports from:					
China ¹	1,705	10,410	9,823	6,322	3,641
Brazil	***	***	***	***	***
Indonesia	***	***	***	***	***
Malaysia	***	***	***	***	***
Mexico	***	***	***	***	***
Vietnam	***	***	***	***	***
All other sources	3,521	3,145	4,984	3,024	3,520
Subtotal, imported	7,171	16,318	17,770	10,461	8,848
Purchases from domestic producers	16,134	18,109	17,781	9,424	8,928
Purchases from other domestic sources	0	0	0	0	0
Subtotal, domestic purchases	16,134	18,109	17,781	9,424	8,928
Total	23,305	34,427	35,551	19,885	17,776
	Share of total purchases (percent)				
Purchases of imports from:					
China ¹	7.3	30.2	27.6	31.8	20.5
Brazil	***	***	***	***	***
Indonesia	***	***	***	***	***
Malaysia	***	***	***	***	***
Mexico	***	***	***	***	***
Vietnam	***	***	***	***	***
All other sources	15.1	9.1	14.0	15.2	19.8
Subtotal, imported	30.8	47.4	50.0	52.6	49.8
Purchases from domestic producers	69.2	52.6	50.0	47.4	50.2
Purchases from other domestic sources	0.0	0.0	0.0	0.0	0.0
Subtotal, domestic purchases	69.2	52.6	50.0	47.4	50.2
Total	100.0	100.0	100.0	100.0	100.0
¹ May include purchases of imports of wooden bedroom furniture produced and exported by the <i>de minimis</i> -margin firm Markor Tianjin.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-9
Wooden bedroom furniture: U.S. producers' purchases, by firms and by sources, 2001-03, January-June 2003, and January-June 2004

* * * * *

Table III-10

Wooden bedroom furniture: U.S. producers' purchases of subject imports, U.S. shipments, and ratio of purchases of subject imports to the firms' U.S. shipments, by firm, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Purchases of subject imports (\$1,000)				
***1	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***1	***	***	***	***	***
Total ²	1,705	10,410	9,823	6,322	3,641
	Value of U.S. shipments (\$1,000)				
***1	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***1	***	***	***	***	***
Total ²	755,059	705,799	609,833	320,295	286,539
	Ratio of purchases of subject imports to value of U.S. shipments (percent)				
***1	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***	***	***	***	***	***
***1	***	***	***	***	***
***1	***	***	***	***	***
Average	0.2	1.5	1.6	2.0	1.3
¹ ***					
² Data may include purchases of imports of wooden bedroom furniture produced and exported by the <i>de minimis</i> -margin firm Markor Tianjin.					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories of domestically produced wooden bedroom furniture are presented in table III-11. As with other quantity data presented in the report, several firms did not report inventory data in pieces or pounds.

Table III-11

Wooden bedroom furniture: U.S. producers' end-of-period inventories, 2001-03, January-June 2003, and January-June 2004¹

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	End-of-period inventories (<i>quantity</i>)				
Pieces	1,825,553	1,867,947	1,810,686	1,926,629	1,976,361
Pounds	154,421,031	163,042,720	154,889,078	170,561,612	174,923,964
	Ratio of inventories to production (<i>percent</i>)				
Pieces	13.1	13.5	14.2	14.3	15.1
Pounds	13.4	14.0	14.4	15.2	15.7
	Ratio of inventories to U.S. shipments (<i>percent</i>)				
Pieces	13.0	13.6	14.3	14.7	15.5
Pounds	13.4	14.3	14.6	15.7	16.4
	Ratio of inventories to total shipments (<i>percent</i>)				
Pieces	12.8	13.4	14.0	14.4	15.2
Pounds	13.2	14.1	14.2	15.4	16.0
Note: Ratios are calculated using data from firms that provided both numerator and denominator information. Partial-year ratios are calculated using annualized production and shipment data.					
Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment data are presented in table III-12. The petitioners identified 65 plant closings at 39 firms since January 2001, reportedly resulting in layoffs of 18,710 workers.¹⁰

¹⁰ See petitioners' prehearing brief, exh. 32.

Table III-12

Wooden bedroom furniture: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Production and related workers (<i>number</i>)	32,680	30,107	26,181	27,516	24,352
Hours worked (<i>1,000</i>)	61,640	57,838	49,053	27,298	24,823
Wages paid (<i>\$1,000</i>)	740,273	713,611	624,685	325,169	312,808
Hourly wages	\$12.01	\$12.34	\$12.73	\$11.91	\$12.60
Productivity ¹ (<i>pieces per 1,000 hours</i>)	223.4	237.5	256.6	244.8	259.3
Productivity ¹ (<i>pounds per 1,000 hours</i>)	21,038.5	22,419.0	24,231.0	22,949.7	24,517.6
Unit labor costs ² (<i>per piece</i>)	\$53.76	\$51.94	\$49.63	\$48.66	\$48.60
Unit labor costs ² (<i>per pound</i>)	\$0.58	\$0.56	\$0.53	\$0.53	\$0.52

¹ Productivity is calculated using data of only those firms providing both numerator and denominator information.
² Unit labor costs are calculated using data of only those firms providing both numerator and denominator information.

Source: Compiled from data submitted in response to Commission questionnaires.

The petitioners also stated that the U.S. Department of Labor has certified 12,793 furniture workers at 53 plants as eligible for trade adjustment assistance (TAA)¹¹ from January 2001 to June 2004.¹² U.S. producers were asked if their firms or workers had applied for TAA certification directly related to imports of bedroom furniture from China.¹³ Most firms answered “No;” seventeen firms responded “Yes.”¹⁴

U.S. producers were asked whether unions represent workers at their U.S. production facilities. Eight U.S. producers reported “Yes,” and 37 U.S. producers reported “No.” Table III-13 presents a list of U.S. producers reporting union representation of their production and related workers.

¹¹ Trade Act of 1974, as amended (19 U.S.C. § 2272(a)).

¹² See petitioners’ prehearing brief, exh. 31. Not all of the TAA applications specify China as the source of import competition, and some of the closed plants produced products other than wooden bedroom furniture (e.g., other case goods, upholstered items, dining room furniture, and occasional furniture).

¹³ See question II-5 of the Commission’s U.S. producers’ questionnaire.

¹⁴ Firms responding “Yes” were: ***.

Table III-13**Wooden bedroom furniture: U.S. producers reporting union representation of their production and related workers, January 2001-June 2004**

Firm	Union
Crawford ¹	IUE/FW Furniture Workers Division, AFL-CIO, Local 45
Ethan Allen	United Brotherhood of Carpenters & Joiners of America, Local 821 ² United Steelworkers of America, Local 14040 ³
Johnston-Tombigbee ¹	United Brotherhood of Carpenters & Joiners of America, Local 2305
Michels & Company ¹	Cabinet Makers, Millmen, and Industrial Carpenters, Local 721 ⁴
Pennsylvania House ¹	United Steelworkers of America, Local 193U
Sandberg ¹	Cabinet Makers, Millmen, and Industrial Carpenters, Local 721
Standard	Teamsters Local Union No. 991 ⁵
Statton	IUE, Industrial Division of CWA, AFL-CIO, Local 82472
¹ Petitioner. ² Passaic, NJ, plant. ³ Eldred, PA, plant. ⁴ Lynwood, CA, plant only. ⁵ Bay Minette, AL, plant only. Source: Compiled from data submitted in response to Commission questionnaires.	

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent questionnaires to 185 U.S. importers of wooden bedroom furniture and received usable responses from 123 firms¹ that account for approximately 80 percent of U.S. imports from China (based on value) in January 2001-June 2004.² The Commission received questionnaire responses from each of the top 10 known importers from January 2003-June 2004.³ Information on responding U.S. importers, their import sources, and their imports during the period for which data were collected is presented in appendix E (table E-1). Presented in appendix F is information on responding U.S. purchasers (tables F-1 and F-2).

U.S. IMPORTS

Data for imports of wooden bedroom furniture are based on official statistics of Commerce, unless otherwise noted.⁴ Table IV-1 and figure IV-1 present data on U.S. imports of wooden bedroom furniture.⁵ Table IV-2 presents data on U.S. imports of wooden beds. Official import statistics provide quantity data for wooden beds⁶ but not for other wooden bedroom furniture. Therefore, official import data (except for beds) are presented in terms of value only.

U.S. IMPORTERS' SHIPMENTS

Table IV-3 presents U.S. importers' U.S. shipments of wooden bedroom furniture by selected pieces, based on questionnaire responses. Approximately 31.9 percent of reporting U.S. importers' U.S. shipments of subject imports from China in 2003 (based on pieces) were beds, 23.4 percent were

¹ Thirty firms responded that they did not import the subject merchandise from China during the period January 2001-June 2004.

² Coverage was calculated using the value of U.S. imports from China reported by responding U.S. importers in 2003 (\$1.124 billion) compared to the value of imports of \$1.402 billion in 2003 from official import statistics.

³ Based on Customs data.

⁴ Official import statistics presented for wooden bedroom furniture are comprised of two HTS statistical reporting numbers: 9403.50.9040 (wooden beds of a kind used in the bedroom) and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions four HTS subheadings and statistical reporting numbers; however, most of the subject imports enter under 9403.50.9040 and 9403.50.9080. The third number, HTS subheading 9403.90.70, contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or "basket" category that contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter under the latter subheadings, import data may be slightly understated.

⁵ Information on imports of wooden bedroom furniture from questionnaire responses is presented in app. E (tables E-1 through E-3).

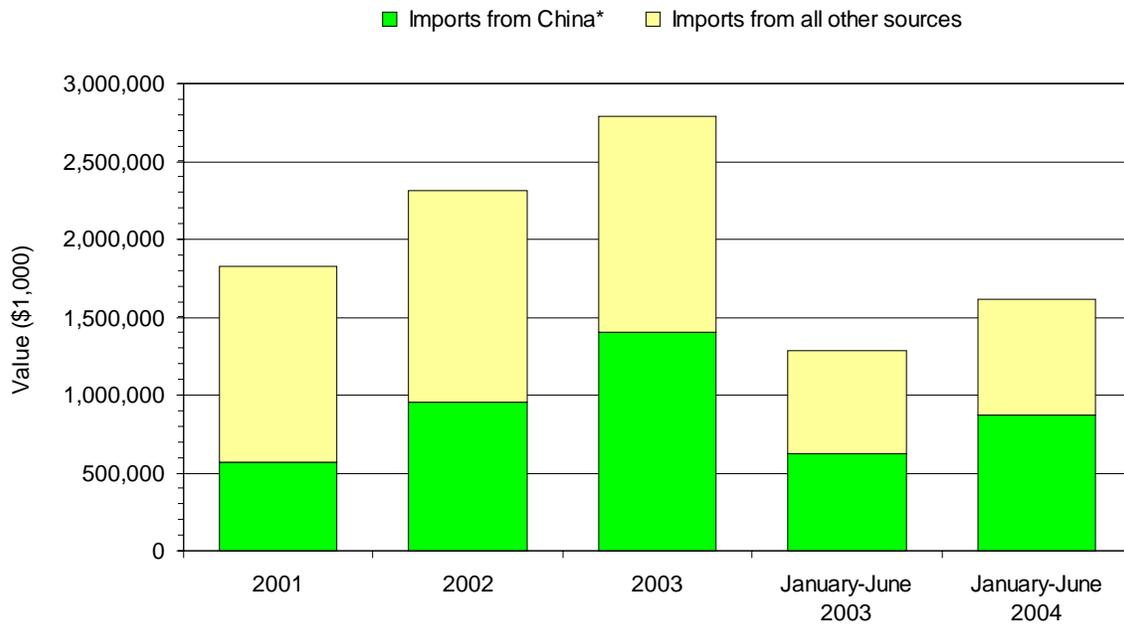
⁶ Official import statistics count each piece of a wooden bed (e.g., headboard, footboard, sideboards) as separate pieces. However, the Commission's questionnaires defined a wooden bed as any combination of headboard, footboard, or sideboards.

Table IV-1

Wooden bedroom furniture: U.S. imports, by sources, 2001-03, January-June 2003, and January-June 2004¹

Source	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Value (\$1,000)²				
China ³ (subject)	***	***	***	***	***
Nonsubject:					
China (Markor Tianjin)	***	***	***	***	***
Brazil	73,216	98,903	110,647	48,479	63,671
Indonesia	130,165	151,394	149,487	72,406	87,398
Malaysia	44,897	67,979	114,588	50,301	74,802
Mexico	145,171	127,553	98,227	49,222	44,499
Vietnam	860	10,871	45,454	15,924	48,300
All other sources	869,420	896,807	867,626	426,596	427,926
Subtotal, nonsubject	***	***	***	***	***
Total	1,829,281	2,311,456	2,787,927	1,287,529	1,618,423
	Share of value (percent)				
China (subject)	***	***	***	***	***
Nonsubject:					
China (Markor Tianjin)	***	***	***	***	***
Brazil	4.0	4.3	4.0	3.8	3.9
Indonesia	7.1	6.6	5.4	5.6	5.4
Malaysia	2.5	2.9	4.1	3.9	4.6
Mexico	7.9	5.5	3.5	3.8	2.8
Vietnam	0.0	0.5	1.6	1.2	3.0
All other sources	47.5	38.8	31.1	33.1	26.4
Subtotal, nonsubject	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
<p>¹ Official import statistics presented for wooden bedroom furniture are comprised of two HTS statistical reporting numbers: 9403.50.9040 (wooden beds of a kind used in the bedroom) and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions four HTSUS subheadings and statistical reporting numbers; however, most of the subject imports enter under 9403.50.9040 and 9403.50.9080. The third number, HTS subheading 9403.90.70, contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or "basket" category that contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter under the latter subheadings, import data may be slightly understated.</p> <p>² Landed, duty-paid.</p> <p>³ U.S. producers accounted for 33.9 percent of reported subject imports from China in 2001, 35.1 percent in 2002, 35.4 percent in 2003, 33.3 percent in January-June 2003, and 36.0 percent in January-June 2004 (table D-3).</p> <p>Note: Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from official statistics of Commerce.</p>					

Figure IV-1
Wooden bedroom furniture: U.S. imports, by sources, 2001-03, January-June 2003, and January-June 2004



* Includes imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

Source: Table IV-1.

Table IV-2

Wooden beds: U.S. imports, by sources, 2001-03, January-June 2003, and January-June 2004¹

Source	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
China ²	1,389,065	2,344,180	3,136,525	1,423,811	1,909,859
Nonsubject:					
Brazil	257,296	411,223	573,491	249,586	258,444
Indonesia	524,683	625,757	515,035	280,235	204,092
Malaysia	147,097	227,581	449,664	168,337	330,050
Mexico	322,391	289,554	214,000	104,186	99,142
Vietnam	93	30,117	146,016	47,191	154,846
All other sources	1,597,358	1,797,892	1,918,162	914,061	924,105
Subtotal, nonsubject	2,848,918	3,382,124	3,816,368	1,763,596	1,970,679
Total	4,237,983	5,726,304	6,952,893	3,187,407	3,880,538
	Value (\$1,000)³				
China ²	197,368	340,977	477,289	214,135	283,294
Nonsubject:					
Brazil	26,535	34,742	46,258	19,943	20,859
Indonesia	57,092	67,318	61,646	33,400	28,391
Malaysia	15,944	22,370	42,972	16,561	30,307
Mexico	27,766	24,904	16,059	8,171	7,804
Vietnam	83	3,371	16,901	5,761	19,129
All other sources	206,904	225,619	234,073	112,531	111,335
Subtotal, nonsubject	334,324	378,325	417,910	196,368	217,824
Total	531,692	719,302	895,199	410,503	501,118
	Unit value (per piece)				
China ²	\$142.09	\$145.46	\$152.17	\$150.40	\$148.33
Nonsubject:					
Brazil	103.13	84.49	80.66	79.91	80.71
Indonesia	108.81	107.58	119.69	119.19	139.11
Malaysia	108.39	98.30	95.56	98.38	91.82
Mexico	86.13	86.01	75.04	78.43	78.71
Vietnam	896.19	111.93	115.75	122.08	123.53
All other sources	129.53	125.49	122.03	123.11	120.48
Subtotal, nonsubject	117.35	111.86	109.50	111.35	110.53
Total	125.46	125.61	128.75	128.79	129.14

¹ Official import statistics for beds, as classified under HTS statistical reporting number 9403.50.9040 (wooden beds of a kind used in the bedroom). Official import statistics count each piece of a wooden bed (e.g., headboard, footboard, sideboards) as separate pieces. However, the Commission's questionnaires defined a wooden bed as any combination of headboard, footboard, or sideboards.

² Includes imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

³ Landed, duty-paid.

Note: Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of Commerce.

Table IV-3
Wooden bedroom furniture: U.S. importers' U.S. shipments, by selected pieces, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
Quantity (pieces)					
Shipment of imports from China:					
Beds ¹	1,082,293	1,742,537	1,998,204	857,602	1,143,332
Dressers/chest of drawers	665,707	1,140,072	1,464,311	644,416	909,725
Night stands/night tables	636,459	1,129,130	1,450,833	677,647	893,637
Armoires ²	184,771	348,479	432,775	199,190	258,271
All other pieces	545,043	722,832	914,505	424,846	479,930
Total	3,114,273	5,083,050	6,260,628	2,803,701	3,684,895
Share (percent)					
Shipment of imports from China:					
Beds ¹	34.8	34.3	31.9	30.6	31.0
Dressers/chest of drawers	21.4	22.4	23.4	23.0	24.7
Night stands/night tables	20.4	22.2	23.2	24.2	24.3
Armoires ²	5.9	6.9	6.9	7.1	7.0
All other pieces	17.5	14.2	14.6	15.2	13.0
Total	100.0	100.0	100.0	100.0	100.0
<p>¹ A bed is defined as a headboard, with or without any combination of related pieces such as a footboard, side rails, and canopy, with a bed considered a single piece whether it contains one or more separate pieces. Bunk beds are considered two beds and therefore are two pieces.</p> <p>² 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.</p> <p>Note: Totals for import shipments of pieces from China do not reconcile with those in table IV-4 because of differences in the number of responding firms and/or because of other reporting anomalies.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

dressers/chest of drawers, 23.2 percent were nightstands/night tables, 6.9 percent were armoires, and 14.6 percent were all other pieces.⁷

Table IV-4 and figure IV-2 present U.S. importers' U.S. shipments by channels of distribution, based on questionnaire responses. Approximately 12.0 percent of reporting U.S. importers' U.S. shipments of subject imports from China in 2003 (based on value) went to related retailers, 75.9 percent went to unrelated retailers, *** percent went to hospitality/institutional firms, *** percent went to distributors, and 10.1 percent went to other market segments.

⁷ Based on data submitted in response to Commission questionnaires.

Table IV-4
Wooden bedroom furniture: U.S. importers' U.S. shipments of imports from China, by channels of distribution, 2001-03, January-June 2003, and January-June 2004

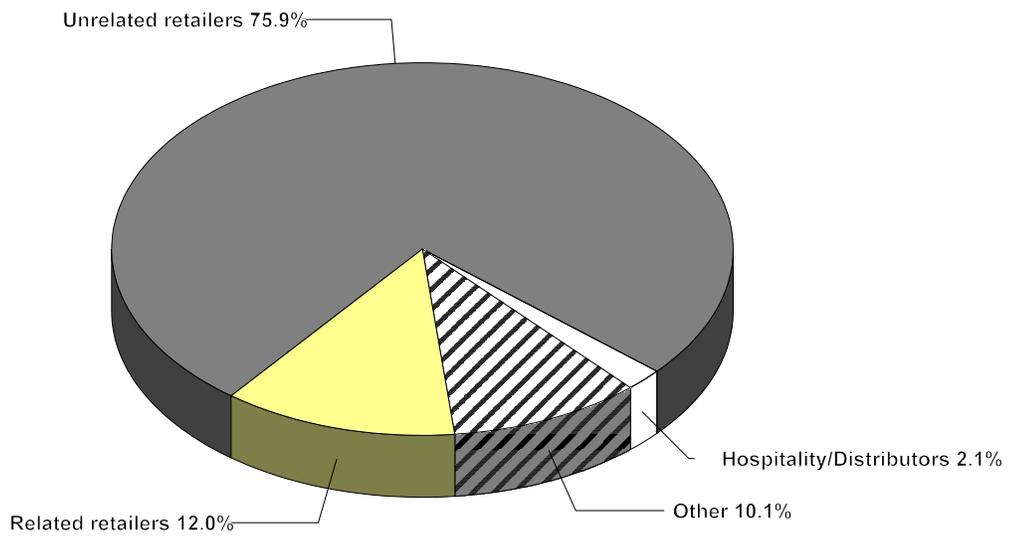
Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
U.S. shipments to:					
Related retailers	343,543	540,766	627,008	348,198	357,539
Unrelated retailers	1,913,760	3,249,364	3,983,651	1,849,239	2,425,707
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	278,945	384,786	575,188	265,764	287,615
Total, U.S. shipments	2,699,734	4,382,947	5,473,946	2,603,523	3,165,644
	Quantity (pounds)				
U.S. shipments to:					
Related retailers	23,186,695	15,737,142	21,095,069	10,219,220	12,491,436
Unrelated retailers	159,562,572	289,581,751	374,919,957	173,629,832	227,928,158
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	106,728	185,272	265,628	132,101	123,848
Total, U.S. shipments	189,816,766	318,183,850	413,174,732	192,334,013	248,175,978
	Value (\$1,000)				
U.S. shipments to:					
Related retailers	48,318	79,542	118,706	54,156	71,540
Unrelated retailers	320,670	609,536	752,988	355,635	446,240
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	44,656	62,881	100,704	45,248	49,496
Total, U.S. shipments	420,987	767,472	992,475	464,437	576,956
Table continued.					

Table IV-4--Continued

Wooden bedroom furniture: U.S. importers' shipments of imports from China, by channels of distribution, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Share of U.S. shipments (percent/pieces)				
U.S. shipments to:					
Related retailers	12.7	12.3	11.5	13.4	11.3
Unrelated retailers	70.9	74.1	72.8	71.0	76.6
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	10.3	8.8	10.5	10.2	9.1
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Share of U.S. shipments (percent/pounds)				
U.S. shipments to:					
Related retailers	12.2	4.9	5.1	5.3	5.0
Unrelated retailers	84.1	91.0	90.7	90.3	91.8
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	0.1	0.1	0.1	0.1	0.0
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
	Share of U.S. shipments (percent of value)				
U.S. shipments to:					
Related retailers	11.5	10.4	12.0	11.7	12.4
Unrelated retailers	76.2	79.4	75.9	76.6	77.3
Hospitality/institutional	***	***	***	***	***
Distributors	***	***	***	***	***
Other market segments	10.6	8.2	10.1	9.7	8.6
Total, U.S. shipments	100.0	100.0	100.0	100.0	100.0
<p>Note: Totals for import shipments of pieces from China do not reconcile with those in table IV-3 because of differences in the number of responding firms and/or because of other reporting anomalies. Because of rounding, figures may not add to totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Figure IV-2
Wooden bedroom furniture: U.S. importers' shipments by channels of distribution, 2003



Source: Table IV-4.

U.S. PRODUCERS' IMPORTS

Table IV-5 and figure IV-3 present the value of reporting U.S. producers' direct imports of wooden bedroom furniture from China during January 2001-June 2004, and other applicable data.⁸ Twenty-six U.S. producers reported directly importing wooden bedroom furniture from China.⁹ U.S. producers' imports from China (based on value) accounted for 33.9 percent of reported U.S. imports of the subject merchandise in 2001, 35.1 percent in 2002, 35.4 percent in 2003, 33.3 percent in January-June 2003, and 36.0 percent in January-June 2004.¹⁰

Figure IV-4 presents reporting U.S. producers' subject imports as a ratio to those producers' domestically produced U.S. shipments. Direct subject imports by U.S. producers (based on value) as a ratio to their domestically produced U.S. shipments increased throughout January 2001-June 2004, increasing from 7.8 percent in 2001 to 16.7 percent in 2002 to 25.6 percent in 2003, and increasing from 23.5 percent in January-June 2003 to 32.7 percent in January-June 2004.

Table IV-6 presents reporting U.S. producers' direct imports of wooden bedroom furniture from China (in number of pieces) during the period for which data were collected in the investigation, and U.S. producers' direct imports from China as a ratio to their U.S. production (based on responses to Commission questionnaires).

Table IV-7 presents data on the ratio of imports to total U.S. production, by sources. Imports from China as a share of production increased throughout January 2001-June 2004, increasing from 25.7 percent in 2001 to 47.5 percent in 2003 to 62.7 percent in 2003, and increasing from 60.4 percent in January-June 2003 to 74.7 percent in January-June 2004.

⁸ Information on U.S. producers' purchases of imports (i.e., nondirect imports where U.S. producers are not the importer of record) are presented in Part III of this report in the section entitled *U.S. Producers' Purchases*.

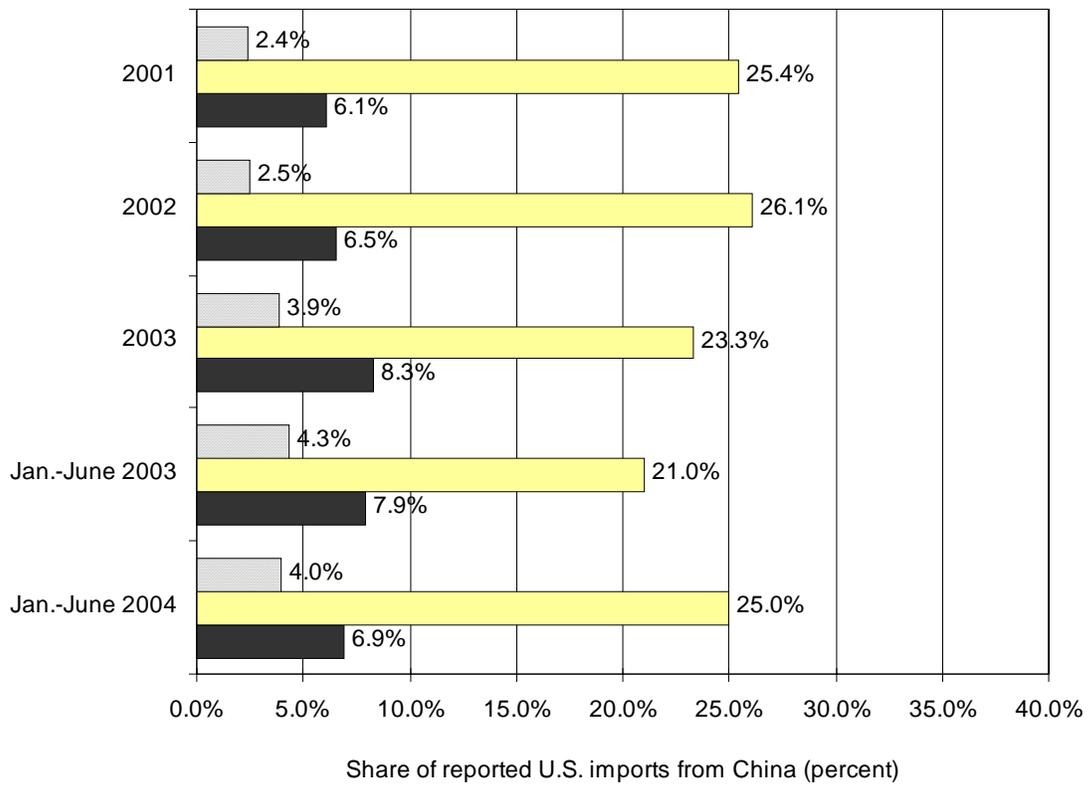
⁹ Petitioning firms accounted for 13 of the 26 U.S. producers importing the subject merchandise.

¹⁰ See table D-4 in app. D.

Figure IV-3

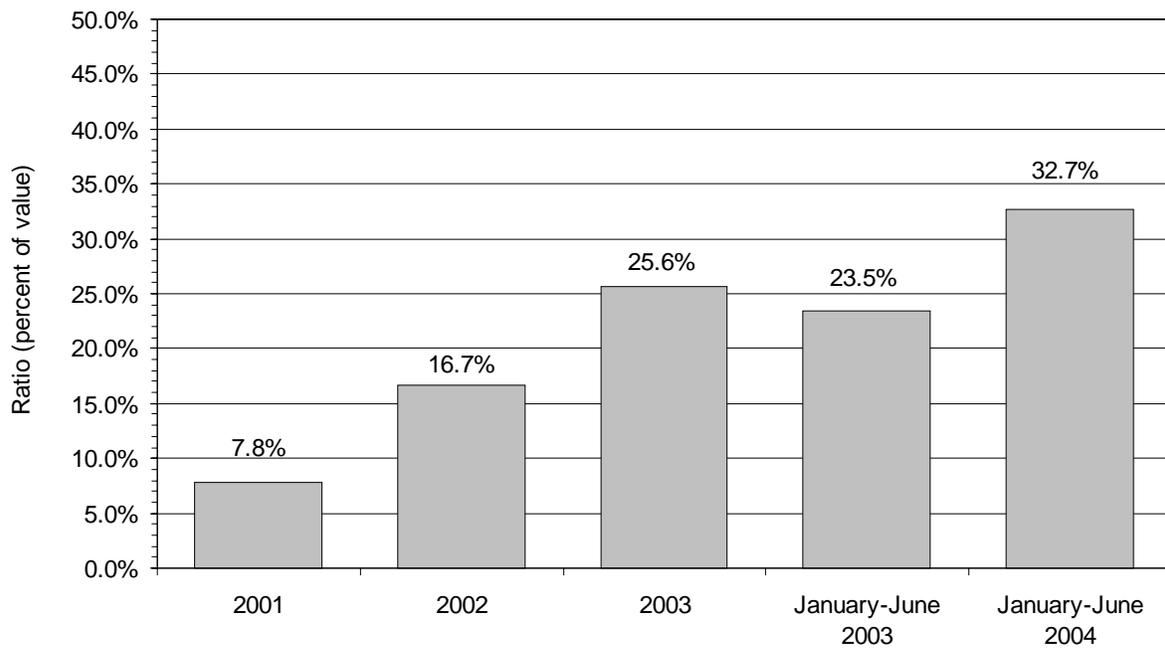
Wooden bedroom furniture: U.S. producers' imports of the subject merchandise from China (based on value) as a share of reported U.S. imports of the subject merchandise from China, 2001-03, January-June 2003, and January-June 2004

■ Firms in support of petition ■ Firms in opposition to petition ■ Firms taking no position on petition



Source: Table D-4.

Figure IV-4
Wooden bedroom furniture: U.S. producers' direct imports from China (based on value) as a ratio to those producers' domestically produced U.S. shipments, 2001-03, January-June 2003, and January-June 2004



Source: Table IV-5.

Table IV-7

Wooden bedroom furniture: U.S. production, U.S. imports, and ratios of U.S. imports to U.S. production, by source, 2001-03, January-June 2003, and January-June 2004¹

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
U.S. production ¹	13,987,146	13,872,218	12,712,592	6,727,891	6,555,543
U.S. imports from: ²					
China ³	3,326,551	6,083,138	7,437,461	3,655,470	4,373,729
Nonsubject:					
Brazil	439,118	563,748	662,749	265,043	355,901
Indonesia	403,070	504,549	497,496	240,091	271,317
Malaysia	414,797	595,869	786,471	358,352	384,978
Mexico	889,993	819,681	644,509	355,227	275,133
Vietnam	20	56,771	280,407	115,607	274,215
All other sources	1,869,569	1,992,977	2,630,428	1,271,318	1,490,857
Subtotal, nonsubject	4,016,567	4,533,595	5,502,060	2,605,638	3,052,401
Total, imports	7,343,118	10,616,732	12,939,521	6,261,108	7,426,130
	Quantity (pounds)				
U.S. production ¹	1,151,087,815	1,166,303,093	1,073,777,550	560,845,453	556,256,575
U.S. imports from: ²					
China ³	215,225,940	440,316,557	540,473,652	253,676,054	334,604,694
Nonsubject:					
Brazil	35,773,045	41,692,007	47,137,960	18,364,567	22,142,137
Indonesia	27,000,045	35,486,530	39,607,540	17,088,964	21,687,246
Malaysia	29,812,069	49,513,821	62,300,894	29,574,228	28,229,012
Mexico	37,429,404	40,352,004	32,045,155	15,587,005	13,442,760
Vietnam	0	4,721,683	19,067,096	7,387,649	13,596,856
All other sources	120,612,435	154,700,035	196,618,456	97,132,334	121,080,579
Subtotal, nonsubject	250,626,998	326,466,080	396,777,101	185,134,747	220,178,590
Total	465,852,938	766,782,637	937,250,753	438,810,801	554,783,284
	Ratio of U.S. imports to U.S. production (percent, pieces)				
U.S. imports from: ²					
China ³	23.8	43.9	58.5	54.3	66.7
Nonsubject:					
Brazil	3.1	4.1	5.2	3.9	5.4
Indonesia	2.9	3.6	3.9	3.6	4.1
Malaysia	3.0	4.3	6.2	5.3	5.9
Mexico	6.4	5.9	5.1	5.3	4.2
Vietnam	0.0	0.4	2.2	1.7	4.2
All other sources	13.4	14.4	20.7	18.9	22.7
Subtotal, nonsubject	28.7	32.7	43.3	38.7	46.6
Total	52.5	76.5	101.8	93.1	113.3
	Ratio of U.S. imports to U.S. production (percent, pounds)				
U.S. imports from: ²					
China ³	18.7	37.8	50.3	45.2	60.2
Nonsubject:					
Brazil	3.1	3.6	4.4	3.3	4.0
Indonesia	2.3	3.0	3.7	3.0	3.9
Malaysia	2.6	4.2	5.8	5.3	5.1
Mexico	3.3	3.5	3.0	2.8	2.4
Vietnam	0.0	0.4	1.8	1.3	2.4
All other sources	10.5	13.3	18.3	17.3	21.8
Subtotal, nonsubject	21.8	28.0	37.0	33.0	39.6
Total	40.5	65.7	87.3	78.2	99.7

¹ Two firms, Country Craft and Khoury, provided only limited or non-usable data; therefore, these firms are not included in the U.S. producer trade or employment data. Two other firms, Modern and Thornwood, provided data in the preliminary phase investigation but not in the final phase investigation.

² Based on data submitted in response to Commission questionnaires.

³ Includes imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

Source: Compiled from data submitted in response to Commission questionnaires.

Table D-4 in appendix D presents U.S. producers' imports from China and their shares of subject imports, by firm and by position taken with respect to the petition.

U.S. producers were requested to indicate whether they imported or purchased wooden bedroom furniture parts from China for the purpose of assembling completed pieces of wooden bedroom furniture in the United States. Of the 44 firms that responded, all responded in the negative except for ***, which imported parts. Only *** indicated that it had made arrangements for the importation or purchase of wooden bedroom furniture parts from China since the petition was filed.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

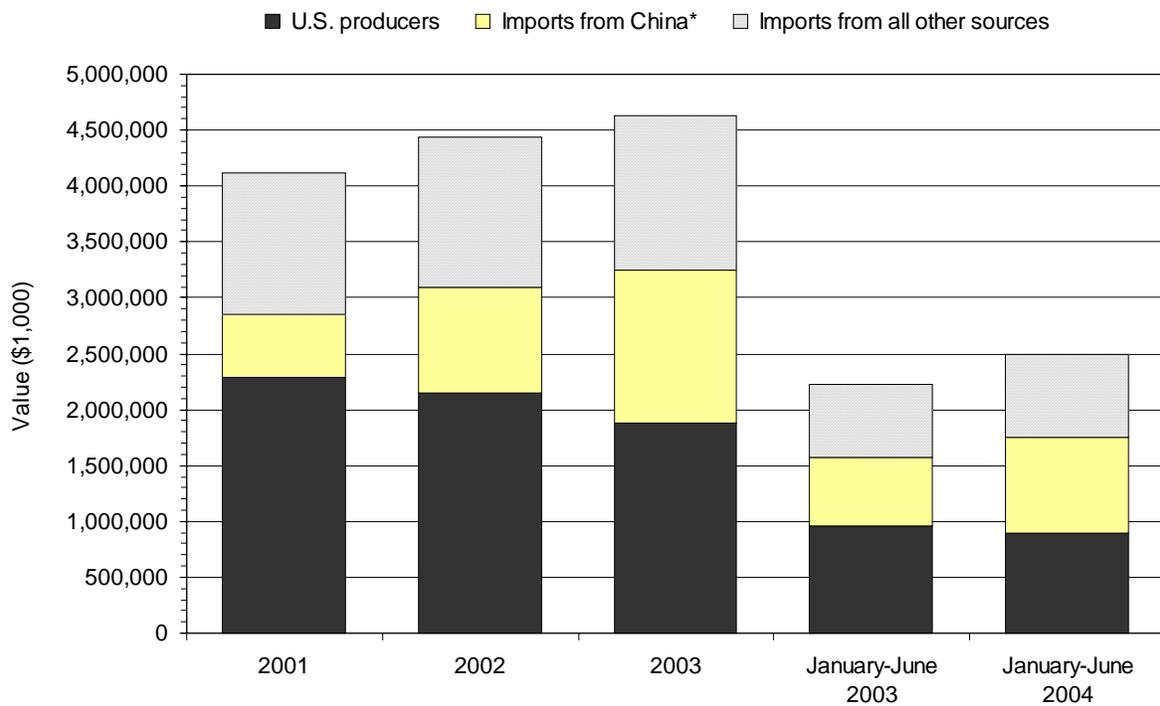
Table IV-8 and figure IV-5 present data on apparent U.S. consumption and market shares of wooden bedroom furniture.

Table IV-8

Wooden bedroom furniture: U.S. shipments of domestic product, U.S. imports, by sources, apparent U.S. consumption, and market shares, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Value (\$1,000)				
U.S. producers' domestic shipments	2,294,304	2,150,147	1,878,740	960,833	899,223
U.S. imports: ¹					
China (subject)	***	***	***	***	***
Nonsubject:					
China (Markor Tianjin)	***	***	***	***	***
Brazil	73,216	98,903	110,647	48,479	63,671
Indonesia	130,165	151,394	149,487	72,406	87,398
Malaysia	44,897	67,979	114,588	50,301	74,802
Mexico	145,171	127,553	98,227	49,222	44,499
Vietnam	860	10,871	45,454	15,924	48,300
All other sources	869,420	896,807	867,626	426,596	427,926
Subtotal, nonsubject	***	***	***	***	***
Total, all imports	1,829,281	2,311,456	2,787,927	1,287,529	1,618,423
Apparent U.S. consumption	4,123,585	4,461,603	4,666,667	2,248,362	2,517,646
	Share of value (percent)				
U.S. producers' domestic shipments	55.6	48.2	40.3	42.7	35.7
U.S. imports: ¹					
China (subject)	***	***	***	***	***
Nonsubject:					
China (Markor Tianjin)	***	***	***	***	***
Brazil	1.8	2.2	2.4	2.2	2.5
Indonesia	3.2	3.4	3.2	3.2	3.5
Malaysia	1.1	1.5	2.5	2.2	3.0
Mexico	3.5	2.9	2.1	2.2	1.8
Vietnam	0.0	0.2	1.0	0.7	1.9
All other sources	21.1	20.1	18.6	19.0	17.0
Subtotal, nonsubject	***	***	***	***	***
Total, all imports	44.4	51.8	59.7	57.3	64.3
<p>¹ Official import statistics presented for wooden bedroom furniture are comprised of two HTS statistical reporting numbers: 9403.50.9040 (wooden beds of a kind used in the bedroom) and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions four HTSUS subheadings and statistical reporting numbers; however, most of the subject imports enter under 9403.50.9040 and 9403.50.9080. The third number, HTS subheading 9403.90.70, contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or "basket" category that contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter under the latter subheadings, import data may be slightly understated.</p>					
<p>Note: Because of rounding, figures may not add to totals shown.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires and Commerce data.</p>					

Figure IV-5
Wooden bedroom furniture: Apparent U.S. consumption, by sources, 2001-03, January-June 2003, and January-June 2004



* Includes imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

Source: Table IV-8.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Transportation Costs

The cost to transport wooden bedroom furniture from China to the U.S. market was estimated from official import data. It represents the cost of wooden bedroom furniture plus insurance and freight compared to its customs value, which is the f.o.b. value at the foreign port. The ratio of the cost of ocean freight and insurance to the customs value was approximately 20 percent during 2003 and January to July of 2004.¹

U.S. producers and importers were asked to report the percentage of the total delivered costs of their wooden bedroom furniture that is accounted for by U.S. inland transportation costs. The mean response of 25 reporting producers was 7.2 percent, and the similar figure for the 61 reporting importers was 10.8 percent.

Out of 46 reporting U.S. producers, 30 reported that they generally make the arrangements to ship wooden bedroom furniture to their customers; 14 reported that the purchaser usually makes the arrangements; and two reported using both methods. Out of 88 responding importers, 63 reported that they generally make the arrangements to ship wooden bedroom furniture to their customers, 24 reported that the purchaser usually makes arrangements, and one reported that both methods were commonly used. U.S. producers reported that, on average, 11.8 percent, 60.3 percent, and 27.9 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their production facilities, respectively. U.S. importers reported that, on average, 28.2 percent, 44.4 percent, and 27.4 percent of their sales were within 100 miles, between 101 and 1,000 miles, and over 1,000 miles of their storage facilities, respectively.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan was fixed at 8.3 yuan per U.S. dollar between the first quarter of 2001 and the second quarter of 2004. A producer price index was unavailable for most of this period; therefore, a real exchange rate was not calculated.

Types of Customers

The Commission asked producers and importers to discuss how their selling prices for wooden bedroom furniture differed by type of customer. *** reported that it has two types of customers: purchasing agents that work on the behalf of a property owner, such as a hotel, and the owners themselves. Sales to agents typically involve multiple bidders, are highly competitive, and may require steep discounts to win the order. Direct sales to owners are typically less competitive and are often under national programs. Many producers reported that all customers pay the same price. *** reported that the hospitality sector receives larger discounts because of the size of its orders. *** stated that distributors often receive a discount. *** stated that qualified distributors receive a ***-percent discount off of the

¹ This figure is based on data from subheading 9403.50.90 of the HTS.

list price for selected suites and that non-distributors that purchase over \$*** per year get a ***-percent rebate at year end. Some producers reported that they only sell to retailers.

Many importers similarly reported that selling prices did not differ by type of customer. A few importers stated that distributors receive discounts of around *** percent so that they can remain competitive after the representative's commission. *** reported that business with the hospitality sector is low margin, high volume, and high risk because the furniture must be made within a short time with high penalties if delivery is unmet.

Quality Tiers

Although purchasers generally agreed that there are quality tiers as reported in Part II, there was no consensus on the limits of the price ranges for the tiers.² For example, *** reported good, better, and best ranges of, respectively, \$100 to \$500, \$500 to \$1,000, and over \$1,000. *** reported ranges of \$3,300 to \$6,499, \$6,500 to \$14,999, and over \$15,000, respectively for its good, better, and best ranges.

PRICING PRACTICES

Virtually all U.S. producers reported that they use price lists to establish prices. *** reported that price lists are typically how the product is priced and sold. List prices are based on margin requirements and market conditions. *** stated that it uses a price list for sales to retailers and sells by individual transactions to the hospitality sector. Importers similarly usually use price lists, although not as uniformly so as producers. *** reported that its price list is based on underlying cost, market demand, competition, and target margins. *** reported that it sells at average mark-ups of *** to *** percent of f.o.b. costs for warehouse shipments and *** to *** percent for direct container shipments. Several importers reported that they simply add standard operating margins to the landed cost. *** reported that it sets price based on the expected sales rate and target profit level and that margins average *** to *** percent for Chinese wooden bedroom furniture. *** stated that different items have different margins and that the goal is to project the mix of sales by style to meet financial goals.

U.S. producer *** stated that it has no set discount policy but may discount items in reaction to competitive pricing. *** stated that its sales representatives may discount up to *** percent and that management must approve any larger discounts. It added that occasionally volume discounts are offered to major customers. *** stated that it only discounts *** percent off its list price to customers with over \$*** in annual purchases and that meet its net 30-day terms. *** stated that it provides total volume discounts, but was forced to discount all wood products by *** percent in the fall of 2002 in order to remain competitive with imports. Some other producers reported not offering discounts, and others reported offering annual volume discounts or discounts to promote a particular item.

Some importers reported that they do not waiver from the price list, but others reported that they discount based on annual volume and to promote certain items. *** stated that it discounts when it believes that the quantity response will more than justify the drop in margin.

² The Commission asked for price ranges of the good, better, and best tiers, but did not specify what the prices were for. Thus, some purchasers reported prices for different pieces of furniture, and some reported for suites. Even given these different interpretations, the reported price ranges are very different. For example, *** reported good, better, and best ranges of \$2,500 per piece, \$5,000 per piece, and \$7,000 per piece for its good, better, and best ranges, while *** reported a good range of \$529 to \$799 for a 7-piece set. Most purchasers, however, simply reported prices and did not specify what the ranges were for.

Almost all producers reported that their payment terms were net 30 days. Importers stated that net 30 days was their most typical payment term. Most U.S. producers reported quoting prices on the basis of f.o.b. their plant or warehouse, but a few reported quoting on a delivered basis. Importers reported that prices were usually quoted f.o.b. their warehouse, although a few quote on the basis of a foreign port or on a delivered basis.

Both producers and importers reported that they sell primarily in the spot market. The mean response of 44 producers was that 90.5 percent, 8.4 percent, and 1.1 percent of their 2003 sales were, respectively, spot-market sales, short-term contracts, and long-term contracts. Importers reported that 80.6 percent of their 2003 sales of subject wooden bedroom furniture were in the spot market, that 16.8 percent were short-term contracts, and that 2.6 percent were long-term contracts.

Producers and importers were asked if their prices of wooden bedroom furniture are negotiated on a piece basis or a suite basis. Out of 39 responding producers, 69.2 percent stated they negotiated on a piece basis and 30.8 percent stated they negotiated on a suite basis. Out of 82 responding importers, 81.7 percent stated they negotiated on a piece basis and 18.3 percent stated they negotiated on a suite basis. Out of 84 responding purchasers, 63.1 percent, 32.1 percent, and 4.8 percent reported that they negotiate prices, respectively, by piece, by suite, or by both methods. Many of those that reported negotiating by the suite stated that individual pieces are also priced.

PRICE DATA

The Commission requested that U.S. producers and importers of wooden bedroom furniture report the total quantity and f.o.b. value of wooden bedroom furniture shipped to unrelated customers in the U.S. market. Quarterly data were requested from the first quarter of 2001 to the second quarter of 2004. The products for which pricing data were requested are presented in table V-1 (Louis Philippe-style wooden bedroom furniture suite) and table V-2 (Mission-style wooden bedroom furniture suite). Each individual bed, dresser, mirror, or nightstand is treated as a separate pricing product. Figures V-1 and V-2 present examples of Louis Philippe-style and Mission-style wooden bedroom furniture suites, respectively. Figure V-3 presents examples of pricing product 1 (Louis Philippe-style) pieces. Figure V-4 presents examples of pricing product 2 (Mission-style) pieces.

The Commission also requested that purchasers report quantities and values of purchases of product from unrelated U.S. producers, from importers of the subject product from China, and directly from Chinese producers. Purchasers similarly reported quarterly data from the first quarter of 2001 to the second quarter of 2004. In all cases, purchasers were asked to report delivered values net of returns, discounts, allowances, and rebates but including U.S.-inland freight charges.

A total of 52 U.S. producers and importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.³ Some firms provided data for both the imported and the domestic products, and some U.S. producers did not provide data because they are vertically integrated and have no arms-length sales except at the retail level to final consumers. From the first quarter of 2001 to the second quarter of 2004, U.S. producers' pricing data accounted for approximately 3.1 percent of reporting U.S. producers' shipments of wooden bedroom

³ The firms are: ***.

Table V-1

Description of pricing product 1 (Louis Philippe-style wooden bedroom furniture suite)

Product 1-A: Queen-size Louis Philippe-style sleigh bed (with wooden side rails)¹
<ul style="list-style-type: none"> (1) Panel sleigh headboard and panel sleigh footboard, made with either flat or curved panels, and wooden side rails; (2) Constructed of hardwood solids and veneers over particle board or fiberboard, with or without plywood, no all solid hardwood headboards or footboards, side rails may be made of plywood; (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate both full-size (4 feet-six inches) and queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and (4) Combined weight of headboard, footboard, and side rails not to exceed 175 pounds total, when uncartoned and unpacked.
Product 1-B: Louis Philippe-style double dresser (with 6-8 drawers)
<ul style="list-style-type: none"> (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood dressers; (2) Height ranging from 32.5-38.0 inches and width ranging from 62.0-69.0 inches.
Product 1-C: Mirrors sold with Louis Philippe-style double dresser
<ul style="list-style-type: none"> (1) Include all mirrors sold with above Louis Philippe-style double dresser.
Product 1-D: Louis Philippe-style two and three drawer nightstands (with no doors)
<ul style="list-style-type: none"> (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood nightstands; (2) Height ranging from 23.0-29.0 inches and width ranging from 23.0-29.0 inches.
¹ Report quantities and values of complete beds, including headboard, footboard, and side rails. For example, if you shipped 100 headboards, 90 footboards, and 80 pairs of side rails, then report quantities and values for 80 complete beds, using average unit values for all 100 headboards and all 90 footboards to calculate the total value of 80 headboards and 80 footboards to add to the value of the 80 pairs of side rails.

Table V-2

Description of pricing product 2 (Mission-style wooden bedroom furniture suite)

Product 2-A: Queen-size Mission-style slat bed (with wooden side rails)¹
<ul style="list-style-type: none"> (1) Slat headboard, slat footboard, and wooden side rails; (2) Constructed of predominantly hardwood solids or hardwood solids and veneers over particle board or fiberboard, side rails may be made of plywood; (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate both full-size (4 feet-six inches) and queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and (4) Combined weight of headboard, footboard, and side rails not to exceed 130 pounds total, when uncartoned and unpacked.
Product 2-B: Mission-style dresser (with 8-10 drawers--no doors or 6-8 drawers and 1 or 2 doors)
<ul style="list-style-type: none"> (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood dressers; (2) Height ranging from 34-38 inches and width ranging from 62-67 inches.
Product 2-C: Mirrors sold with above Mission-style dresser
<ul style="list-style-type: none"> (1) Include all mirrors sold with the above Mission-style dresser.
Product 2-D: Mission-style two- and three-drawer nightstands (no doors)
<ul style="list-style-type: none"> (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood nightstands; (2) Height ranging from 22.5-29.5 inches.
¹ Report quantities and values of complete beds, including headboard, footboard, and side rails. For example, if you shipped 100 headboards, 90 footboards, and 80 pairs of side rails, then report quantities and values for 80 complete beds, using average unit values for all 100 headboards and all 90 footboards to calculate the total value of 80 headboards and 80 footboards to add to the value of the 80 pairs of side rails.

Figure V-1
Wooden bedroom furniture: Example of a Louis Philippe-style suite



Source: Rhodes Furniture (www.rhodesfurniture.com).

Figure V-2
Wooden bedroom furniture: Example of a Mission-style suite



Source: Rooms To Go (www.roomstogo.com).

Figure V-3
Wooden bedroom furniture: Examples of Product 1 pieces (Louis Philippe style)



Product 1-A (bed)



Product 1-B (double dresser)



Product 1-C (mirror)



Product 1-D (nightstand)

Source: Rooms To Go (www.roomstogo.com).

Figure V-4
Wooden bedroom furniture: Examples of Product 2 pieces (Mission style)



Product 2-A (bed)



Product 2-B (double dresser)



Product 2-C (mirror)



Product 2-D (nightstand)

Source: Rooms To Go (www.roomstogo.com).

furniture by value. For the similar period, the reported importers' data accounted for 4.6 percent of the subject imports from China by value.^{4 5}

Price Trends

Prices trended downward for most of the eight pricing products for domestic producers; price trends were mixed for imports from China (figures V-5 through V-12). Percentage changes between prices in the first quarter of 2001 and the second quarter of 2004 are shown in table V-3.

Table V-3

Wooden bedroom furniture: Percentage changes of weighted-average prices for domestic and imported products, January-March 2001 through April-June 2004

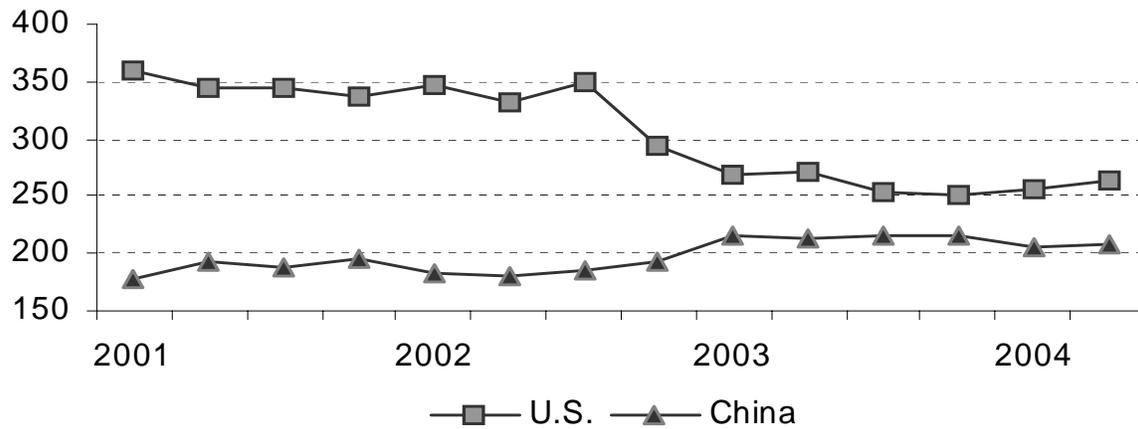
	United States	China
Louis Philippe-style sleigh bed (product 1A)	-26.8	17.0
Louis Philippe-style double dresser (product 1B)	-11.6	-21.6
Mirror sold with product 1B (product 1C)	-21.2	-37.6
Louis Philippe-style nightstands (product 1D)	-7.6	-20.4
Mission-style bed (product 2A)	-6.3	8.0
Mission-style dresser (product 2B)	2.6	9.2
Mirror sold product 2B (product 2C)	-16.3	-19.4
Mission-style nightstands (product 2D)	-14.4	2.1

Source: Compiled from data submitted in response to Commission questionnaires.

⁴ Pricing data on imports reported by U.S. producers accounted for 13.6 percent of total pricing data for imports of wooden bedroom furniture. Prices reported by U.S. producers tended to be higher than those reported by other importers (see staff notes, "Was producers' import pricing data less than that of regular importers?" November 15, 2004).

⁵ The importers' pricing data may include nonsubject imports from Markor Tianjin.

Figure V-5
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Louis Philippe-style sleigh beds



Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-6
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Louis Philippe-style double dressers

Source: Compiled from data submitted in response to Commission questionnaires.

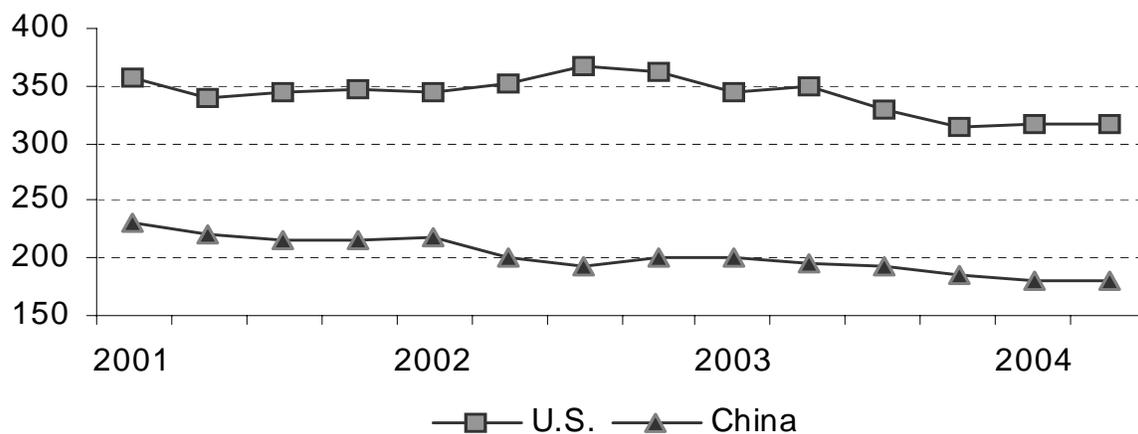
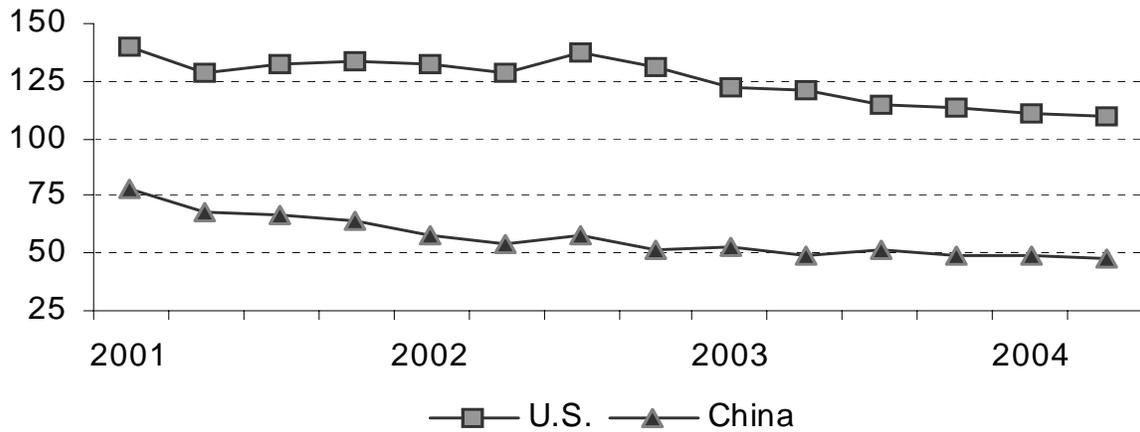
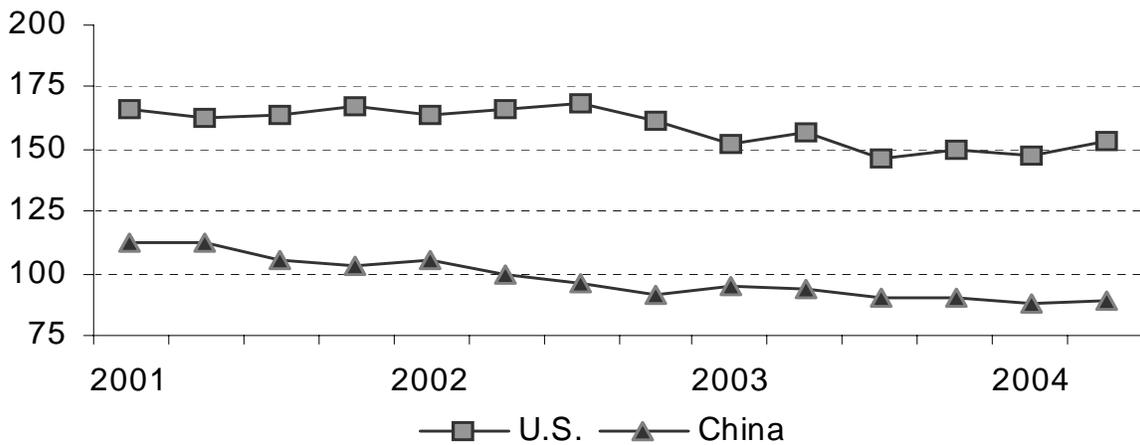


Figure V-7
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese mirrors sold with Louis Philippe-style double dressers



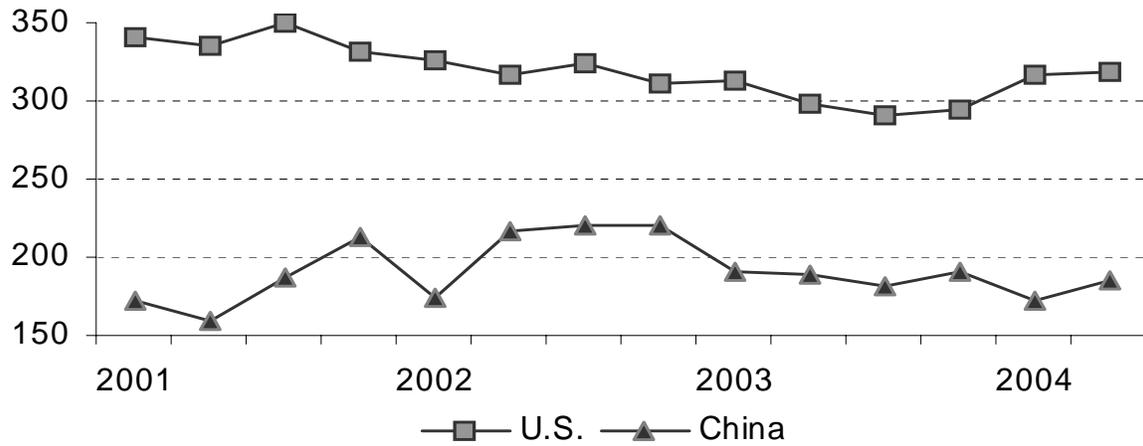
Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-8
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Louis Philippe-style nightstands



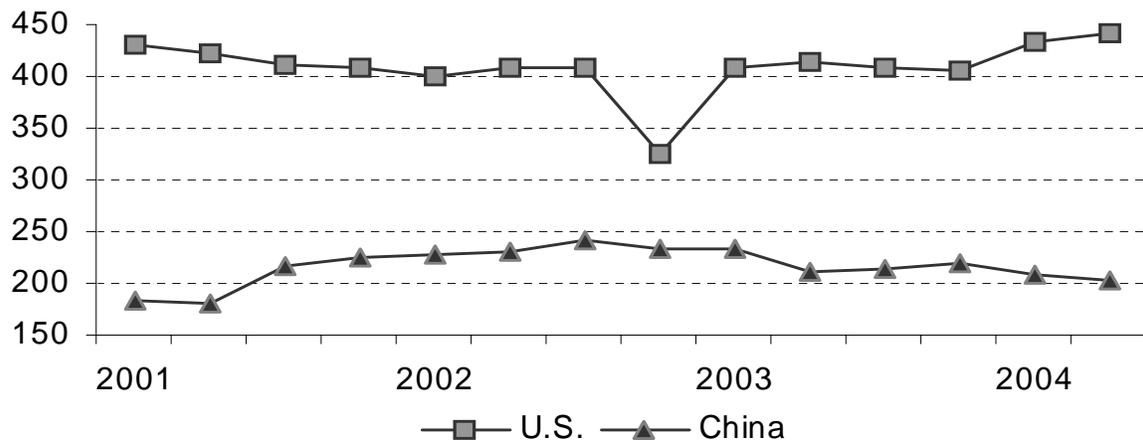
Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-9
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Mission-style beds



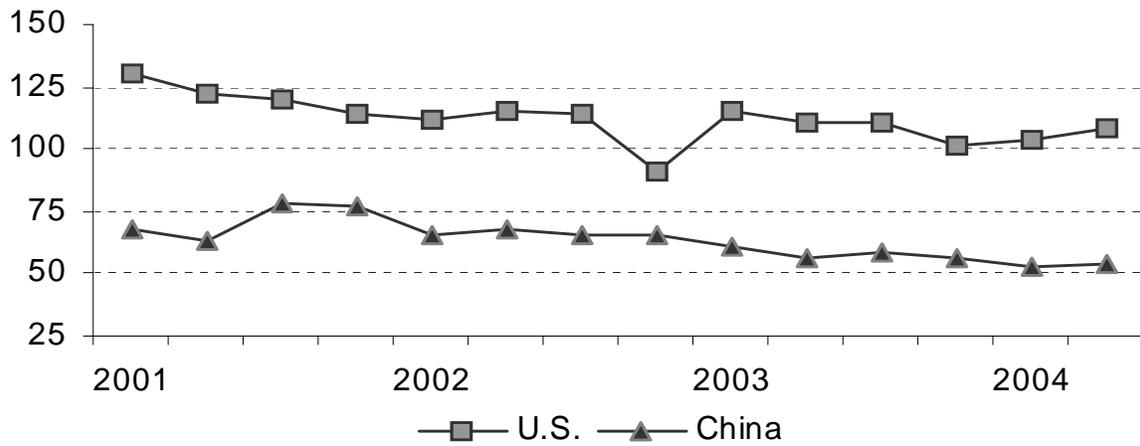
Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-10
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Mission-style dressers



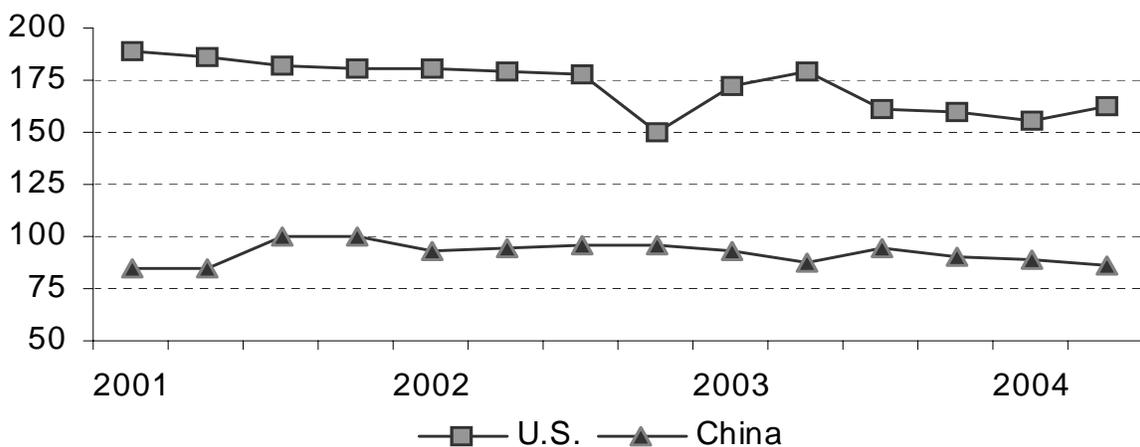
Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-11
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported mirrors sold with Mission-style dressers



Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-12
Wooden bedroom furniture: Weighted-average f.o.b. prices (dollars per piece) of U.S.-produced and imported Chinese Mission-style nightstands



Source: Compiled from data submitted in response to Commission questionnaires.

Furniture Retailers of America stated that the price series of similar domestic and imported products should converge if they truly compete with each other, and that the lack of convergence shows that imports do not influence prices of the domestic products.⁶ Lacquer Craft alleged that the firm-level data show that U.S. producers made *** and that the declining trends in the aggregate data result largely from “changes in the *** of sales reported by different U.S. producers—i.e., changes in the *** of producers over time in the average price calculations.”⁷ The Furniture Retailers of America similarly stated that the firm-level data are more indicative of actual prices given the apparent wide variation in quality among different firms and that declining trends in the aggregate data are “illusions reflecting shifts in individual producer volumes and price point mixes over time, and not actual price declines.”⁸ Staff examined the percentage changes in producer prices between the initial and final quarters for which producers reported data, provided that data were reported for at least half of the 14 quarters for which the Commission requested data. Following this approach yielded 81 firm-level percentage changes, of which 44 were increases, 36 were decreases, and 1 did not change (table V-4).⁹

Table V-4

Wooden bedroom furniture: Percentage changes between firm-level producer prices for domestic product, by firm and by product, January-March 2001 through April-June 2004

*	*	*	*	*	*	*
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Price Comparisons

In the data received from producers and importers for the eight individual pieces, the imported Chinese product undersold the similar domestic product in each of the 112 quarters for which the Commission gathered data. Underselling margins ranged from 15.9 to 50.7 percent for product 1-A (table V-5), from 35.1 to 47.0 percent for product 1-B (table V-6), from 44.6 to 61.1 percent for product 1-C (table V-7), from 30.9 to 43.5 percent for product 1-D (table V-8), from 29.0 to 52.4 percent for product 2-A (table V-9), from 27.8 to 57.3 percent for product 2-B (table V-10), from 27.5 to 50.2 percent for product 2-C (table V-11), and from 36.5 to 55.3 percent for product 2-D (table V-12).

Purchaser prices are shown in tables V-13 to V-20. Purchases directly from Chinese manufacturers were priced less than purchases of the comparable U.S. product in 97 quarters and priced more than the U.S. product in 10 quarters. Purchases of Chinese product from U.S. importers were priced less than purchases of the comparable U.S. product in 85 quarters and priced more than the U.S. product in 27 quarters.

⁶ Prehearing brief of the Furniture Retailers of America, pp. 18-19.

⁷ Lacquer Craft’s posthearing brief, part II, p. 5.

⁸ Posthearing brief of the Furniture Retailers of America, p. 9, n. 32.

⁹ Differences in methodology apparently account for the slight discrepancies between these figures and those reported by the Furniture Retailers of America in its posthearing brief, pp. 9-10.

Table V-5
Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-A¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$360.46	12,329	\$177.84	4,783	50.7
April-June	345.14	13,267	193.83	6,848	43.8
July-September	344.80	13,096	187.86	7,650	45.5
October-December	336.51	11,198	194.37	9,457	42.2
2002:					
January-March	346.08	12,997	182.53	12,016	47.3
April-June	332.68	11,377	180.75	16,530	45.7
July-September	350.32	9,286	185.39	14,547	47.1
October-December	294.00	7,454	192.90	17,976	34.4
2003:					
January-March	267.92	10,413	215.11	17,863	19.7
April-June	269.96	10,259	212.44	22,257	21.3
July-September	258.33	12,332	216.03	23,452	16.4
October-December	256.40	10,872	215.70	29,034	15.9
2004:					
January-March	258.44	11,370	204.65	26,816	20.8
April-June	263.81	9,254	208.04	25,482	21.1

¹ **Product 1-A.—Queen-size Louis Philippe-style sleigh bed (with wooden side rails):**

- (1) Panel sleigh headboard and panel sleigh footboard, made with either flat or curved panels, and wooden side rails;
- (2) Constructed of hardwood solids and veneers over particle board or fiberboard, with or without plywood, no all solid hardwood headboards or footboards, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate both full-size (4 feet-six inches) and queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 175 pounds total, when uncartoned and unpacked.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-6

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-B¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$357.65	12,316	\$231.34	1,339	35.3
April-June	339.37	13,107	220.37	2,069	35.1
July-September	343.21	14,159	216.13	3,136	37.0
October-December	347.91	11,207	215.96	4,708	37.9
2002:					
January-March	343.79	13,074	217.44	6,375	36.8
April-June	351.22	11,702	201.19	10,284	42.7
July-September	366.11	9,527	194.01	10,256	47.0
October-December	361.78	7,643	199.97	14,126	44.7
2003:					
January-March	343.92	9,446	201.35	12,262	41.5
April-June	350.22	8,413	195.23	15,389	44.3
July-September	334.01	10,479	192.52	19,056	42.4
October-December	319.09	8,667	185.76	21,490	41.8
2004:					
January-March	320.35	9,489	180.74	20,294	43.6
April-June	316.18	7,729	181.39	20,356	42.6

¹ **Product 1-B.—Louis Philippe-style double dresser (6-8 drawers):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood dressers;
(2) Height ranging from 32.5-38.0 inches and width ranging from 62.0-69.0 inches.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-7
Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-C¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$139.85	11,867	\$77.50	1,536	44.6
April-June	128.65	12,944	67.88	2,098	47.2
July-September	132.63	13,561	66.22	3,039	50.1
October-December	133.61	11,003	64.19	4,430	52.0
2002:					
January-March	132.52	12,743	57.97	5,898	56.3
April-June	128.03	12,313	53.83	9,830	58.0
July-September	137.43	9,434	57.65	8,601	58.1
October-December	131.55	8,584	51.20	13,178	61.1
2003:					
January-March	122.70	9,775	52.77	10,771	57.0
April-June	120.66	9,006	49.11	13,585	59.3
July-September	115.70	10,473	50.98	17,939	55.9
October-December	114.26	9,455	49.55	19,850	56.6
2004:					
January-March	111.79	9,262	48.49	18,588	56.6
April-June	110.21	8,001	48.32	19,120	56.2
¹ Product 1-C.–Mirrors sold with Louis Philippe-style double dresser: (1) Include all mirrors sold with above Louis Philippe-style double dresser. Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-8

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-D¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$166.16	25,645	\$111.85	2,440	32.7
April-June	162.41	25,297	112.28	3,181	30.9
July-September	163.65	26,684	105.59	5,747	35.5
October-December	166.95	21,215	103.29	7,704	38.1
2002:					
January-March	164.15	26,238	105.72	9,989	35.6
April-June	166.27	24,580	99.21	16,805	40.3
July-September	169.01	20,591	95.55	16,919	43.5
October-December	161.80	18,034	91.93	24,171	43.2
2003:					
January-March	152.34	21,925	94.29	21,383	38.1
April-June	157.31	18,923	93.42	23,959	40.6
July-September	147.84	23,559	89.64	28,925	39.4
October-December	151.52	19,269	90.66	34,597	40.2
2004:					
January-March	148.89	22,068	87.70	30,387	41.1
April-June	153.55	17,684	88.98	32,663	42.1

¹ **Product 1-D.—Louis Philippe-style two and three drawer nightstands (with no doors):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood nightstands;
- (2) Height ranging from 23.0-29.0 inches and width ranging from 23.0-29.0 inches.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-9
Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-A¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$340.40	4,958	\$171.85	2,416	49.5
April-June	335.86	4,452	159.95	3,317	52.4
July-September	349.38	4,787	187.76	4,395	46.3
October-December	331.88	4,612	212.47	4,056	36.0
2002:					
January-March	325.62	4,612	173.56	6,466	46.7
April-June	317.22	3,786	216.46	5,395	31.8
July-September	324.25	3,426	219.64	6,120	32.3
October-December	310.24	3,453	220.42	6,682	29.0
2003:					
January-March	312.23	2,982	189.95	6,665	39.2
April-June	298.17	2,823	188.69	8,122	36.7
July-September	290.19	2,428	181.01	12,673	37.6
October-December	295.16	1,630	190.28	10,006	35.5
2004:					
January-March	317.16	1,732	172.89	11,564	45.5
April-June	318.99	1,311	185.59	9,963	41.8

¹ **Product 2-A.—Queen-size Mission-style slat bed (with wooden side rails):**

- (1) Slat headboard, slat footboard, and wooden side rails;
- (2) Constructed of predominantly hardwood solids or hardwood solids and veneers over particle board or fiberboard, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, including headboards and footboards designed to accommodate both full-size (4 feet-six inches) and queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 130 pounds total, when uncartoned and unpacked.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-10

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-B¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$429.81	5,399	\$184.48	2,351	57.1
April-June	422.87	4,467	180.39	2,993	57.3
July-September	410.38	5,067	217.42	5,556	47.0
October-December	409.10	4,109	225.48	5,936	44.9
2002:					
January-March	400.98	4,354	228.74	7,340	43.0
April-June	408.26	3,901	230.60	6,781	43.5
July-September	407.00	3,445	240.72	6,337	40.9
October-December	325.14	4,505	234.65	6,192	27.8
2003:					
January-March	407.06	2,676	232.26	7,449	42.9
April-June	414.97	2,437	211.48	7,416	49.0
July-September	408.11	2,784	214.58	11,026	47.4
October-December	404.71	1,403	219.52	10,121	45.8
2004:					
January-March	433.82	1,501	207.22	9,608	52.2
April-June	441.04	1,284	201.45	10,358	54.3

¹ **Product 2-B.—Mission style dresser (with 8-10 drawers—no doors or 6-8 drawers and 1 or 2 doors):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood dressers;
(2) Height ranging from 34-38 inches and width ranging from 62-67 inches.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-11
Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-C¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$130.10	4,906	\$67.30	1,332	48.3
April-June	121.72	4,355	63.26	1,923	48.0
July-September	119.94	4,999	78.10	3,847	34.9
October-December	114.02	3,833	77.20	4,251	32.3
2002:					
January-March	111.50	4,447	65.39	5,474	41.4
April-June	115.38	3,811	68.31	4,589	40.8
July-September	114.60	3,355	65.42	4,871	42.9
October-December	90.85	4,615	65.85	4,675	27.5
2003:					
January-March	115.29	2,842	60.95	5,811	47.1
April-June	110.64	2,552	56.01	6,172	49.4
July-September	110.28	2,437	58.61	9,279	46.9
October-December	101.13	1,591	56.17	8,126	44.5
2004:					
January-March	103.55	1,684	52.80	7,524	49.0
April-June	108.90	1,445	54.22	7,086	50.2
¹ Product 2-C.–Mirrors sold with above Mission-style dresser: (1) Include all mirrors sold with the above Mission-style dresser. Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-12

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-D¹ and margins of underselling/(overselling), by quarters, January 2001-June 2004

Period	United States		China		
	Price	Quantity	Price	Quantity	Margin
	<i>Per piece</i>	<i>Pieces</i>	<i>Per piece</i>	<i>Pieces</i>	<i>Percent</i>
2001:					
January-March	\$189.54	8,874	\$84.79	3,920	55.3
April-June	186.32	7,890	84.12	5,217	54.9
July-September	181.79	8,609	99.44	9,747	45.3
October-December	180.96	7,315	100.47	10,072	44.5
2002:					
January-March	180.37	7,451	93.44	12,174	48.2
April-June	179.12	6,975	94.77	11,702	47.1
July-September	177.83	6,217	96.24	10,786	45.9
October-December	149.93	8,141	95.22	10,730	36.5
2003:					
January-March	172.85	5,406	93.28	11,632	46.0
April-June	179.58	4,665	88.05	11,571	51.0
July-September	160.61	4,482	93.81	16,332	41.6
October-December	159.92	3,015	90.81	14,677	43.2
2004:					
January-March	156.06	3,342	89.42	14,253	42.7
April-June	162.21	2,723	86.57	15,547	46.6

¹ **Product 2-D.-Mission style two and three drawer nightstands (with no doors):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiberboard, no all-solid-hardwood nightstands;
(2) Height ranging from 22.5-29.5 inches.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-13

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 1-A from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-14

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 1-B from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-15

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 1-C from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-16

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 1-D from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-17

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 2-A from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-18

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 2-B from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-19

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 2-C from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Table V-20

Wooden bedroom furniture: Weighted-average delivered prices and quantities of purchases of product 2-D from U.S. producers, directly from Chinese producers, and from importers of product from China, and margins of underselling/(overselling), by quarters, January 2001-June 2004

*	*	*	*	*	*	*
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Petitioners stated that subject imports adversely affected the prices of the domestic like product because many subject imports are copies of domestic products and compete directly with the domestic product.¹⁰ They added that in the producer-importer data underselling was universal, underselling margins were large, and producer sales declined while sales of the subject product registered large increases.¹¹ In the producer-importer data, quantities declined for each of the domestic products, and quantities of the imported products usually much more than tripled.

Lacquer Craft stated that the size and consistency of the price gaps between the domestic and subject imported pricing products suggests that the domestic and imported products are physically different and targeted at different customers and are not related to the dumping margins found by Commerce.¹² Furniture Retailers of America stated that the data show that the domestic pricing products do not significantly compete with the subject imports.¹³

LOST SALES AND LOST REVENUES

Lost Sales

When asked if they had lost sales of U.S.-produced wooden bedroom furniture to imports from China since January 2001, 22 producers responded in the affirmative and 11 in the negative. Although few producers provided the detailed information to permit staff to contact firms to verify the allegations, several of them made anecdotal remarks. *** alleged that it lost many floor placements to imported product in its *** lines. *** believes that low-priced imports have had an industry-wide effect on lost sales. *** stated that it knew the Chinese product had replaced its product because its sales representatives could see the Chinese product on the floors of various retailers, but the retailers would not disclose price information on the imported products.

Petitioners stated that their loss of retail floor space as reported by purchasers is another manifestation of lost sales.¹⁴ However, respondents stated that retailers reported allocating floor space based on “price, quality, design, style, availability, brand names, and the overall likelihood that the item will sell,” and that the allocation of floor space was not linked to competition with unfairly priced imports.¹⁵

*** alleged that it lost a sale of approximately *** (first allegation in table V-21). ***. He added that ***.

*** reported 20 verifiable allegations of lost sales, which totaled \$*** and which it said had occurred since filing the petition in October 2003.¹⁶ Staff attempted to verify the 10 largest of these,

¹⁰ Petitioners’ prehearing brief, p. 39.

¹¹ Petitioners’ posthearing brief, p. 5 and exh. 4.

¹² Lacquer Craft’s prehearing brief, pp. 38-39.

¹³ Prehearing brief of the Furniture Retailers of America, p. 18.

¹⁴ Petitioners’ prehearing brief, p. 43.

¹⁵ Posthearing brief of the Coalition of Certain China Furniture Producers, p. 2.

¹⁶ Besides these allegations, *** made additional allegations with no contact information. Information was lacking even in those allegations on which staff could follow up. For example, the product was always described as custom wooden bedroom furniture with no specification of quantity or the competing import price.

which totaled \$*** (table V-21). Eight firms in these allegations responded, but *** and *** did not respond. All of these transactions were ***.

Table V-21
Wooden bedroom furniture: U.S. producers' lost sales allegations

*	*	*	*	*	*	*
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***.

***. He added that he would have been glad to explain to them the reasons why they were not selected, if they had called, because he believes that such information is good for competition.

***.

***.

***.

***.

***.

Lost Revenues

When asked if they had reduced prices since January 2001 to avoid losing sales of U.S.-produced wooden bedroom furniture, 10 producers responded affirmatively and 18 responded negatively. When asked if they had delayed announced price increases since January 2001 to avoid losing sales of U.S.-produced wooden bedroom furniture, five producers responded in the affirmative and 23 in the negative. Although few producers provided the detailed information that would permit staff to contact firms to verify the allegations, several made anecdotal remarks. *** alleged that it reduced prices on all case goods including wooden bedroom furniture in *** in an effort to stem the tide of imports. *** alleged that it did not make its regular price increases, and has only had two price increases on selected units or a limited number of sets because it did not believe that it could compete with the low price of imports from China. *** stated that it was never able to get to a point where it could announce a price increase due to downward price pressure from imports from China. *** did not increase prices for two years.

*** (table V-22). *** did not respond to the lost revenue allegation. ***.

Table V-22
Wooden bedroom furniture: U.S. producers' allegations of lost revenue

*	*	*	*	*	*	*
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Lost Sales and Lost Revenues from the Preliminary Phase Investigation¹⁷

The Commission requested U.S. producers of wooden bedroom furniture to report in their questionnaire responses during the preliminary phase of this investigation any instances of lost sales or revenues they experienced since January 1, 2000, due to competition from imports of wooden bedroom furniture from China. Sixteen U.S. producers reported in their questionnaire responses that they had not lost sales of their domestic wooden bedroom furniture due to competition with these products from China, and 14 of these U.S. producers also reported that they had not lost revenues on sales of their domestic wooden bedroom furniture due to competition with the imported Chinese products.¹⁸ Twelve U.S. producers alleged in their questionnaire responses that due to competition with the imported Chinese wooden bedroom furniture they had lost sales of their domestic wooden bedroom furniture and 11 U.S. producers (eight of the previous 12 producers plus three additional producers) alleged that they had lost revenues by reducing prices or rolling back price increases of their domestic wooden bedroom furniture,¹⁹ but were not able to provide specific examples of any such instances.²⁰

Two petitioning U.S. producers, ***, reported in their questionnaire responses a total of four specific instances of alleged lost sales and five instances of alleged lost revenues that involved competition with imported Chinese wooden bedroom furniture; all such instances involved shipments to U.S. retailers. Another petitioning producer, ***, reported in the petition 11 specific instances of alleged lost sales; all such sales involved shipments to hospitality firms.²¹ The total dollar value of the alleged specific lost sales and lost revenues could not be calculated because this information was not provided in many of the allegations. For the 20 specific allegations which contained mostly complete information, staff contacted the purchasers named in 16 of these allegations.²² Nine purchasers responded to staff's request for information regarding the specific allegations; eight purchasers responded to lost sales allegations and one purchaser responded to a lost revenue allegation. A summary of the information provided for the lost sales and lost revenue allegations that were reported by purchasers is shown in tables V-23 and V-24, respectively, and a short discussion of purchaser responses follows.

¹⁷ This section repeats the lost sales and lost revenue section of the staff report in the preliminary phase of the investigation.

¹⁸ All 16 of these reporting U.S. producers were not petitioners.

¹⁹ A total of 15 U.S. producers alleged losing sales and/or revenues on their domestic wooden bedroom furniture as a result of competition with the imported Chinese products, but were unable to provide details. Twelve of these 15 producers were petitioners and three firms were not petitioners.

²⁰ ***, two petitioning U.S. producers that alleged lost revenues but were unable to provide specific details, made some additional comments in this part of their questionnaire responses. *** reported that it did not reduce prices unique to any single customer, but had an overall price reduction on most of the firm's case goods in early 2002. *** noted that it increased prices on its wooden bedroom furniture only *** since ***, but the increases were for a selected number of sets only, no across-the-board increases. The firm did not feel it could compete with the imported Chinese products if it raised prices across-the-board.

²¹ The petition also contained several allegations of lost sales involving shipments to U.S. furniture retailers, but these allegations involved very incomplete information that was insufficient for the staff to follow up.

²² Staff chose the seven largest of the total 11 specific allegations of lost sales involving the hospitality sector, which accounts for a relatively small portion of the total U.S. wooden bedroom furniture market, and all of the specific allegations of lost sales and lost revenue involving the retail sector, which accounts for at least 90 percent of the U.S. wooden bedroom furniture market.

Table V-23
Wooden bedroom furniture: U.S. producers' lost sales allegations

*	*	*	*	*	*	*
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Table V-24
Wooden bedroom furniture: U.S. producers' lost revenue allegations

*	*	*	*	*	*	*
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*** named ***, ***, in a lost sales allegation. *** asserted that in *** it lost sales to *** of a total of *** pieces of domestic wooden bedroom furniture, sold by *** per suite, in competition with wooden bedroom furniture from China. *** disagreed with the lost sales allegation, stating that the *** bedroom set named in the allegation was replaced with a ***. This latter firm is a petitioning U.S. producer.

*** named ***, ***, in a lost revenue allegation. *** asserted that in *** it was forced to reduce its price for ***, totaling *** separate furniture pieces, from \$*** per set to \$*** per set to meet the price of the imported Chinese products. *** disagreed with the lost revenue allegation. It stated that ***.”

*** named ***, in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** domestic wooden bedroom sets, at a total value of \$***, because of competition with the imported Chinese products. *** reported the following information. ***.

*** named ***, ***, in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** domestic wooden bedroom suites, at a total value of \$***, because of competition with the imported Chinese products. *** reported that it “strongly” disagreed with the lost sales allegation. It stated that both the ***. It also stated, “***.”

*** named ***, in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** pieces of domestic wooden bedroom furniture because of competition with imported Chinese products. *** disagreed with the lost sales allegation. It provided a detailed response to the allegation, ***. The separate response provided to staff regarding the allegation stated that the “***.” It also stated that “***.”

*** named ***, ***, in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** pieces of domestic wooden bedroom furniture, priced at \$*** per suite, because of competition with imported Chinese products. *** disagreed with the lost sales allegation, stating “***.”

*** named *** in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** domestic wooden bedroom suites, at a total value of \$***, because of competition with imported Chinese furniture. ***.

*** named *** in a lost sales allegation. *** asserted that in *** it lost sales to *** of *** domestic wooden bedroom suites, at a total value of \$***, because of competition with imported Chinese furniture. *** disagreed with the lost sales allegation, stating that the product was “source from another U.S. producing competitor.”

*** named *** in a lost sales allegation. *** asserted that in the *** it lost sales to *** of *** domestic wooden bedroom suites, at a total value of \$***, because of competition with imported Chinese furniture. *** disagreed with the allegation, stating that ***.

PART VI: FINANCIAL CONDITION OF U.S. PRODUCERS

BACKGROUND

Forty-three U.S. producers accounting for at least 80 percent of domestically produced U.S. shipments in 2003 provided usable financial data on their operations on wooden bedroom furniture during the period examined.¹ Four producers also reported internal consumption² and six producers reported transfers to related firms.³ However, combined internal consumption and related company transfers were less than *** percent of the combined companies' net sales quantity and value in all periods (except for interim 2004 which was approximately *** percent) and thus are not presented separately.

The questionnaire data of Vaughan were verified with its company records at its corporate facilities. The verification adjustments were incorporated into this report.⁴ The financial data of Vaughan were changed to ***. The adjustments for Vaughan resulted in ***.

OPERATIONS ON WOODEN BEDROOM FURNITURE

Results of operations of the U.S. producers on their U.S. wooden bedroom furniture manufacturing operations are presented in table VI-1. Aggregate results of overall operations (including importing) on their wooden bedroom furniture are shown in table VI-2.⁵ Information on U.S. producers' U.S. manufacturing operations and overall operations (including importing) is presented in figures VI-1 and VI-2. Figures VI-3 and VI-4 present information on U.S. producers importing operations.

Based on table VI-1, the quantity sold and the net sales value decreased in each year, contributing to an annual decline in the operating income. Operating income decreased substantially by over \$62 million between 2001 and 2003. Both sales volume and value decreased, as did operating income (by \$1.5 million) from interim 2003 to interim 2004.

¹ An additional seven U.S. producers, ***, submitted questionnaire responses. However, their responses were not used because they either contained no financial data or were significantly incomplete. Two producers, Modern and Thornwood, have not provided responses in the final phase of the investigation, even though they submitted responses in the preliminary phase of the investigation.

² Firms reporting internal consumption were ***.

³ Firms reporting transfers to related firms were ***.

⁴ Also, Ethan Allen's revised financial data as well as some other firms' revised financial data were incorporated into this report. Late revisions in financial data from *** were not incorporated into this report because they reclassified the restructuring charges initially reported in all other expenses (internally booked below the operating income line and included in all other expenses) to parts of cost of sales. The supplemental supporting documentation requested by Commission staff did not fully and directly support their reclassification of these expenses to cost of sales.

⁵ Selected per-unit sales, cost, and operating income (loss) data of the producers on their operations are not presented in this section since value is a more reliable and accurate measure of U.S. operations than quantity (quantities are generally not reported in the furniture industry given the variety of the products made in the sector and that there is no uniform measure of quantity); moreover, wooden bedroom furniture is offered for sale in coordinated groups called bedroom suites or bedroom collections and thus product mix may have a significant impact on the average unit values. In this case, differences in product mix, especially the types of bedroom furniture collections, play a major role in the fluctuations of per-unit sales value and cost, unlike industries in which fluctuations in financial results reflect changes in the unit selling prices and costs for virtually the same products. Therefore, unit selling price and cost data are not presented in this section.

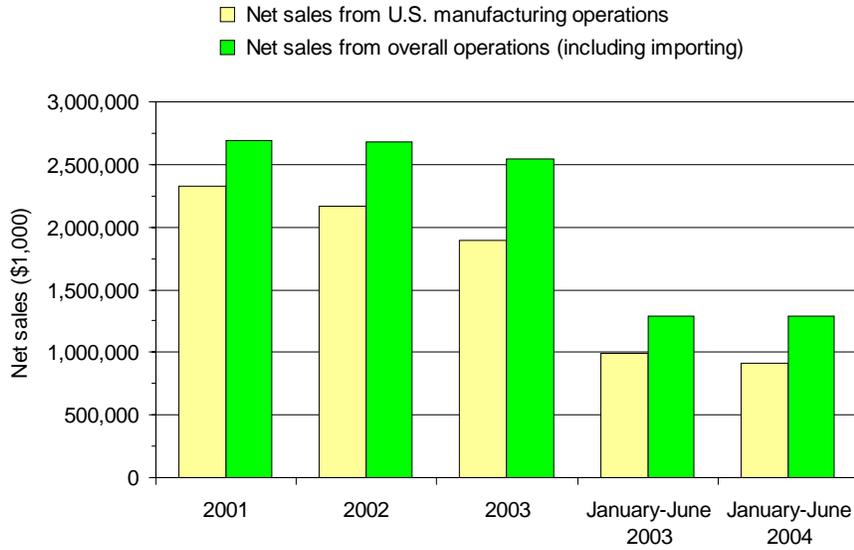
Table VI-1
Results of manufacturing operations of U.S. producers on wooden bedroom furniture, fiscal years 2001-03, January-June 2003, and January-June 2004

Item	Fiscal year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Net sales ¹	13,903,209	13,475,643	12,522,006	6,614,185	6,274,110
	Value (\$1,000)				
Net sales ¹	2,325,701	2,166,170	1,899,142	991,846	912,937
COGS	1,854,882	1,735,307	1,546,745	803,081	732,103
Gross profit	470,819	430,863	352,397	188,765	180,834
SG&A expenses	361,066	330,203	304,928	158,093	151,665
Operating income	109,753	100,660	47,469	30,672	29,169
Interest expense	14,043	9,250	7,054	4,117	2,993
Other expense	26,462	8,649	25,922	13,057	10,901
Other income	7,933	8,358	7,601	4,982	3,301
Net income	77,181	91,119	22,094	18,480	18,576
Depreciation/amortization	66,397	58,029	52,559	27,199	25,768
Cash flow	143,578	149,148	74,653	45,679	44,344
	Ratio to net sales (percent)				
COGS	79.8	80.1	81.4	81.0	80.2
Gross profit	20.2	19.9	18.6	19.0	19.8
SG&A expenses	15.5	15.2	16.1	15.9	16.6
Operating income	4.7	4.6	2.5	3.1	3.2
	Number of firms reporting				
Operating losses	12	16	23	23	20
Data	43	43	43	43	43
¹ Combined internal consumption and company transfers are less than *** percent of the combined companies' net sales quantity and value in all periods (except for interim 2004 which was approximately *** percent) and are not shown separately. Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-2
Results of overall operations (including importing) of U.S. producers on wooden bedroom furniture, fiscal years 2001-03, January-June 2003, and January-June 2004

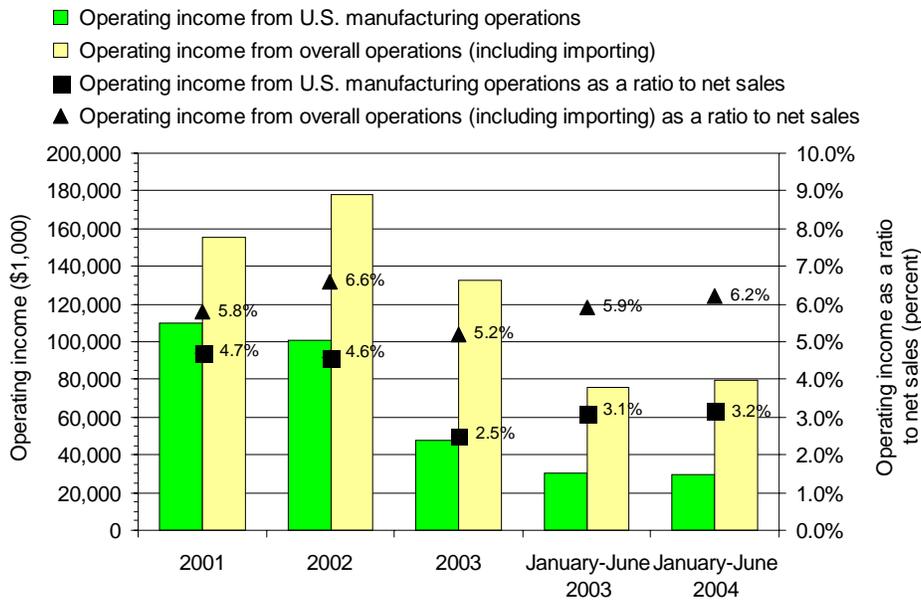
Item	Fiscal year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Net sales ¹	15,611,222	15,887,396	15,422,554	7,971,632	7,857,228
	Value (\$1,000)				
Net sales ¹	2,691,215	2,684,504	2,543,159	1,291,817	1,294,306
COGS	2,126,571	2,109,147	2,017,600	1,018,072	1,010,802
Gross profit	564,644	575,357	525,559	273,745	283,504
SG&A expenses	409,673	397,625	393,207	197,970	203,854
Operating income	154,971	177,732	132,352	75,775	79,650
Interest expense	16,230	11,483	9,576	5,416	4,442
Other expense	31,076	11,378	32,694	16,017	14,908
Other income	8,290	8,966	8,412	5,440	3,600
Net income	115,955	163,837	98,494	59,782	63,900
Depreciation/amortization	68,696	61,023	56,353	29,085	27,623
Cash flow	184,651	224,860	154,847	88,867	91,523
	Ratio to net sales (percent)				
COGS	79.0	78.6	79.3	78.8	78.1
Gross profit	21.0	21.4	20.7	21.2	21.9
SG&A expenses	15.2	14.8	15.5	15.3	15.8
Operating income	5.8	6.6	5.2	5.9	6.2
	Number of firms reporting				
Operating losses	9	10	19	18	17
Data	43	43	43	43	43
¹ Combined internal consumption and company transfers are less than *** percent of the combined companies' net sales quantity and value in all periods and are not shown separately. Source: Compiled from data submitted in response to Commission questionnaires.					

Figure VI-1
Wooden bedroom furniture: U.S. producers' net sales from U.S. manufacturing operations and overall operations (including importing), 2001-03, January-June 2003, and January-June 2004



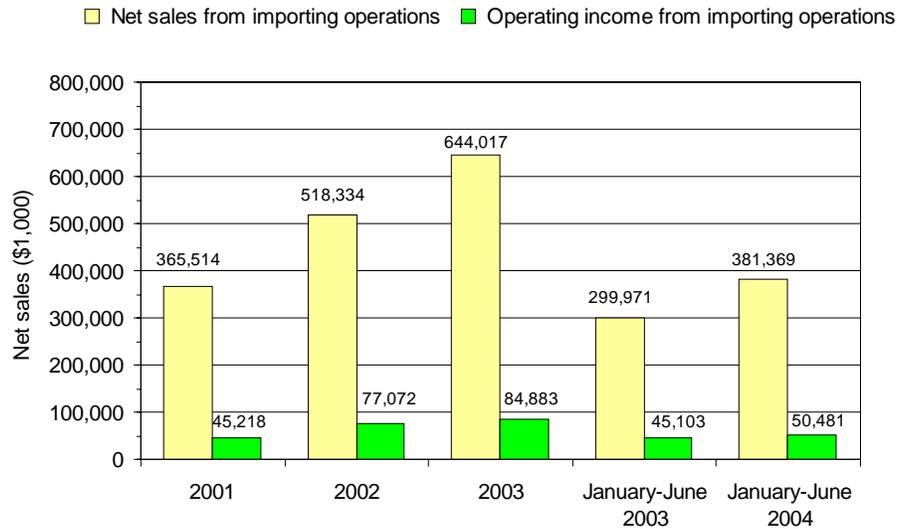
Source: Tables VI-1 and VI-2.

Figure VI-2
Wooden bedroom furniture: U.S. producers' operating income from U.S. manufacturing operations and overall operations (including importing), and ratios to net sales, 2001-03, January-June 2003, and January-June 2004



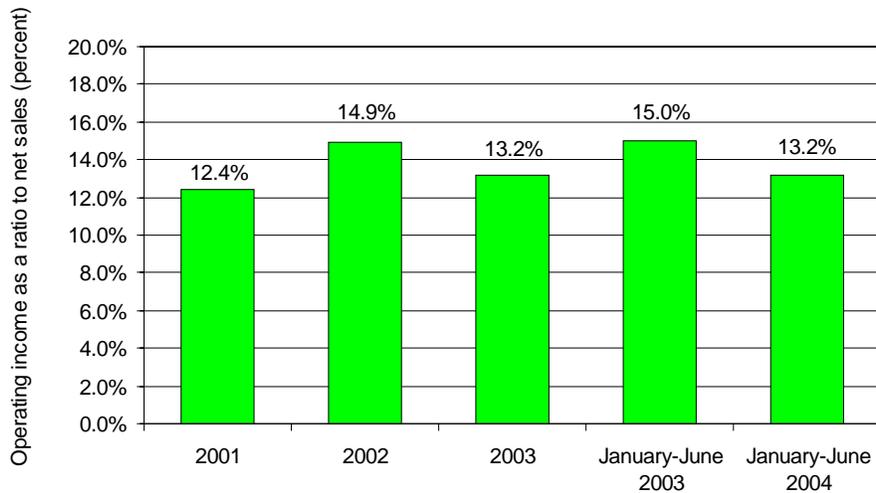
Source: Tables VI-1 and VI-2.

Figure VI-3
Wooden bedroom furniture: U.S. producers' net sales and operating income from importing operations, 2001-03, January-June 2003, and January-June 2004



Source: Tables VI-1 and VI-2.

Figure VI-4
Wooden bedroom furniture: U.S. producers' operating income from importing operations as a ratio to net sales from importing operations, 2001-03, January-June 2003, and January-June 2004



Source: Tables VI-1 and VI-2.

The combined results of U.S. manufacturing operations of the U.S. producers on wooden bedroom furniture remained profitable for the entire period examined. The percentage of operating income to net sales (operating income margin) decreased continuously from 4.7 percent in 2001 to 2.5 percent in 2003. The operating income margin increased slightly from interim 2003 to interim 2004.

Aggregate results of overall operations, which also included importing activities, were somewhat better than results of the U.S. manufacturing operations for all periods examined, as shown in table VI-2.

Selected data for reporting U.S. producers, grouped by net sales revenue, are presented in table VI-3. The above-\$100 million sales ranges had operating income and the under-\$100 million ranges had operating losses, except for the \$30-50 million range which had a small operating income in 2003. Generally, operating margins were more favorable when sales ranges were higher, except in the case of ***.

Table VI-3
Selected data for reporting U.S. producers of wooden bedroom furniture, grouped by sales value, fiscal year 2003

Sales range	Number of firms	Number of firms with an operating loss	Net sales	Operating income/(loss)	Operating margin
				<i>\$1,000</i>	<i>Percent</i>
Over \$200 million	***	***	***	***	***
\$100-200 million	***	***	***	***	***
\$50-100 million	4	***	281,807	(4,390)	(1.6)
\$30-50 million	7	3	263,604	1,374	0.5
\$10-30 million	19	12	374,480	(6,175)	(1.6)
Under \$10 million	8	5	41,228	(1,341)	(3.3)
Total/average	43	23	1,899,142	47,469	2.5

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-4 presents selected financial data on a company-by-company basis for operating income/(loss) and the ratio of operating income/(loss) to the net sales value of U.S. producers not importing subject merchandise from China,⁶ and table VI-5 presents the same financial information for the U.S. manufacturing operations of U.S. producers importing subject merchandise from China.^{7 8}

These data indicate that the domestic industry is dominated by ***. Together, these *** producers accounted for approximately *** of total net sales values in every period and *** of the aggregate operating income during the period examined.

A variance analysis is not presented in this case because the variances in sales revenues and total costs were largely affected by product mix and because there are no reliable per-unit sales price and cost and sales quantity data available; an analysis of unit financial data is also not presented.

⁶ ***.

⁷ ***.

⁸ Restructuring charges and impairment losses on long-lived assets to be held and used shall be reported as components of income from continuing operations, according to GAAP (Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the impairment or disposal of long-lived assets"), with appropriate footnote disclosure. These charges and losses could have many components, such as severance-related costs and write-down of certain fixed assets and inventories which are usually recorded in cost of sales and/or SG&A, or as separate items above the operating income line. The results of operations of a component that has been disposed of or is classified as held for sale may be reported in discontinued operations if the operations of the component have been eliminated from the ongoing operations of the entity as a result of the disposal and the entity will have no significant continuing involvement in the operations of the component after the disposal transaction (SFAS No. 144, para. 42). Furthermore, SFAS No. 146, "Accounting for costs associated with exit or disposal activities," paragraph 18, states that costs associated with an exit or disposal activity that does not involve a discontinued operation shall be included in income from continuing operations before income taxes Costs associated with an exit or disposal activity that involves a discontinued operation shall be included in the results of discontinued operations. Based on Form 10-Ks filed with the U.S. Securities and Exchange Commission (SEC) and/or audited financial statements of La-Z-Boy (which owns American Drew, American of Martinsville, Lea Industries, Kincaid, and Pennsylvania House), Ethan Allen, and Vaughan, restructuring and impairment charges as well as write-down of intangibles for casegoods were recorded above the operating income line. ***.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The responding firms' aggregate data on capital expenditures and research and development (R&D) expenses are shown in table VI-6. Capital expenditures decreased continuously during the period examined. R&D expenses increased slightly from 2001 to 2002 and decreased to below the 2001 level in 2003. Both capital expenditures and R&D expenses decreased from interim 2003 to interim 2004.

Table VI-6

Capital expenditures and R&D expenses by U.S. producers in their production of wooden bedroom furniture, fiscal years 2001-03, January-June 2003, and January-June 2004

Item	Fiscal year			January-June	
	2001	2002	2003	2003	2004
	Value (\$1,000)				
Capital expenditures ¹	57,355	38,540	30,382	16,327	11,512
R&D expenses ²	11,039	11,181	10,591	5,677	5,515
¹ Forty-two companies reported capital expenditures. ² Twenty-one companies reported R&D expenses.					
Source: Compiled from data submitted in response to Commission questionnaires.					

ASSETS AND RETURN ON INVESTMENT

U.S. producers were requested to provide data on their assets used in the production and sales of wooden bedroom furniture during the period examined to assess their return on investments (ROI). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sale of wooden bedroom furniture. Data on the U.S. producers' total assets and their ROI are presented in table VI-7.

While total assets utilized by the U.S. producers in their wooden bedroom furniture operations decreased continuously between 2001 and 2003, due mainly to many plant closings/shutdowns, the U.S. producers' operating income also decreased considerably during the same period, and their ROI increased from 6.1 percent in 2001 to 6.3 percent in 2002, and then decreased to 3.4 percent in 2003.

In order to put the foregoing data into perspective, in table VI-8 the staff computed the ROI for NAICS (North American Industry Classification System) code 337122 (nonupholstered wood household furniture manufacturing), based upon data contained in the Risk Management Association's (RMA's) Annual Statement Studies, Financial Ratio Benchmarks, 2003-04, which covers SIC (Standard Industrial Classification) code 2511. Even though the RMA Financial Ratio Benchmarks for NAICS 337122 are presented, it should be noted that exact comparisons between the questionnaire data and the RMA data are not advised for several reasons.

Table VI-7
Value of assets and return on investment of U.S. producers in their production of wooden bedroom furniture, fiscal years 2001-03

Item	Fiscal year		
	2001	2002	2003
	Value (\$1,000)		
Value of assets—			
1. Current assets:			
A. Cash and equivalents	121,322	70,651	71,892
B. Trade receivables (net)	384,345	346,321	287,819
C. Inventory	471,063	477,075	427,512
D. All other current	31,745	24,878	27,596
Total current	1,008,475	918,925	814,819
2. Non-current assets:			
A. Productive facilities (original cost)	1,352,906	1,265,271	1,191,682
B. Productive facilities (net book value)	609,203	534,243	472,244
C. Other non-current	173,322	133,595	92,494
Total non-current	782,525	667,838	564,738
Total assets	1,791,000	1,586,763	1,379,557
	Value (\$1,000)		
Operating income	109,753	100,660	47,469
	Ratio of operating income to total assets (percent)		
Return on investment	6.1	6.3	3.4
<p>Note: ROIs for interim periods are not presented in this table because they only reflect the results of operations for a six-month interim period while the ROIs for the full-year periods reflect the results of operations for a full 12-month period. The operations results (numerator) are accumulated over a period of time while total assets (denominator) are static representation looking only at a single point in time (i.e., at the end of the specific period). Therefore, it is not reasonable to compare the interim ROIs to the ROIs for the full-year period. It is also not recommended to annualize interim period ROIs because interim operations results would not accurately forecast results for a full year. It is also not advised to compare interim ROIs to the operating income margins for interim periods.</p>			
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

Table VI-8

The Risk Management Association data on the number of firms and their sales, operating margins, total assets, and return on investment on their operations for NAICS 337122 (SIC code 2511) (nonupholstered wood household furniture manufacturing), for the five one-year periods ending March 31, 2003

Item	One-year periods ending on March 31				
	1999	2000	2001	2002	2003
	Value (\$1,000)				
Number of companies	166	113	107	126	159
Sales value	\$5,424,644	\$3,779,213	\$3,657,140	\$4,312,938	\$4,800,123
Asset value	3,060,320	2,136,237	2,129,487	2,256,741	2,468,152
Operating margin (<i>percent</i>)	4.6	5.8	4.7	3.0	3.0
	Ratio of operating income (loss) to assets (<i>percent</i>)				
Return on investment ¹	8.2	10.3	8.1	5.7	5.8
¹ Calculated based on sales value, asset value, and operating margin above. Source: Annual Statement Studies: Financial Ratio Benchmarks, 2003-2004 by the Risk Management Association (RMA). Permission to use the data granted by RMA. © "2004" by RMA—The Risk Management Association. All rights reserved. No part of this table may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system without permission in writing from RMA—The Risk Management Association. Please refer to www.rmahq.org for further warranty, copyright and use of data information.					

While the questionnaire data strictly relate to wooden bedroom furniture, the RMA data include data on other products and may or may not actually reflect financial ratios for wooden bedroom furniture. Further, while the questionnaire data for three calendar years (2001 to 2003) consist of the data from only 43 firms with an aggregate sales value of \$1.9 billion in 2003, the RMA data for the 12-month period ending March 31, 2003, are for 159 companies with an aggregate sales value over \$4.8 billion. This means that the questionnaire data represent less than 40 percent of the RMA data. Finally, it is not known whether any of the 43 domestic producers of wooden bedroom furniture provided data to RMA. Therefore, it may not be meaningful to compare the historical RMA data with the questionnaire data.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of wooden bedroom furniture from China on their firms' growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments. Their responses are shown in appendix I.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations.¹ Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V, and information on the asserted effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in appendix I. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

Information on Chinese producers' production capacity, production, shipments, and inventories is presented in tables VII-1 and VII-2 and figure VII-1.² Data on Chinese exports by selected pieces of wooden bedroom furniture are presented in table VII-3. The Chinese industry data are based on the responses of 153 firms estimated to account for approximately 62 percent of Chinese exports³ of the subject merchandise to the United States in 2003.⁴ The reported data show increases in each year and period (including projections) for each of the indicators (capacity, production, shipments, and inventories) on which data were collected. Information on reporting producers of wooden bedroom furniture in China, their largest U.S. customers in 2003, their exports and export shares to the United States in 2003, and their final dumping margins, is presented in appendix G (table G-1).

¹ See 19 U.S.C. § 1677(7)(F)(i).

² The data exclude those of the *de minimis*-margin firm Markor Tianjin.

³ Coverage was calculated using the Commission's quantity of beds exported to the United States reported by Chinese producers in 2003 (1.959 million) and the quantity of beds imported from China in 2003 (3.137 million) from official import statistics.

⁴ The petition identified 133 Chinese foreign producers/exporters of wooden bedroom furniture. See petition at exh. 6. The Commission sent faxes to all such firms that had fax numbers. The Commission also e-mailed the foreign producer questionnaire to counsel representing Chinese wooden bedroom producers/exporters identified on the Commission's and Commerce's public service lists. The Commission also posted the foreign producer questionnaire on its web site and distributed it to parties representing U.S. retailers and importers of the subject merchandise.

Table VII-1

Wooden bedroom furniture: Data on the industry in China, based on pieces, 2001-03, January-June 2003, January-June 2004, and projections for 2004-05¹

Item	Actual experience					Projections ²	
	Calendar year			January-June		Calendar year	
	2001	2002	2003	2003	2004	2004	2005
	Quantity (pieces)						
Capacity	4,591,982	7,029,420	9,772,358	***	***	***	***
Production	3,721,032	6,434,655	8,636,196	***	***	***	***
End-of-period inventories	191,226	344,010	459,951	***	***	***	***
Shipments:							
Internal consumption/transfers	45,435	53,047	67,459	***	***	***	***
Home market	541,513	631,616	1,053,985	***	***	***	***
Exports to:							
United States ³	2,872,363	5,290,863	7,095,949	***	***	***	***
All other markets ⁴	436,778	698,131	952,782	***	***	***	***
Subtotal, exports	3,309,141	5,988,994	8,048,731	***	***	***	***
Total shipments	3,896,089	6,673,657	9,170,175	***	***	***	***
	Ratios and shares based on quantity (percent)⁵						
Capacity utilization	80.8	90.9	87.6	***	***	***	***
Inventories/production	5.1	5.3	5.3	***	***	***	***
Inventories/shipments	4.9	5.2	5.0	***	***	***	***
Share of total shipments:							
Internal consumption/transfers	1.2	0.8	0.7	***	***	***	***
Home market	13.9	9.5	11.5	***	***	***	***
Exports to:							
United States	73.7	79.3	77.4	***	***	***	***
All other markets ⁴	11.2	10.5	10.4	***	***	***	***
Total, exports	84.9	89.7	87.8	***	***	***	***
<p>¹ Data exclude those of the <i>de minimis</i>-margin firm Markor Tianjin. One large producer, ***, did not provide data for both interim periods or for the projected periods. ***.</p> <p>² Not all producers in China provided projections for 2004 and 2005.</p> <p>³ Totals for exports to the United States of pieces do not match those in table VII-3 because of differences in the number of responding firms and/or because of other reporting anomalies.</p> <p>⁴ "All other markets" consists of Australia, Canada, EU, Japan, and the Middle East.</p> <p>Note: Because of rounding, figures may not add to the totals shown. Ratios are calculated using data of only those firms providing both numerator and denominator information. Partial-year ratios are calculated from annualized production or shipment data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>							

Table VII-2

Wooden bedroom furniture: Data on the industry in China, based on pounds, 2001-03, January-June 2003, January-June 2004, and projections for 2004-05¹

Item	Actual experience					Projections ²	
	Calendar year			January-June		Calendar year	
	2001	2002	2003	2003	2004	2004	2005
	Quantity (pounds)						
Capacity	443,240,840	704,087,583	836,593,428	***	***	***	***
Production	307,525,691	585,553,773	773,826,604	***	***	***	***
End-of-period inventories	15,354,436	30,779,086	42,600,617	***	***	***	***
Shipments:							
Internal consumption/transfers	416,508	598,214	919,771	***	***	***	***
Home market	31,424,310	40,670,258	67,780,518	***	***	***	***
Exports to:							
United States	253,031,705	493,384,677	640,587,486	***	***	***	***
All other markets ³	33,386,249	57,022,538	69,504,320	***	***	***	***
Subtotal, exports	286,417,954	550,407,215	710,091,806	***	***	***	***
Total shipments	318,258,772	591,675,687	778,792,095	***	***	***	***
	Ratios and shares based on quantity (percent)⁴						
Capacity utilization	68.0	79.4	87.9	***	***	***	***
Inventories/production	5.0	5.3	5.5	***	***	***	***
Inventories/shipments	4.8	5.2	5.5	***	***	***	***
Share of total shipments:							
Internal consumption/transfers	0.1	0.1	0.1	***	***	***	***
Home market	9.9	6.9	8.7	***	***	***	***
Exports to:							
United States	79.5	83.4	82.3	***	***	***	***
All other markets ³	10.5	9.6	8.9	***	***	***	***
Total, exports	90.0	93.0	91.2	***	***	***	***

¹ Data exclude those of the *de minimis*-margin firm Markor Tianjin. One large producer, ***, did not provide data for both interim periods or for the projected periods. ***.

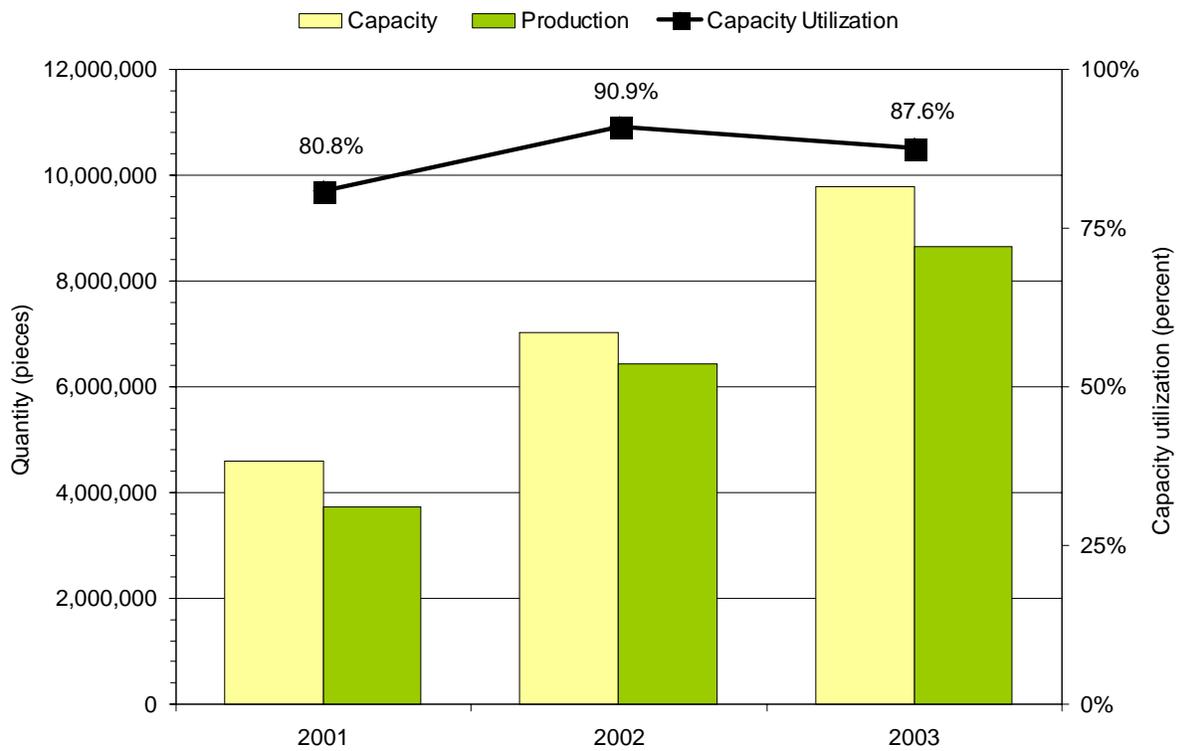
² Not all producers in China provided projections for 2004 and 2005.

³ "All other markets" consists of Australia, Canada, EU, Japan, and the Middle East.

Note: Because of rounding, figures may not add to the totals shown. Ratios are calculated using data of only those firms providing both numerator and denominator information. Partial-year ratios are calculated from annualized production or shipment data.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure VII-1
Wooden bedroom furniture: China's reported capacity, production, and capacity utilization, based on pieces, 2001-03, and projected 2004-05¹



¹ Data for projected periods 2004-05 not shown.

Source: Table VII-1.

Table VII-3

Wooden bedroom furniture: Chinese producers' exports to the United States, by selected pieces, 2001-03, January-June 2003, and January-June 2004

* * * * *

Most of the public-source information acquired by Commission staff about the Chinese furniture industry encompasses all types of furniture and is not specific to the wooden bedroom furniture industry. All references to the Chinese furniture industry are made regarding the furniture industry as a whole, unless otherwise noted.

Furniture production in China has grown significantly since the introduction of market reforms in 1979. Data indicate that China recently was the second-largest global producer of furniture, behind the United States. According to the China National Furniture Association (CNFA), China produced \$20 billion worth of furniture in 2002,⁵ accounting for 10 percent of global furniture production.⁶ By comparison, just a few years earlier, China was tied with Germany and Japan as the third-largest furniture producer, each with 8 percent, behind the United States with 25 percent and Italy with 9 percent.⁷ CNFA estimates that China's furniture production can reach about \$21 billion by 2005 and approximately \$36 billion by 2015, averaging an annual growth rate of 12 to 15 percent.⁸

Sources reveal a myriad of employment figures for China's furniture sector and reflect the differences between the comparatively few large furniture producers and the great number of small-scale furniture workshops with "distinctive regional characteristics."⁹ The Council of Asia-Pacific Furniture Associations estimated in February 2003 that China possessed 50,000 furniture makers employing more than 5 million workers,¹⁰ which is almost identical to figures found for 2000.¹¹ Another source, however,

⁵ "Furniture Export Set to Soar," China.org.cn, located at <http://www.china.org.cn/english/BAT/55432.htm> (accessed August 27, 2003) (quoting *China Daily* article of February 10, 2003); Jeff Xiaozhi Cao, Eric Hansen, and Meiqi Xu, "China's Furniture Industry," June 2003, located at http://www.ahc.caf.wvu.edu/Fact_Sheet/China/pr-030630%20-%20China%20Furnit.%20Ind.pdf (accessed October 10, 2003) (citing a 2001 CSIL report).

⁶ "Q: Furniture Manufacturers in China," Google Answers, located at <http://answers.google.com/answers/main?cmd=threadview&id=244071> (accessed August 27, 2003) (quoting a *China Green Times* article on May 21, 2003).

⁷ Cao, Hansen, and Xu, "China's Furniture Industry."

⁸ International Tropical Timber Organization (ITTO), "Tropical Timber Market Report," September 16-20, 2002, located at http://www.itto.or.jp/market/archives_2002/downloads/sep16_2002.doc (accessed September 29, 2003).

⁹ "Research Report on Furniture Industry & Market of China: 2001 Edition," All China Business Information, located at <http://www.acmr.com.cn/english/Industry%20Reports/brev23.htm> (accessed September 29, 2003).

¹⁰ "Jack Chen, the CAPFA Man in Charge," February 2003, located at <http://www.cens.com/cens/report/furniture/capfa.html> (accessed August 18, 2003).

¹¹ "Research Report on Furniture Industry & Market of China: 2001 Edition."

states that in mid-2000 there were more than 30,000 furniture enterprises in China, employing more than 2 million workers,¹² which is itself identical to figures given by CNFA for 1998.¹³

Furniture is manufactured in every coastal Chinese province, but three provinces accounted for approximately 70 percent of China's furniture manufacturing in 2002: Guangdong Province, 30 percent; Fujian Province, 22 percent; and Zhejiang Province, 18 percent.¹⁴ Guangdong Province, Beijing, and Shanghai are the major furniture production bases in China.¹⁵

Guangdong Province accounted for 51 percent of the nation's furniture exports in 2002¹⁶ and \$2.7 billion worth of furniture sold in the United States.¹⁷ Proximity to Hong Kong appears to be a factor in the province's favor, as 90 percent of Hong Kong's furniture manufacturers have moved their production base to southern China to take advantage of lower operating costs while using advanced machinery to enhance efficiency and product quality.¹⁸ Reportedly, as of mid-2003 almost all the furniture manufacturers in the province were privately owned or have foreign investors.¹⁹

Data indicate that the raw materials used for furniture production in China are mainly lumber.²⁰ China is a net importer of timber and by one estimate was the world's largest timber importer.²¹ Russian East Asia and Siberia were among China's major timber suppliers, as geographical proximity encouraged

¹² "Research Report of Chinese Furniture Industry," China-ASEAN Business Net, June 2000, located at http://www.china-asean.net/china_biz/marketing_report/china_report_furniture.html (accessed August 18, 2003).

¹³ "Competitive Situation," Industry Canada, December 7, 1998, located at <http://strategis.ic.gc.ca/ssg/dd74251e.html> (accessed August 18, 2003) (quoting STAT-USA material). Part of the discrepancy may be attributed to characterizations about the composition of the Chinese furniture industry. According to CNFA, of the 30,000 furniture manufacturers in China in 1998, approximately 80 percent were small- and medium-sized privately owned or state-owned enterprises, leaving 6,000 "large" furniture manufacturers. By comparison, another source stated that in mid-2003, after excluding small-scale furniture workshops, China's furniture industry had about 5,000 furniture manufacturers, but still more than 5.5 million workers. "Traditional Executive and Task Chairs Updated," *Global Sources Hardwares*, June 3, 2003, located at http://www.giftsandhome.globalsources.com/am/article_id/9000000041402/page/showarticle?action=GetArticle (accessed August 18, 2003).

¹⁴ Cao, Hansen, and Xu, "China's Furniture Industry." One source indicates that Shanghai accounts for 35 percent of total Chinese furniture production. "Q: Furniture Manufacturers in China."

¹⁵ "Furniture Makers Prepare for Possible U.S. Anti-dumping Investigation," China.org.cn, located at <http://www.china.org.cn/english/MATERIAL/70995.htm> (accessed August 18, 2003) (quoting a *China Daily* article of July 28, 2003).

¹⁶ *Ibid.*

¹⁷ June Fletcher, Peter Wonacott, and Karen Mazurkewich, "Made in China—and Staying?" *Wall Street Journal*, April 18, 2003, p. A14.

¹⁸ "Anti-dumping Investigation of Certain Folding Tables and Chairs," American consulate in Hong Kong, 004218, May 25, 2001.

¹⁹ "Furniture Makers Prepare for Possible U.S. Anti-dumping Investigation," *op. cit.*

²⁰ "Research Report of Chinese Furniture Industry." In 1997, the production quantity of lumber furniture accounted for 65 percent of the total production. *Ibid.* In 1998, the percentage increased to 70 percent. "China Market Ascending," *Tropical Forest Update* vol. 10, no. 1 (2000/2001), located at <http://www.itto.or.jp/newsletter/v10n1/8.html> (accessed August 18, 2003).

²¹ Economist Intelligence Unit, "Boost in Wood Imports Helps Fuel Competition," *EIU Viewswire*, August 19, 2003, located at <http://www.viewswire.com> (accessed November 5, 2003).

trade.²² Tariff and tax policies favorable to importers on the Chinese side have also helped increase trade in timber.²³

The growing Chinese domestic market for furniture results in some competition for China's export markets, as China's domestic demand for furniture was expected to increase by 10 percent annually from 2000 to 2010, primarily because of the rapid development of the building sector and the projected increase in per-capita housing.²⁴

Quality control had historically been the largest issue facing the Chinese furniture industry. A 2001 survey by the National Bureau of Quality Control and Quarantine indicated that one-third of Chinese wood furniture manufactured had quality problems.²⁵ In 2003, the number of U.S. complaints about damaged Chinese furniture increased because of production defects and damage accumulated during transit.²⁶ During the hearing, however, most of the testimony indicated that Chinese wooden bedroom furniture imports were of equal or higher quality than U.S.-manufactured furniture.²⁷

According to Chinese customs data, China exported \$5.4 billion worth of furniture and furniture parts²⁸ in 2002, an increase of 35 percent over the 2001 total of \$4.0 billion. The largest portion of that increase resulted from exports of wooden furniture²⁹ (\$2.7 billion in 2002, an increase of 46 percent over the 2001 amount of \$1.9 billion). By comparison, China exported \$2.3 billion worth of nonwooden furniture³⁰ in 2002, an increase of 24 percent over the 2001 total of \$1.8 billion. Since 1998, China's exports of all furniture, as well as of wooden and nonwooden furniture individually, have increased at an annual rate of 25 percent.

CNFA had predicted that Chinese furniture exports would increase by 30 percent in 2003,³¹ resulting in an estimated \$7.0 billion in exports, and would continue to increase by 20 percent annually

²² BROOC, Friends of Siberian Forests, and Forests Monitor Ltd., *The Wild East: Tree in Transit*, October 2001, pt. 2, located at <http://www.forest.ru/eng/publications/wildeast/02.htm> (accessed August 18, 2003).

²³ *Ibid.*

²⁴ "Research Report of Chinese Furniture Industry," and "China Market Ascending," *op. cit.*

²⁵ "Research Report on Furniture Industry & Market of China: 2001 Edition." See "Research Report of Chinese Furniture Industry." Large-scale enterprises reportedly enjoyed a comparatively good reputation regarding the quality of their furniture products. "Research Report on Furniture Industry & Market of China: 2001 Edition."

²⁶ Fletcher, Wonacott, and Mazurkewich, "Made in China—and Staying?"

²⁷ See testimony of Irwin Allen, President, Michels-Pilliod Co., hearing transcript at 30; testimony of John E. Wentworth, President, Moosehead Manufacturing Co., hearing transcript at 33; testimony of Wyatt Bassett, Executive Vice President, Vaughan-Bassett Furniture Co., hearing transcript at 39, 80, and 177; testimony of Ken Loring, President, Boston Interiors, hearing transcript at 58; and testimony of Craig Spooner, Chief Financial Officer, Lexington Furniture Co., hearing transcript at 206.

²⁸ Furniture parts are classified under HTS subheadings 9401.90 and 9403.90. In 2002, China's furniture parts exports totaled \$400 million.

²⁹ Wood furniture is classified under HTS subheadings 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, and 9403.60.

³⁰ Nonwooden furniture is classified under HTS subheadings 9401.30, 9401.40, 9401.50, 9401.71, 9401.79, 9401.80, 9402.10, 9402.90, 9403.10, 9403.20, 9403.70, and 9403.80.

³¹ "Furniture Export Set to Soar," *op. cit.*

until 2015.³² Chinese exports by value for the first half of 2003 amounted to \$3.7 billion, an increase of 35 percent from the first half of 2002.³³

The United States is by far the most important export market for Chinese furniture manufacturers—four times larger than the number two market, Hong Kong. According to 2002 Chinese customs figures, China exported \$2.8 billion worth of furniture to the United States, accounting for 53 percent of China’s total furniture exports (an increase from 48 percent in 1998), comprised of \$1.4 billion in wooden furniture, \$1.2 billion in nonwooden furniture, and \$0.2 billion in furniture parts. By comparison, Chinese furniture exports to Hong Kong in 2002 totaled \$0.7 billion; to Japan, \$0.5 billion; and to the United Kingdom, \$0.2 billion.

China has also become more dependent on the U.S. furniture market for its exports. From 1998 to 2002, Chinese furniture exports to the United States, as a share of all Chinese furniture exports, rose from 41 percent to 51 percent for wooden furniture; declined slightly from 57 percent to 55 percent for nonwooden furniture; and rose from 34 percent to 48 percent for furniture parts. As of early 2003, the “lion’s share” of U.S. furniture imports from China continued to be products for which many of the inputs were exported to China from the United States and other countries and processed there using low-cost Chinese labor.³⁴

The value of China’s furniture imports was just more than \$100 million in 2002, despite some predictions that imports would soar after China’s WTO entry. Under China’s WTO commitments, import tariffs on furniture dropped from 22 percent to 11 percent in 2002. Tariffs were scheduled to drop to 7.5 percent in 2003 and be eliminated by 2005.³⁵

U.S. IMPORTERS’ INVENTORIES

Tables VII-4 through VII-6 present data on U.S. importers’ end-of-period inventories of imported wooden bedroom furniture.

U.S. IMPORTERS’ CURRENT ORDERS

Ninety-nine U.S. importers indicated that they have imported or arranged for the importation of wooden bedroom furniture since June 30, 2004. Table VII-7 presents U.S. importers’ imports and orders for wooden bedroom furniture from China, Brazil, Indonesia, Malaysia, Mexico, Vietnam, and all other sources between July 1, 2004, and December 31, 2004.

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are currently no known antidumping duty orders on wooden bedroom furniture from China.

³² CNFA, “Traditional Executive and Task Chairs Updated.”

³³ Ibid.

³⁴ “2002 U.S./China Trade in Agricultural, Forestry and Aquatic Products,” American Embassy in Beijing, 002644, March 10, 2003.

³⁵ “Furniture Export Set to Soar,” op. cit.

Table VII-4

Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports, 2001-03, January-June 2003, and January-June 2004¹

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
Imports from China ²	523,580	1,229,623	1,462,790	1,302,733	1,642,705
Imports from all other sources	473,441	740,787	835,146	820,476	945,029
Total imports	997,021	1,970,410	2,297,936	2,123,209	2,587,734
	Quantity (pounds)				
Imports from China ²	38,652,010	83,309,239	109,576,185	102,436,647	130,078,887
Imports from all other sources	28,710,476	39,478,305	49,122,152	45,627,372	52,336,050
Total imports	67,362,486	122,787,544	158,698,337	148,064,019	182,414,937
	Ratio of inventories to imports (percent, pieces)				
Imports from China ²	15.7	20.2	19.7	17.8	18.8
Imports from all other sources	11.8	16.3	15.2	15.7	15.5
Total imports	13.6	18.6	17.8	17.0	17.4
	Ratio of inventories to imports (percent, pounds)				
Imports from China ²	18.0	18.9	20.3	20.2	19.4
Imports from all other sources	11.5	12.1	12.4	12.3	11.9
Total imports	14.5	16.0	16.9	16.9	16.4
	Ratio of inventories to U.S. shipments of imports (percent, pieces)				
Imports from China ²	16.7	24.5	23.5	21.8	22.0
Imports from all other sources	13.8	19.9	17.9	18.6	18.4
Total imports	15.2	22.5	21.1	20.4	20.5
	Ratio of inventories to U.S. shipments of imports (percent, pounds)				
Imports from China ²	18.7	22.3	23.0	23.4	22.2
Imports from all other sources	13.8	14.9	14.8	14.6	13.7
Total imports	16.2	19.2	19.6	19.7	18.8

¹ Data for the value of inventories were not collected.

² May include imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

Note: Import data presented in this table are based on responses to questionnaires of the Commission. Ratios are calculated using data from firms that provided both numerator and denominator information. Partial-year ratios are calculated using annualized import and shipment data.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-5

Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports (based on pieces), by sources, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	End-of-period inventories (pieces)				
Imports from:					
China ¹	523,580	1,229,623	1,462,790	1,302,733	1,642,705
Brazil	100,902	142,139	167,289	140,592	203,251
Indonesia	38,579	76,917	83,485	86,480	92,777
Malaysia	135,294	184,841	236,989	229,866	214,942
Mexico	47,658	73,282	57,565	68,083	58,639
Vietnam	0	12,196	45,333	32,959	118,488
All other sources	151,008	251,412	244,485	262,496	256,932
Total	997,021	1,970,410	2,297,936	2,123,209	2,587,734
	Ratio of inventories to U.S. imports (percent/pieces)				
Imports from:					
China ¹	15.7	20.2	19.7	17.8	18.8
Brazil	23.0	25.2	25.2	26.5	28.6
Indonesia	9.6	15.2	16.8	18.0	17.1
Malaysia	32.6	31.0	30.1	32.1	27.9
Mexico	5.4	8.9	8.9	9.6	10.7
Vietnam	(²)	21.5	16.2	14.3	21.6
All other sources	8.1	12.6	9.3	10.3	8.6
Average	13.6	18.6	17.8	17.0	17.4
	Ratio of inventories to U.S. shipments of imports (percent/pieces)				
Imports from:					
China ¹	16.7	24.5	23.5	21.8	22.0
Brazil	31.7	35.1	35.8	31.9	46.2
Indonesia	11.4	19.5	20.6	22.6	21.0
Malaysia	42.9	38.2	37.6	41.6	31.3
Mexico	6.5	11.4	11.7	12.1	15.4
Vietnam	(²)	30.6	22.0	22.4	31.4
All other sources	8.8	14.3	9.9	11.3	9.2
Average	15.2	22.5	21.1	20.4	20.5
<p>¹ May include imports produced and exported by the <i>de minimis</i>-margin firm Markor Tianjin. ² Not applicable.</p> <p>Note: Import data presented in this table are based on responses to questionnaires of the Commission. Ratios are calculated using data from firms that provided both numerator and denominator information. Partial-year ratios are calculated using annualized import and shipment data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table VII-6

Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports (based on pounds), by sources, 2001-03, January-June 2003, and January-June 2004

Item	Calendar year			January-June	
	2001	2002	2003	2003	2004
	End-of-period inventories (pounds)				
Imports from:					
China ¹	38,652,010	83,309,239	109,576,185	102,436,647	130,078,887
Brazil	9,804,585	11,931,558	14,422,477	12,428,385	14,741,698
Indonesia	3,018,794	4,443,830	6,315,278	4,689,577	6,865,749
Malaysia	10,866,153	13,620,818	16,273,301	16,349,871	15,209,567
Mexico	649,326	634,205	184,329	323,559	218,815
Vietnam	0	1,086,902	2,820,474	2,419,755	4,766,246
All other sources	4,371,618	7,760,992	9,106,293	9,416,225	10,533,975
Total	67,362,486	122,787,544	158,698,337	148,064,019	182,414,937
	Ratio of inventories to U.S. imports (percent/pounds)				
Imports from:					
China ¹	18.0	18.9	20.3	20.2	19.4
Brazil	27.4	28.6	30.6	33.8	33.3
Indonesia	11.2	12.5	15.9	13.7	15.8
Malaysia	36.4	27.5	26.1	27.6	26.9
Mexico	1.7	1.6	0.6	1.0	0.8
Vietnam	(²)	23.0	14.8	16.4	17.5
All other sources	3.6	5.0	4.6	4.8	4.3
Average	14.5	16.0	16.9	16.9	16.4
	Ratio of inventories to U.S. shipments of imports (percent/pounds)				
Imports from:					
China ¹	18.7	22.3	23.0	23.4	22.2
Brazil	36.1	37.8	41.9	37.9	46.6
Indonesia	13.7	16.1	19.6	16.5	18.3
Malaysia	49.3	33.5	32.7	34.8	31.5
Mexico	3.2	3.1	1.2	2.1	1.8
Vietnam	(²)	35.8	20.3	28.0	24.0
All other sources	3.7	5.5	4.9	5.2	4.5
Average	16.2	19.2	19.6	19.7	18.8
<p>¹ May include imports produced and exported by the <i>de minimis</i>-margin firm Markor Tianjin.</p> <p>² Not applicable.</p> <p>Note: Import data presented in this table are based on responses to questionnaires of the Commission. Ratios are calculated using data from firms that provided both numerator and denominator information. Partial-year ratios are calculated using annualized import and shipment data.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table VII-7
Wooden bedroom furniture: U.S. importers' imports and orders, by import sources and by months, July-December 2004¹

Item	Calendar year 2004						
	July	August	September	October	November	December	Total
	Quantity (pieces)						
China ²	467,227	588,987	809,665	610,636	468,581	330,697	3,275,793
Brazil	74,125	108,944	91,549	46,793	29,036	12,256	362,703
Indonesia	52,333	60,628	73,696	91,317	59,070	45,419	382,463
Malaysia	90,279	120,453	163,242	163,727	132,956	80,641	751,298
Mexico	49,629	55,415	70,215	53,741	39,579	20,520	289,099
Vietnam	65,518	88,754	124,137	189,479	167,545	91,361	726,794
All other sources	406,004	298,304	243,281	238,680	165,529	138,944	1,490,742
Total	1,205,115	1,321,485	1,575,785	1,394,373	1,062,296	719,838	7,278,892
	Quantity (pounds)						
China ²	30,992,349	37,109,656	53,127,941	36,919,125	29,136,977	16,319,593	203,605,641
Brazil	4,822,559	7,263,815	6,681,997	2,150,515	1,142,789	425,310	22,486,985
Indonesia	4,703,786	5,408,830	7,277,366	8,265,483	4,455,960	2,395,718	32,507,143
Malaysia	7,860,010	10,282,978	13,545,711	13,793,943	10,469,362	6,177,947	62,129,951
Mexico	2,869,628	3,220,653	3,757,998	3,556,709	3,248,253	1,614,779	18,268,020
Vietnam	2,781,966	4,452,321	7,924,506	9,601,773	6,912,837	4,347,942	36,021,346
All other sources	31,835,831	22,466,247	20,037,766	18,973,139	12,053,303	10,476,228	115,842,514
Total	85,866,129	90,204,500	112,353,286	93,260,687	67,419,481	41,757,517	490,861,600
	Value (\$1,000)						
China ²	84,704	88,508	107,000	90,983	64,961	38,532	474,688
Brazil	7,350	9,796	10,123	4,962	2,698	1,152	36,081
Indonesia	9,172	10,387	11,937	15,411	9,247	4,696	60,849
Malaysia	9,023	12,348	16,352	18,219	14,712	9,460	80,114
Mexico	5,489	5,960	7,136	5,813	5,078	2,453	31,930
Vietnam	10,222	13,533	17,053	25,605	22,600	18,974	107,987
All other sources	23,134	19,336	16,908	17,227	13,270	9,396	99,270
Total	149,094	159,868	186,509	178,221	132,565	84,662	890,918

¹ Eight-nine firms indicated shipments or orders of imports from China; 25 firms indicated shipments or orders of imports from Brazil, 29 firms indicated shipments or orders of imports from Indonesia, 33 firms indicated shipments or orders of imports from Malaysia; 13 firms indicated shipments or orders of imports from Mexico; 33 firms indicated shipments or orders of imports from Vietnam; and 39 firms indicated shipments or orders of imports from all other sources. A number of firms indicated shipments or orders of imports from more than one source.

² May include imports produced and exported by the *de minimis*-margin firm Markor Tianjin.

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX A

FEDERAL REGISTER NOTICES

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-1058 (Final)]****Wooden Bedroom Furniture From
China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of the final phase of an antidumping investigation.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731-TA-1058 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of wooden bedroom furniture, provided for in subheading 9403.50.90 of the Harmonized Tariff Schedule of the United States (HTS).¹

¹ For purposes of this investigation, the Department of Commerce has defined the subject merchandise as 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, oriented 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: (1) Wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand alone or attached to side 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, highboys, lowboys, chests of drawers, chests, door chests, chiffoniers, hutches, and armoires; (6) desks, computer stands, filing cabinets, bookcases, 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 petition excludes: (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,

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

EFFECTIVE DATE: June 24, 2004.

FOR FURTHER INFORMATION CONTACT: Fred Fischer (202) 205-3179 or fred.fischer@usitc.gov, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at (202) 205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that imports of wooden bedroom furniture from China are being sold in the United States at less than fair value² within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on October 31, 2004, by the American Furniture Manufacturers Committee for Legal Trade, Washington, DC, and its individual members; Cabinet Makers, Millmen, and Industrial Carpenters Local 721, Whittier, CA; UBC Southern Council of Industrial Workers Local Union 2305, Columbus,

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; and (8) bedroom furniture in which bentwood parts predominate.

Imports of subject merchandise are classified under statistical category 9403.50.9040 of the HTS as "wooden * * * beds" and under statistical category 9403.50.9080 of the HTSUS as "other * * * wooden furniture of a kind used in the bedroom." In addition, wooden headboards for beds, wooden foot boards for beds, wooden side rails for beds, and wooden canopies for beds may also be entered under statistical category 9403.50.9040 of the HTSUS as "parts of wood" and framed glass mirrors may also be entered under statistical category 7009.92.5000 of the HTSUS as "glass mirrors * * * framed." This investigation covers all wooden bedroom furniture meeting the above description, regardless of tariff classification.

² 69 FR 35312, June 24, 2004.

MS; United Steel Workers of America Local 193U, Lewisburg, PA; Carpenters Industrial Union Local 2093, Phoenix, AZ; and Teamsters, Chauffeurs, Warehousemen and Helpers Local 991, Bay Minette, AL.

Participation in the investigation and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on October 26, 2004, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on November 9, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before October 29, 2004. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement

at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on November 2, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is November 2, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is November 17, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before November 17, 2004. On December 3, 2004, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before December 7, 2004, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 Fed. Reg. 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not

accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: July 8, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04-15985 Filed 7-14-04; 8:45 am]

BILLING CODE 7020-02-P

Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-3207 and (202) 482-3434, respectively.

Final Determination

We determine that wooden bedroom furniture from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at Less Than Fair Value ("LTFV") as provided in section 735 of Tariff Act of 1930 ("the Act"). The estimated margins of sales at LTFV are shown in the "Final Determination Margins" section of this notice.

Case History

The Department of Commerce ("the Department") published its preliminary determination of sales at LTFV on June 24, 2004. See *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Wooden Bedroom Furniture from the People's Republic of China*, 69 FR 35312 (June 24, 2004) ("Preliminary Determination"). The Department conducted verification of the mandatory respondents in both the PRC and the United States (where applicable), with the exception of Tech Lane Wood Mfg. and Kee Jia Wood Mfg. ("Tech Lane"), and certain Section A respondents' data in the PRC. See the *Verification Section* below for additional information. On August 5, 2004, the Department published an amended preliminary determination. See *Notice of Amended Preliminary Antidumping Duty Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People's Republic of China*, 69 FR 47417 (August 5, 2004) ("Amendment 1"). On August 17, 2004, parties submitted surrogate-value information. On August 30, 2004, the Department issued a memorandum regarding the request for treatment of the Chinese wooden bedroom furniture industry as market-oriented. See *Memorandum to James J. Jochum from Jeffrey May, Request for Market-Oriented Industry ("MOI") Treatment*, dated August 30, 2004 ("MOI Memorandum"), and MOI section below. On August 31, 2004, the Department released a clarification regarding the scope of this investigation and explained that jewelry armoires and cheval mirrors are not within the scope of the investigation. See *Issue and Decision Memorandum Concerning Jewelry Armoires and Cheval Mirrors*, dated August 31, 2004. On September 9, 2004, the Department published another amended preliminary determination. See *Notice of Amended Preliminary Antidumping Duty Determination of Sales at Less Than Fair Value and*

Amendment to the Scope: Wooden Bedroom Furniture From the People's Republic of China, 69 FR 54643 (September 9, 2004) ("Amendment 2"). On September 28, 2004, the Department issued a memorandum clarifying which types of mirrors are within the scope of this investigation. See *Issue and Decision Memorandum Concerning Mirrors*, dated September 28, 2004.

On September 16, 2004, the Department issued a memorandum in which it explained that it rejected the request by Decca Furniture Ltd. for a separate rate because its request for such treatment was untimely. See *Memorandum from Jeffrey May to James J. Jochum, Untimely Section A Questionnaire Submission of Decca Furniture Ltd.*, dated September 16, 2004. Additionally, on September 16, 2004, the Department issued a memorandum which stated that the Department rejected numerous potential Section A respondents' Section A submissions because they were untimely. See *Memorandum from James J. Jochum from Jeffrey May, Untimely Request for Separate-Rates Status of Certain PRC Exporters*, dated September 16, 2004.

We invited parties to comment on the *Preliminary Determination*. We received comments from the Petitioners, the mandatory respondents, the Section A respondents, and other interested parties to this investigation.

On October 6, 2004, parties submitted case briefs. On October 14, 2004, parties submitted rebuttal briefs. On October 19, 2004, the Department held a public hearing on MOI and Section A issues. On October 20, 2004, the Department held a public hearing on issues concerning the selection of a surrogate country, financial ratios, surrogate values, and mandatory respondents. On October 27, 2004, the Department held a public hearing on scope comments.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum, dated November 8, 2004, which is hereby adopted by this notice ("Decision Memorandum"). A list of the issues which parties raised and to which we respond in the Decision Memorandum is attached to this notice as an Appendix. The Decision Memorandum is a public document and is on file in the Central Records Unit ("CRU"), Main Commerce Building, Room B-099, and is accessible on the Web at <http://ia.ita.doc.gov>. The paper copy and electronic version of the memorandum are identical in content.

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-890]

Final Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of final determination of sales at less than fair value.

SUMMARY: On June 24, 2004, the Department of Commerce published its preliminary determination of sales at less than fair value in the antidumping investigation of wooden bedroom furniture from the People's Republic of China. On August 5, 2004, the Department of Commerce published an amended preliminary determination of sales at less than fair value. On September 9, 2004, the Department of Commerce published an amended preliminary determination of sales at less than fair value. The period of investigation is April 1, 2003, through September 30, 2003. The investigation covers seven manufacturers/exporters which are mandatory respondents and 115 Section A respondents. We invited interested parties to comment on our preliminary determination of sales at less than fair value. Based on our analysis of the comments we received, we have made changes to our calculations for all mandatory respondents. The final dumping margins for this investigation are listed in the "Final Determination Margins" section below.

DATES: Effective November 17, 2004.

FOR FURTHER INFORMATION CONTACT: Catherine Bertrand or Robert Bolling, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and

Scope of Investigation

For purposes of this investigation, the product covered 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, oriented 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 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) chest-on-chests,¹ highboys,² lowboys,³ chests of drawers,⁴ chests,⁵ door chests,⁶

¹ 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.

² 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).

³ A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

⁴ A chest of drawers is typically a case containing drawers for storing clothing.

⁵ 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.

⁶ 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.

chiffoniers,⁷ hutches,⁸ and armoires;⁹ (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 Petition 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;¹⁰ (9) jewelry armories;¹¹ (10) cheval mirrors¹² and (11) certain metal parts.¹³

⁷ A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

⁸ A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

⁹ 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.

¹⁰ 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 Customs' Headquarters' Ruling Letter 043859, dated May 17, 1976.

¹¹ Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24" in width, 18" in depth, and 49" in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door lined with felt or felt-like material, with necklace hangers, and a flip-top lid with inset mirror. See Memorandum from Laurel LaCivita to Laurie Parkhill, Office Director, Issues and Decision Memorandum 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.

¹² Cheval mirrors, *i.e.*, any framed, tiltable mirror with a height in excess of 50" that is mounted on a floor-standing, hinged base.

¹³ 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

Imports of subject merchandise are classified under statistical category 9403.50.9040 of the HTSUS as "wooden * * * beds" and under statistical category 9403.50.9080 of the HTSUS as "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 statistical category 9403.50.9040 of the HTSUS as "parts of wood" and framed glass mirrors may also be entered under statistical category 7009.92.5000 of the HTSUS as "glass mirrors * * * framed." This investigation 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.

Scope Comments

In the *Preliminary Determination* we stated that, due to the extraordinary detail and length of comments we had received to date, we would analyze scope comments we received for the final determination. As part of this process, the Department had summarized all of the comments it had received as of June 17, 2004, in a memorandum to the file. See *Memorandum to the File from Laurel LaCivita, Analyst, to Laurie Parkhill, Office Director, Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China: Summary on Comments to the Scope* (June 17, 2004). Thus, we afforded interested parties an opportunity to address only the comments summarized in our memorandum and, as announced in the *Preliminary Determination*, 69 FR 35318, we provided interested parties until July 30, 2004, to submit additional comments on scope topics in this memorandum.

As of July 30, 2004, we had received scope comments reflecting issues in our memorandum and we had received scope comments on issues not discussed in our memorandum. Therefore, consistent with our *Preliminary Determination*, we clarified for all interested parties in a letter dated October 25, 2004, that for the final determination we would only address comments we received by July 30, 2004,

the essential character of wooden bedroom furniture in an unassembled, incomplete, or unfinished form. Such parts are usually classified in subheading 9403.90.7000, HTSUS.

which concerned issues we identified in our June 17, 2004, memorandum.

We have addressed these comments in our final scope memorandum. See *Memorandum to Laurie Parkhill, Office Director, from Erol Yesin, Case Analyst, Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China: Summary on the Scope of the Investigation* (November 8, 2004).

Verification

As provided in section 782(I) of the Act, we verified the information submitted by the mandatory respondents, with the exception of Tech Lane as discussed below, and certain Section A respondents for use in our final determination. See the Department's verification reports on the record of this investigation in the CRU with respect to Rui Feng Woodwork Co., Ltd., Rui Feng Lumber Development Co., Ltd. and Dorbest Limited ("Dorbest"), Lacquer Craft Mfg. Co., Ltd. ("Lacquer Craft"), Dongguan Lung Dong Furniture Co., Ltd., and Dongguan Dong He Furniture Co., Ltd., ("Lung Dong"), Markor International Furniture (Tianjin) Manufacturing Company, Ltd. ("Markor"), Shing Mark Enterprise Co., Ltd., Carven Industries Limited (BVI), Carven I Industries Limited (HK), Dongguan Zhenxin Furniture Co., Ltd., and Dongguan Yongpeng Furniture Co., Ltd. ("Shing Mark"), Starcorp Furniture (Shanghai) Co., Ltd., Orin Furniture (Shanghai) Co., Ltd., and Shanghai Starcorp Furniture Co., Ltd. ("Starcorp"), Dalian Huafeng Furniture Co., Ltd. ("Dalian"), Locke Furniture Factory, or Kai Chan Furniture Co., Ltd., or Kai Chan (Hong Kong) Enterprise Ltd., or Taiwan Kai Chan Co., Ltd. ("Locke"), and Fine Furniture (Shanghai) Limited ("Fine Furniture"). For all verified companies, we used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by respondents.

Market-Oriented Industry

In the *Preliminary Determination*, we stated that, because we received an MOI allegation filed by the Furniture Sub-chamber of the China Chamber of Commerce for Import & Export of Light Industrial Products and Arts-Crafts ("CCCLA") and the China National Furniture Association ("CNFA") with supporting information so recently and so close (*i.e.*, May 28, 2004) to the fully extended due date of the preliminary determination, we did not have adequate time to consider the information. Thus, we indicated that we

would continue to evaluate the request and address it as soon as possible. On August 30, 2004, we issued a memorandum regarding the request by CCCLA and CNFA for an MOI inquiry. See *MOI Memorandum*. In this memorandum, we stated that, due to the timing of the MOI request filing, we determined that we would not incorporate an MOI inquiry into this antidumping investigation. In addition, we explained that, in the event we publish an antidumping duty order as a result of an affirmative determination by the U.S. International Trade Commission ("ITC"), the Chinese wooden bedroom furniture industry will have an opportunity to request an MOI inquiry in a future segment of this proceeding. See *MOI Memorandum* and Comment 1 in the Issues and Decision Memorandum.

Surrogate Country

In the *Preliminary Determination*, we stated that we had selected India as the appropriate surrogate country to use in this investigation for the following reasons: (1) India is at a level of economic development comparable to the PRC; (2) Indian manufacturers produce comparable merchandise and are significant producers of wooden furniture; (3) India provides the best opportunity to use appropriate, publicly available data to value the factors of production. See *Preliminary Determination*, 69 FR at 35319. We received comments from interested parties during the briefing stage of this investigation and have evaluated these comments. For the final determination we have determined to continue to use India as the surrogate country and, accordingly, we have calculated normal value using Indian prices to value the respondents' factors of production, when available and appropriate. We have obtained and relied upon publicly available information wherever possible. For a detailed description of the surrogate values that have changed as a result of comments the Department has received, see the company-specific Analysis Memoranda dated November 8, 2004.

Separate Rates

In the *Preliminary Determination* and the amendments to the *Preliminary Determination* the Department found that several companies which provided responses to Section A of the antidumping questionnaire were eligible for a rate separate from the PRC-wide rate. For the final determination, we have determined that additional companies have qualified for separate-rate status. For a complete listing of all

the companies that received a separate rate, see the Final Determination Margins section below.

As discussed below, the Department has determined to apply adverse facts available with respect to Tech Lane. In addition, we have determined that there is no reliable basis for granting Tech Lane a separate rate. Accordingly, Tech Lane has not overcome the presumption that it is part of the PRC-wide entity and therefore, will be subject to the PRC-wide rate.

The margin we calculated in the *Preliminary Determination* for these companies was 10.92 percent and was changed in *Amendment 2* to 12.91 percent. Because the rates of the selected mandatory respondents have changed since the *Preliminary Determination* and the *Amendment 2*, we have recalculated the rate for Section A respondents. The rate is 8.64 percent. See Memorandum to the File from Eugene Degnan, *Calculation of Section A Rate*, dated November 8, 2004.

Additionally, at the *Preliminary Determination*, we determined preliminarily that Shanghai Aosen Furniture Co., Ltd. ("Shanghai Aosen"), had satisfied our criteria for a separate rate. During the week of July 12, 2004, we informed Shanghai Aosen that we would verify its submitted data on or about August 13, 2004. On August 3, 2004, Shanghai Aosen informed the Department that it had decided not to participate in its verification which was scheduled to take place on August 13, 2004. See Memorandum to the File from Katharine Huang, *Shanghai Aosen's Withdrawal from the Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China ("PRC")* dated August 3, 2004. Because Shanghai Aosen refused to allow the Department to verify its submissions, the Department has determined that Shanghai Aosen has not cooperated to the best of its ability and that as adverse facts available, we determine that Shanghai Aosen is the part of the PRC-wide entity and therefore, does not qualify for a separate rate. Thus, effective the date of publication in the **Federal Register** of this determination, Shanghai Aosen will be subject to the PRC-wide rate.

Adverse Facts Available

Section 776(a)(2) of the Act provides that the Department shall apply "facts otherwise available" if, *inter alia*, an interested party or any other person (A) withholds information that has been requested, (B) fails to provide information within the deadlines established, or in the form or manner requested by the Department, subject to

subsections (c)(1) and (e) of section 782, (C) significantly impedes a proceeding, or (D) provides information that cannot be verified as provided by section 782(i) of the Act. Section 776(b) of the Act provides further that the Department may use an adverse inference when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information.

Where the Department determines that a response to a request for information does not comply with the request, section 782(d) of the Act provides that the Department will so inform the party submitting the response and will, to the extent practicable, provide that party the opportunity to remedy or explain the deficiency. If the party fails to remedy the deficiency within the applicable time limits and subject to section 782(e) of the Act, the Department may disregard all or part of the original and subsequent responses, as appropriate. Section 782(e) of the Act provides that the Department "shall not decline to consider information that is submitted by an interested party and is necessary to the determination but does not meet all applicable requirements established by the administering authority" if the information is timely, can be verified, and is not so incomplete that it cannot be used, and if the interested party acted to the best of its ability in providing the information. Where all of these conditions are met, the statute requires the Department to use the information if it can do so without undue difficulties.

In the *Preliminary Determination*, we determined a dumping margin of 9.36 percent for Tech Lane based on partial facts available for certain unreported surrogate values. See *Preliminary Determination*. On June 29, 2004, the Petitioners submitted allegations that the Department made various ministerial errors in calculating the dumping margin for Tech Lane. As a result of our correction of ministerial errors, we determined a corrected margin of 29.72 percent for Tech Lane in *Amendment 1*. We also stated in *Amendment 1* that we would not conduct a verification of Tech Lane due to the fact Tech Lane did not provide financial statements covering reported subject merchandise and because Tech Lane did not submit a reconciliation of sales it made during the period of investigation ("POI") as we requested. We indicated that, as a result, the rate for Tech Lane might change for purposes of the final determination. See *Amendment 1*, 69 FR at 47417, footnote 1.

Based on the record evidence and pursuant to the statutory requirements

of the Act, the Department has determined that Tech Lane impeded this investigation, provided unverifiable information, and did not cooperate to the best of its ability to comply with the Department's requests for information. Therefore, we find that the use of adverse facts available to determine the margin for Tech Lane is proper for the final determination in this investigation. See Comment 4 in the Issues and Decision Memorandum for a further discussion of this issue.

Partial Adverse Facts Available

We have determined that the use of a partial adverse inference is warranted for certain constructed export price ("CEP") sales Shing Mark made.

We have determined that Shing Mark did not act to the best of its ability with respect to a CEP control-number error, nor did it act the best of its ability in reporting the sales information with respect to certain CEP sales and the corrected data. At the verification of Shing Mark's U.S. affiliate, Homeric Inc., we discovered that Shing Mark had mis-coded a portion of its reported CEP control numbers. The Department had indicated earlier in its April 28, 2004, supplemental questionnaire and again in its June 4, 2004, supplemental questionnaire that it had found problems with certain reported control numbers and, within these control numbers, price variations of CEP sales that Shing Mark never addressed fully or in a timely manner. At the very least, even if wide price variations are normal within a control number, such price variations should have caused Shing Mark to at least check the accuracy of the information it reported to the Department. Additionally, we find that, at a minimum, before the first CEP verification, Shing Mark should have reviewed our pre-selected sales invoices which would have also alerted Shing Mark to the above problems. Further, the Department alerted the respondent on several different occasions either explicitly (through its supplemental questionnaires) or implicitly (the very reason for the Department's selection of certain CEP sales for verification was due to wide price variations) to the problems with certain sales. Thus, because Shing Mark was in the best position to check and report its own information accurately plus the fact that Shing Mark reported continually that it had corrected its information or that there were no problems, we relied upon its reported information until we discovered the errors at the first CEP verification. Additionally, the Department did everything it could to alert Shing Mark to the problem.

Consequently, in accordance with section 776 of the Act, the Department has applied adverse facts available for certain CEP sales whose control numbers Shing Mark reported incorrectly because the U.S. sales data that Shing Mark submitted to correct the errors is unverifiable, the U.S. sales data remains so incomplete that it cannot be used as a reliable basis for reaching an accurate margin in this investigation, and Shing Mark did not act to the best of its ability to find and correct the errors. Therefore, for the aforementioned reasons, the Department has applied the adverse facts available rate of 198.08 percent (see below) to all of Shing Mark's CEP sales where the control-number misclassification occurred. See the Issues and Decision Memorandum at Comment 63 and the Shing Mark Final Analysis Memorandum, dated November 8, 2004.

Adverse Facts-Available Rate

In the *Preliminary Determination*, in accordance with sections 776(b) and (c) of the Act, to corroborate the adverse facts-available margin (*i.e.*, 198.08 percent), we compared that margin to the margins we found for the mandatory respondents. See *Memorandum to the File from Brian Ledgerwood, Analyst, through Robert Bolling, Program Manager, and Laurie Parkhill, Office Director, Preliminary Determination in the Investigation of Wooden Bedroom Furniture from the People's Republic of China, Corroboration Memorandum*, dated June 17, 2004.

At the *Preliminary Determination*, in accordance with section 776(c) of the Act, we corroborated our adverse facts-available margin using information submitted by Tech Lane and Kee Jia Wood Mfg. For the final determination, we are no longer using the information submitted by Tech Lane to corroborate our adverse facts-available margin (see Adverse Facts Available section above).

To assess the probative value of the total adverse facts-available rate it has chosen, the Department compared the final margin calculations of other respondents in this investigation with the rate of 198.08 percent from the petition. We find that the rate is within the range of the highest margins we have determined in this investigation. See *Memorandum to the File from Catherine Bertrand, Analyst, through Robert Bolling, Program Manager, and Laurie Parkhill, Office Director, Final Determination in the Investigation of Wooden Bedroom Furniture from the People's Republic of China, Corroboration Memorandum ("Final Corroboration Memo")*, dated November 8, 2004. Since the record of this

investigation contains margins within the range of the petition margin, we determine that the rate from the petition continues to be relevant for use in this investigation.

As discussed therein, we found that the margin of 198.08 percent has probative value. See *Final Corroboration Memo*. Accordingly, we find that the rate of 198.08 percent is corroborated within the meaning of section 776(c) of the Act.

The PRC-Wide Rate

Because we begin with the presumption that all companies within a non market-economy ("NME") country are subject to government control and because only the companies listed under the Final Determination Margins below have overcome that presumption, we are applying a single antidumping rate—the PRC-wide rate—to all other exporters of subject merchandise from the PRC. Such companies did not demonstrate entitlement to a separate rate. See, *e.g.*,

Final Determination of Sales at Less Than Fair Value: Synthetic Indigo from the People's Republic of China, 65 FR 25706 (May 3, 2000). The PRC-wide rate applies to all entries of subject merchandise except for entries from the respondents which are listed in the Final Determination Margins section below (except as noted).

Final Determination Margins

We determine that the following percentage weighted-average margins exist for the POI:

Company	Weighted-average margin (percent)
Dongguan Lung Dong Furniture Co., Ltd., or Dongguan Dong He Furniture Co., Ltd	2.22
Rui Feng Woodwork Co., Ltd., or Rui Feng Lumber Development Co., Ltd. or Dorbest Limited	16.70
Lacquer Craft Mfg. Co., Ltd	6.95
Markor International Furniture (Tianjin) Manufacturing Company, Ltd	0.79
Shing Mark Enterprise Co., Ltd., or Carven Industries Limited (BVI), or Carven I Industries Limited (HK), or Dongguan Zhenxin Furniture Co., Ltd., or Dongguan Yongpeng Furniture Co., Ltd	5.07
Starcorp Furniture (Shanghai) Co., Ltd., or Orin Furniture (Shanghai) Co., Ltd., or Shanghai Starcorp Furniture Co., Ltd	15.24
Tech Lane Wood Mfg. or Kee Jia Wood Mfg *	198.08
Alexandre International Corp., or Southern Art Development Ltd., or Alexandre Furniture (Shenzhen) Co., Ltd., or Southern Art Furniture Factory	8.64
Art Heritage International, Ltd., or Super Art Furniture Co., Ltd., or Artwork Metal & Plastic Co., Ltd., or Jibson Industries Ltd., or Always Loyal International	8.64
Billy Wood Industrial (Dong Guan) Co., Ltd., or Great Union Industrial (Dongguan) Co., Ltd., or Time Faith Ltd	8.64
Changshu HTC Import & Export Co., Ltd	8.64
Cheng Meng Furniture (PTE) Ltd., or China Cheng Meng Decoration & Furniture Co., Ltd	8.64
Chuan Fa Furniture Factory	8.64
Classic Furniture Global Co., Ltd	8.64
Clearwise Co., Ltd	8.64
COE Ltd	8.64
Dalian Guangming Furniture Co., Ltd	8.64
Dalian Huafeng Furniture Co., Ltd	8.64
Dongguan Cambridge Furniture Co., or Glory Oceanic Co., Ltd	8.64
Dongguan Chunsan Wood Products Co., Ltd	8.64
Dongguan Creation Furniture Co., Ltd., or Creation Industries Co., Ltd	8.64
Dongguan Grand Style Furniture, or Hong Kong Da Zhi Furniture Co., Ltd	8.64
Dongguan Great Reputation Furniture Co., Ltd	8.64
Dongguan Hero Way Woodwork Co., Ltd., or Dongguan Da Zhong Woodwork Co., Ltd., or Hero Way Enterprises Ltd., or Well Earth International Ltd	8.64
Dongguan Hung Sheng Artware Products Co., Ltd., or Coronal Enterprise Co., Ltd	8.64
Dongguan Kin Feng Furniture Co., Ltd	8.64
Dongguan Kingstone Furniture Co., Ltd., or Kingstone Furniture Co., Ltd	8.64
Dongguan Liaobushangdun Huada Furniture Factory, or Great Rich (HK) Enterprise Co. Ltd	8.64
Dongguan Qingxi Xinyi Craft Furniture Factory (Joyce Art Factory)	8.64
Dongguan Singways Furniture Co., Ltd	8.64
Dongguan Sunrise Furniture Co., or Taicang Sunrise Wood Industry Co., Ltd., or Shanghai Sunrise Furniture Co., Ltd., or Fairmont Designs	8.64
Dongying Huanghekou Furniture Industry Co., Ltd	8.64
Dream Rooms Furniture (Shanghai) Co., Ltd	8.64
Eurosa (Kunshan) Co., Ltd., or Eurosa Furniture Co., (PTE) Ltd	8.64
Ever Spring Furniture Co. Ltd., or S.Y.C. Family Enterprise Co., Ltd	8.64
Fine Furniture (Shanghai) Ltd	8.64
Foshan Guanqiu Furniture Co., Ltd	8.64
Fujian Lianfu Forestry Co., Ltd., or Fujian Wonder Pacific Inc	8.64
Gaomi Yatai Wooden Ware Co., Ltd., or Team Prospect International Ltd., or Money Gain International Co	8.64
Garri Furniture (Dong Guan) Co., Ltd., or Molabile International, Inc., or Weei Geo Enterprise Co., Ltd	8.64
Green River Wood (Dongguan) Ltd	8.64
Guangming Group Wumahe Furniture Co., Ltd	8.64
Hainan Jong Bao Lumber Co., Ltd., or Jibbon Enterprise Co., Ltd	8.64
Hamilton & Spill Ltd	8.64
Hang Hai Woodcraft's Art Factory	8.64
Hualing Furniture (China) Co., Ltd., or Tony House Manufacture (China) Co., Ltd., or Buysell Investments Ltd., or Tony House Industries Co., Ltd	8.64
Jardine Enterprise, Ltd	8.64
Jiangmen Kinwai Furniture Decoration Co., Ltd	8.64
Jiangmen Kinwai International Furniture Co., Ltd	8.64
Jiangsu Weifu Group Fullhouse Furniture Manufacturing Corp	8.64

Company	Weighted-average margin (percent)
Jiangsu Yuexing Furniture Group Co., Ltd	8.64
Jiedong Lehouse Furniture Co., Ltd	8.64
King's Way Furniture Industries Co., Ltd., or Kingsyear Ltd	8.64
Kuan Lin Furniture (Dong Guan) Co., Ltd., or Kuan Lin Furniture Factory, or Kuan Lin Furniture Co., Ltd	8.64
Kunshan Lee Wood Product Co., Ltd	8.64
Kunshan Summit Furniture Co., Ltd	8.64
Langfang Tiancheng Furniture Co., Ltd	8.64
Leefu Wood (Dongguan) Co., Ltd., or King Rich International, Ltd	8.64
Link Silver Ltd. (V.I.B.), or Forward Win Enterprises Co. Ltd., or Dongguan Haoshun Furniture Ltd	8.64
Locke Furniture Factory, or Kai Chan Furniture Co., Ltd., or Kai Chan (Hong Kong) Enterprise Ltd., or Taiwan Kai Chan Co., Ltd	8.64
Longrange Furniture Co., Ltd	8.64
Nanghai Baiyi Woodwork Co., Ltd	8.64
Nanghai Jiantai Woodwork Co., Ltd	8.64
Nantong Dongfang Orient Furniture Co., Ltd	8.64
Nantong Yushi Furniture Co., Ltd	8.64
Nathan International Ltd., or Nathan Rattan Factory	8.64
Orient International Holding Shanghai Foreign Trade Co., Ltd	8.64
Passwell Corporation, or Pleasant Wave Ltd	8.64
Perfect Line Furniture Co., Ltd	8.64
Prime Wood International Co., Ltd., or Prime Best International Co., Ltd., or Prime Best Factory, or Liang Huang (Jiaxing) Enterprise Co., Ltd	8.64
PuTian JingGong Furniture Co., Ltd	8.64
Qingdao Liangmu Co., Ltd	8.64
Restonic (Dongguan) Furniture Ltd., or Restonic Far East (Samoa) Ltd	8.64
RiZhao SanMu Woodworking Co., Ltd	8.64
Season Furniture Manufacturing Co., or Season Industrial Development Co	8.64
Sen Yeong International Co., Ltd., or Sheh Hau International Trading Ltd	8.64
Shanghai Jian Pu Export & Import Co., Ltd	8.64
Shanghai Maoji Imp and Exp Co., Ltd	8.64
Sheng Jing Wood Products (Beijing) Co., Ltd., or Telstar Enterprises Ltd	8.64
Shenyang Shining Dongxing Furniture Co., Ltd	8.64
Shenzhen Forest Furniture Co., Ltd	8.64
Shenzhen Jiafa High Grade Furniture Co., Ltd., or Golden Lion International Trading Ltd	8.64
Shenzhen New Fudu Furniture Co., Ltd	8.64
Shenzhen Wonderful Furniture Co., Ltd	8.64
Shenzhen Xiande Furniture Factory	8.64
Shenzhen Xingli Furniture Co., Ltd	8.64
Shun Feng Furniture Co., Ltd	8.64
Songgang Jasonwood Furniture Factory, or Jasonwood Industrial Co., Ltd. S.A	8.64
Starwood Furniture Manufacturing Co. Ltd	8.64
Starwood Industries Ltd	8.64
Strongson Furniture (Shenzhen) Co., Ltd., or Strongson Furniture Co., Ltd., or Strongson (HK) Co	8.64
Sunforce Furniture (Hui-Yang) Co., Ltd., or Sun Fung Wooden Factory, or Sun Fung Co., or Shin Feng Furniture Co., Ltd., or Stupendous International Co., Ltd	8.64
Superwood Co., Ltd., or Lianjin Zongyu Art Products Co., Ltd	8.64
Tarzan Furniture Industries Ltd., or Samsu Industries Ltd	8.64
Teamway Furniture (Dong Guan) Ltd., or Brittomart Inc	8.64
Techniwood Industries Ltd., or Ningbo Furniture Industries Limited, or Ningbo Hengrun Furniture Co., Ltd	8.64
Tianjin Fortune Furniture Co., Ltd	8.64
Tianjin Master Home Furniture	8.64
Tianjin Phu Shing Woodwork Enterprise Co., Ltd	8.64
Tianjin Sande Fairwood Furniture Co., Ltd	8.64
Tube-Smith Enterprise (ZhangZhou) Co., Ltd., or Tube-Smith Enterprise (Haimen) Co., Ltd., or Billonworth Enterprises Ltd ..	8.64
Union Friend International Trade Co., Ltd	8.64
U-Rich Furniture (Zhangzhou) Co., Ltd., or U-Rich Furniture Ltd	8.64
Wanhengtong Nueevder (Furniture) Manufacture Co., Ltd., or Dongguan Wanengtong Industry Co., Ltd	8.64
Woodworth Wooden Industries (Dong Guan) Co., Ltd	8.64
Xiamen Yongquan Sci-Tech Development Co., Ltd	8.64
Jiangsu XiangSheng Bedtime Furniture Co., Ltd	8.64
Xingli Arts & Crafts Factory of Yangchun	8.64
Yangchun Hengli Co. Ltd	8.64
Yeh Brothers World Trade, Inc	8.64
Yichun Guangming Furniture Co., Ltd	8.64
Yida Co., Ltd., or Yitai Worldwide, Ltd., or Yili Co., Ltd., or Yetbuild Co., Ltd	8.64
Yihua Timber Industry Co., Ltd	8.64
Zhang Zhou Sanlong Wood Product Co., Ltd	8.64
Zhangjiagang Zheng Yan Decoration Co., Ltd	8.64
Zhangjiagang Daye Hotel Furniture Co., Ltd	8.64
Zhangzhou Guohui Industrial & Trade Co. Ltd	8.64
Zhanjiang Sunwin Arts & Crafts Co., Ltd	8.64
Zhong Shan Fullwin Furniture Co., Ltd	8.64

Company	Weighted-average margin (percent)
Zhongshan Fookyik Furniture Co., Ltd	8.64
Zhongshan Golden King Furniture Industrial Co., Ltd	8.64
Zhoushan For-Strong Wood Co., Ltd	8.64
PRC-Wide Rate	198.08

* Not a separate rate. Tech Lane and Kee Jia Wood Mfg. are subject to the PRC-wide rate.

Continuation of Suspension of Liquidation

Pursuant to 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection ("CBP") to continue to suspend liquidation of all entries of subject merchandise from the PRC (except for entries of Markor because this company has a *de minimis* margin) entered, or withdrawn from warehouse, for consumption on or after June 24, 2004, the date of publication of the *Preliminary Determination*. In accordance with 19 CFR 351.204(e)(3), the exclusion only applies to merchandise produced and exported by Markor. CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown above. These instructions suspending liquidation will remain in effect until further notice.

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our final determination of sales at LTFV. As our final determination is affirmative with the exception of Markor Tianjin, in accordance with section 735(b)(2) of the Act, within 45 days the ITC will determine whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the CBP to assess antidumping 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

(i.e., June 24, 2004), with the exception of merchandise produced and exported by Markor Tianjin.

Notification Regarding APO

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(I)(1) of the Act.

Dated: November 8, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

Appendix

Issues in the Decision Memorandum

I. General Issues

Comment 1: Market-Oriented Industry
 Comment 2: Surrogate-Country Selection
 Comment 3: Surrogate Financial Ratios
 Comment 4: Tech Lane
 Comment 5: Tech Lane Rate/Section A Rate
 Comment 6: Treatment of Abrasives
 Comment 7: Brokerage and Handling
 Comment 8: Treatment of Non-Dumped Sales
 Comment 9: Russian Timber Prices
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 Comment 11: Sets Reported by Markor and Lacquer Craft
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[FR Doc. 04-25507 Filed 11-16-04; 8:45 am]

BILLING CODE 3510-25-P

APPENDIX B

CALENDAR OF PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Wooden Bedroom Furniture from China

Inv. No.: 731-TA-1058 (Final)

Date and Time: November 9, 2004 – 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

Petitioner (**Joseph W. Dorn**, King & Spalding LLP)

Respondents (**John D. Greenwald**, Wilmer Cutler Pickering Hale and Dorr, LLP)

In Support of the Imposition of Antidumping Duties:

King & Spalding
Washington, DC
on behalf of

American Furniture Manufacturers Committee for Legal Trade and its individual members
Cabinet Makers, Millmen, and Industrial Carpenters, Local 721
UBC Southern Council of Industrial Workers, Local Union 2305
United Steelworkers of America, Local 193U
Carpenters Industrial Union, Local 2093
Teamsters, Chauffeurs, Warehousemen and Helpers, Local 991
IUE, Industrial Division of CWA, Local 82472

John D. Bassett, III, Chairman, Steering Committee of the American Manufacturers Committee for Legal Trade; *and* President and CEO, Vaughan-Bassett Furniture Co.

Noel L. Chitwood, President, American of Martinsville

Irwin Allen, President and CEO, Michels-Pilliod Co.

John E. Wentworth, President, Moosehead Manufacturing Co.

Kenneth Herman Burnette, President, East Coast Plywood Co.

Wyatt Bassett, Executive Vice President, Vaughan-Bassett Furniture Co.

In Support of the Imposition of Antidumping Duties (continued):

John A. Sandberg, President, Sandberg Furniture Mfg. Co., Inc.

Keith R. Sanders, Executive Vice President, Operations, Bassett Furniture Industries

Harold Brown, General Manager, Bassett Furniture Direct

Ken Loring, President, Boston Interiors

Christopher Heinz, Political and Legislative Director, United Brotherhood of Carpenters and Joiners of America

Bruce Malashevich, President, Economic Consulting Services, Inc.

Joseph W. Dorn) – OF COUNSEL
Stephen A. Jones)
Stephen J. Narkin)

In Opposition to the Imposition of Antidumping Duties:

Wilmer Cutler Pickering Hale and Dorr
Washington, DC
on behalf of

Lacquer Craft Manufacturing Co., Ltd.
Markor International Furniture (Tianjin) Manufacturing Co., Ltd.
Committee for Free Trade in Furniture

Harvey Dondero, President and CEO, Universal Furniture International

Craig Spooner, Chief Financial Officer, Lexington Furniture Co.

John D. Greenwald) – OF COUNSEL
Lynn M. Fischer)
Deirdre Maloney)

In Opposition to the Imposition of Antidumping Duties (continued):

Hunton & Williams
Washington, DC
on behalf of

Furniture Retailers of America (“FRA”)

Jeffrey Seaman, President and CEO, Rooms To Go Inc.

Clarence Ridley, Chairman, Haverty Furniture Companies, Inc.

James McAlister, Operations Manager, Quality and Sourcing, JCPenney Purchasing Corp.

John G. Reilly, Economist, Nathan Associates, Inc.

William Silverman) – OF COUNSEL
Richard P. Ferrin)
James R. Simoes)

Bryan Cave
Washington, DC
on behalf of

Furniture Brands International, Inc.

Lynn Chipperfield, Senior Vice President and Chief Administrative Officer, Furniture Brands International, Inc.

Stanley J. Marcuss) – OF COUNSEL
Jill A. Cramer)

Venable
Washington, DC
and
Arent Fox
Washington, DC
on behalf of

Guangzhou Maria Yee Furnishings Ltd. (“GZMYFL”)
Pyla HK Limited (“Pyla”)
Maria Yee Inc. (“MYI”)

Peter Yee, President, GZMYFL; Director, Pyla; and CEO, MYI

Maria Yee, Vice President, GZMYFL; Director, Pyla; and President, MYI

Steve Freeman, Vendor Resource Manager, Room and Board, Inc.

In Opposition to the Imposition of Antidumping Duties (continued):

Harvey J. Silverstone, Corporate Secretary and General Counsel, Euromarket Designs Inc.
d/b/a Crate and Barrel

Jerome J. Zaucha) – OF COUNSEL
Daniel J. Gerkin)
Nancy A. Noonan)
Patricia P. Yeh)

Crowell & Moring
Washington, DC
on behalf of

Coalition of Certain Chinese Furniture Producers

Matthew P. Jaffe) – OF COUNSEL

REBUTTAL/CLOSING REMARKS

Petitioners (**Joseph W. Dorn**, King & Spalding)

Respondents (**John D. Greenwald**, Wilmer Cutler Pickering Hale and Dorr)

APPENDIX C

SUMMARY DATA

Table C-1

Wooden bedroom furniture: Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004

Item	Reported data					Period changes			
	Calendar year			January-June		Calendar year			Jan.-June
	2001	2002	2003	2003	2004	2001-03	2001-02	2002-03	2003-04
Quantity=pieces; value=\$1,000; unit labor costs are per piece; period changes=percent, except where noted									
U.S. consumption value:									
Amount	4,123,585.0	4,461,603	4,666,667	2,248,362	2,517,646	13.2	8.2	4.6	12.0
Producers' share ¹	55.6	48.2	40.3	42.7	35.7	-15.4	-7.4	-7.9	-7.0
Importers' share: ¹									
China (subject)	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
China	***	***	***	***	***	***	***	***	***
Brazil	1.8	2.2	2.4	2.2	2.5	0.6	0.4	0.2	0.4
Indonesia		3.4	3.2	3.2	3.5	0.0	0.2	-0.2	0.3
Malaysia	1.1	1.5	2.5	2.2	3.0	1.4	0.4	0.9	0.7
Mexico	3.5	2.9	2.1	2.2	1.8	-1.4	-0.7	-0.8	-0.4
Vietnam	0.0	0.2	1.0	0.7	1.9	1.0	0.2	0.7	1.2
All other sources	21.1	20.1	18.6	19.0	17.0	-2.5	-1.0	-1.5	-2.0
Subtotal, nonsubject	***	***	***	***	***	***	***	***	***
Total, all imports	44.4	51.8	59.7	57.3	64.3	15.4	7.4	7.9	7.0
Value of U.S. imports:									
China (subject)	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
China	***	***	***	***	***	***	***	***	***
Brazil	73,216	98,903	110,647	48,479	63,671	51.1	35.1	11.9	31.3
Indonesia	130,165	151,394	149,487	72,406	87,398	14.8	16.3	-1.3	20.7
Malaysia	44,897	67,979	114,588	50,301	74,802	155.2	51.4	68.6	48.7
Mexico	145,171	127,553	98,227	49,222	44,499	-32.3	-12.1	-23.0	-9.6
Vietnam	860	10,871	45,454	15,924	48,300	5,183.5	1,163.7	318.1	203.3
All other sources	869,420	896,807	867,626	426,596	427,926	-0.2	3.2	-3.3	0.3
Subtotal, nonsubject	***	***	***	***	***	***	***	***	***
Total, all imports	1,829,281	2,311,456	2,787,927	1,287,529	1,618,423	52.4	26.4	20.6	25.7
U.S. producers: ¹									
Average capacity quantity	17,833,664	17,884,974	17,316,172	8,774,426	8,620,708	-2.9	0.3	-3.2	-1.8
Production quantity	13,987,146	13,872,218	12,712,592	6,727,891	6,555,543	-9.1	-0.8	-8.4	-2.6
Capacity utilization ¹ (percent)	77.2	76.8	72.7	76.1	74.6	-4.5	-0.4	-4.1	-1.5
U.S. shipments (pieces):									
Quantity	14,022,078	13,699,797	12,641,093	6,565,378	6,390,617	-9.8	-2.3	-7.7	-2.7
Value	2,294,304	2,150,147	1,878,740	960,833	899,223	-18.1	-6.3	-12.6	-6.4
Unit value	\$163.62	\$156.95	\$148.62	\$146.35	\$140.71	-9.2	-4.1	-5.3	-3.9
Export shipments (pieces):									
Quantity	206,088	225,349	249,187	109,568	123,000	20.9	9.3	10.6	12.3
Value	34,856	35,279	34,928	17,423	16,548	0.2	1.2	-1.0	-5.0
Unit value	\$169.13	\$156.55	\$140.17	\$159.02	\$134.54	-17.1	-7.4	-10.5	-15.4
Ending inventory quantity	1,825,553	1,867,947	1,810,686	1,926,629	1,976,361	-0.8	2.3	-3.1	2.6
Inventories/total shipments ¹	12.8	13.4	14.0	14.4	15.2	1.2	0.6	0.6	0.7
Production workers	32,680	30,107	26,181	27,516	24,352	-19.9	-7.9	-13.0	-11.5
Hours worked (1,000)	61,640	57,838	49,053	27,298	24,823	-20.4	-6.2	-15.2	-9.1
Wages paid (\$1,000)	740,273	713,611	624,685	325,169	312,808	-15.6	-3.6	-12.5	-3.8
Hourly wages	\$12.01	\$12.34	\$12.73	\$11.91	\$12.60	6.0	2.7	3.2	5.8
Productivity (pieces/1,000 hours)	223.4	237.5	256.6	244.8	259.3	14.9	6.3	8.0	5.9
Unit labor costs per piece	\$53.76	\$51.94	\$49.63	\$48.66	\$48.60	-7.7	-3.4	-4.5	-0.1
Net sales:									
Quantity	13,903,209	13,475,643	12,522,006	6,614,185	6,274,110	-9.9	-3.1	-7.1	-5.1
Value	2,325,701	2,166,170	1,899,142	991,846	912,937	-18.3	-6.9	-12.3	-8.0
Unit value	\$167.28	\$160.75	\$151.66	\$149.96	\$145.51	-9.3	-3.9	-5.7	-3.0
Cost of goods sold (COGS)	1,854,882	1,735,307	1,546,745	803,081	732,103	-16.6	-6.4	-10.9	-8.8
Gross profit or (loss)	470,819	430,863	352,397	188,765	180,834	-25.2	-8.5	-18.2	-4.2
SG&A expenses	361,066	330,203	304,928	158,093	151,665	-15.5	-8.5	-7.7	-4.1
Operating income or (loss)	109,753	100,660	47,469	30,672	29,169	-56.7	-8.3	-52.8	-4.9
Capital expenditures	57,355	38,540	30,382	16,327	11,512	-47.0	-32.8	-21.2	-29.5
Unit COGS	\$133.41	\$128.77	\$123.52	\$121.42	\$116.69	-7.4	-3.5	-4.1	-3.9
Unit SG&A expenses	\$25.97	\$24.50	\$24.35	\$23.90	\$24.17	-6.2	-5.6	-0.6	1.1
Unit operating income or (loss)	\$7.89	\$7.47	\$3.79	\$4.64	\$4.65	-52.0	-5.4	-49.3	0.3
COGS/sales ¹	79.8	80.1	81.4	81.0	80.2	1.7	0.4	1.3	-0.8
Operating income or (loss)/sales ¹	4.7	4.6	2.5	3.1	3.2	-2.2	-0.1	-2.1	0.1

¹ Reported data are in percent and period changes are in percentage points.

Note: Financial data are reported on a fiscal-year basis and may not necessarily be comparable to data reported on a calendar-year basis. Because of rounding, figures may not add to the totals shown. Shares are calculated from the unrounded figures. Quantity of imports is not available in official trade statistics for all HTS numbers, so only value is reported here for imports.

Source: Compiled from data submitted in response to Commission questionnaires and Commerce data.

APPENDIX D

SELECTED U.S. PRODUCER DATA

APPENDIX E

SELECTED U.S. IMPORTER DATA

Table E-2

Wooden bedroom furniture: U.S. imports based on questionnaire responses, by sources, 2001-03, January-June 2003, and January-June 2004¹

Source	Calendar year			January-June	
	2001	2002	2003	2003	2004
	Quantity (pieces)				
China ¹	3,326,551	6,083,138	7,437,461	3,655,470	4,373,729
Brazil	439,118	563,748	662,749	265,043	355,901
Indonesia	403,070	504,549	497,496	240,091	271,317
Malaysia	414,797	595,869	786,471	358,352	384,978
Mexico	889,993	819,681	644,509	355,227	275,133
Vietnam	20	56,771	280,407	115,607	274,215
All other sources	1,869,569	1,992,977	2,630,428	1,271,318	1,490,857
Total	7,343,118	10,616,732	12,939,521	6,261,108	7,426,130
	Quantity (pounds)				
China ¹	215,225,940	440,316,557	540,473,652	253,676,054	334,604,694
Brazil	35,773,045	41,692,007	47,137,960	18,364,567	22,142,137
Indonesia	27,000,045	35,486,530	39,607,540	17,088,964	21,687,246
Malaysia	29,812,069	49,513,821	62,300,894	29,574,228	28,229,012
Mexico	37,429,404	40,352,004	32,045,155	15,587,005	13,442,760
Vietnam	0	4,721,683	19,067,096	7,387,649	13,596,856
All other sources	120,612,435	154,700,035	196,618,456	97,132,334	121,080,579
Total	465,852,938	766,782,637	937,250,753	438,810,801	554,783,284
	Value (\$1,000)²				
China ¹	444,680	856,541	1,124,021	565,799	665,206
Brazil	49,254	63,817	63,462	28,067	36,695
Indonesia	73,808	85,749	93,779	43,383	47,654
Malaysia	40,497	60,443	80,503	39,789	38,074
Mexico	118,811	103,492	66,262	38,376	30,388
Vietnam	8	7,166	46,332	16,814	48,769
All other sources	147,041	169,399	194,972	99,748	109,128
Total	874,099	1,346,606	1,669,331	831,976	975,913
	Unit value (per piece)				
China ¹	\$133.68	\$140.81	\$151.13	\$154.78	\$152.09
Brazil	112.17	113.20	95.76	105.90	103.10
Indonesia	183.11	169.95	188.50	180.69	175.64
Malaysia	97.63	101.44	102.36	111.03	98.90
Mexico	133.50	126.26	102.81	108.03	110.45
Vietnam	400.00	126.23	165.23	145.44	177.85
All other sources	78.65	85.00	74.12	78.46	73.20
Average	119.04	126.84	129.01	132.88	131.42
	Unit value (per pound)				
China ¹	\$1.22	\$1.26	\$1.34	\$1.34	\$1.34
Brazil	1.11	1.15	1.02	1.11	1.12
Indonesia	1.80	1.56	1.67	1.59	1.58
Malaysia	1.03	0.97	0.89	0.95	0.92
Mexico	1.65	1.50	1.20	1.31	1.33
Vietnam	(²)	1.10	1.20	1.17	1.44
All other sources	0.88	0.81	0.74	0.77	0.69
Average	1.18	1.17	1.17	1.18	1.18

Table continued. See footnotes at end of table.

Table E-2--Continued

Wooden bedroom furniture: U.S. imports based on questionnaire responses, by sources, 2001-03, January-June 2003, and January-June 2004¹

Source	Calendar year			January-June	
	2000	2001	2002	2002	2003
	Share of quantity (percent of pieces)				
China ¹	45.3	57.3	57.5	58.4	58.9
Brazil	6.0	5.3	5.1	4.2	4.8
Indonesia	5.5	4.8	3.8	3.8	3.7
Malaysia	5.6	5.6	6.1	5.7	5.2
Mexico	12.1	7.7	5.0	5.7	3.7
Vietnam	0.0	0.5	2.2	1.8	3.7
All other sources	25.5	18.8	20.3	20.3	20.1
Total	100.0	100.0	100.0	100.0	100.0
	Share of quantity (percent of pounds)				
China ¹	46.2	57.4	57.7	57.8	60.3
Brazil	7.7	5.4	5.0	4.2	4.0
Indonesia	5.8	4.6	4.2	3.9	3.9
Malaysia	6.4	6.5	6.6	6.7	5.1
Mexico	8.0	5.3	3.4	3.6	2.4
Vietnam	0.0	0.6	2.0	1.7	2.5
All other sources	25.9	20.2	21.0	22.1	21.8
Total	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
China ¹	50.9	63.6	67.3	68.0	68.2
Brazil	5.6	4.7	3.8	3.4	3.8
Indonesia	8.4	6.4	5.6	5.2	4.9
Malaysia	4.6	4.5	4.8	4.8	3.9
Mexico	13.6	7.7	4.0	4.6	3.1
Vietnam	0.0	0.5	2.8	2.0	5.0
All other sources	16.8	12.6	11.7	12.0	11.2
Total	100.0	100.0	100.0	100.0	100.0
	Ratio of imports to U.S. production quantity (pieces)				
China ¹	23.8	43.9	58.5	54.3	66.7
Brazil	3.1	4.1	5.2	3.9	5.4
Indonesia	2.9	3.6	3.9	3.6	4.1
Malaysia	3.0	4.3	6.2	5.3	5.9
Mexico	6.4	5.9	5.1	5.3	4.2
Vietnam	0.0	0.4	2.2	1.7	4.2
All other sources	13.4	14.4	20.7	18.9	22.7
Total	52.5	76.5	101.8	93.1	113.3
	Ratio of imports to U.S. production quantity (pounds)				
China ¹	18.7	37.8	50.3	45.2	60.2
Brazil	3.1	3.6	4.4	3.3	4.0
Indonesia	2.3	3.0	3.7	3.0	3.9
Malaysia	2.6	4.2	5.8	5.3	5.1
Mexico	3.3	3.5	3.0	2.8	2.4
Vietnam	(²)	0.4	1.8	1.3	2.4
All other sources	10.5	13.3	18.3	17.3	21.8
Total	40.5	65.7	87.3	78.2	99.7
¹ Includes imports produced and exported by the <i>de minimis</i> -margin firm Markor Tianjin. As a share of official import statistics, U.S. producers accounted for 26.7 percent of imports from China in 2001, 31.3 percent in 2002, 28.4 percent in 2003, 30.1 percent in January-June 2003, and 27.4 percent in January-June 2004 (see table IV-1 and table D-4).					
² Not applicable.					
Note: Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table E-3
Wooden bedroom furniture: Top 10 U.S. importers, U.S. imports, largest U.S. customers, and source of imports produced in China, 2001-03, January-June 2003, and January-June 2004

Firm ¹	2001	2002	2003	2001-03	Largest U.S. customers ²	Producer sources in China
Quantity of reported imports (pieces)						
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Subtotal (10)	1,751,281	2,871,829	3,359,909	7,983,019	***	***
Total imports	3,326,551	6,083,138	7,437,461	16,847,150	***	***
Share of reported imports (percent)						
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
***	***	***	***	***	***	***
Subtotal	52.6	47.2	45.2	47.4	***	***
¹ *** ² ***						
Source: Compiled from data submitted in response to Commission questionnaires.						

APPENDIX F

SELECTED U.S. PURCHASER DATA

Table F-2
Wooden bedroom furniture: Top 10 reporting U.S. purchasers of domestically produced and subject merchandise, and each purchaser's largest suppliers, 2003

Firm	Reported purchases	Largest suppliers
	\$1,000	
Domestically produced:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Subtotal (10)	217,963	
Imported from China:		
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
Subtotal (10)	308,346	
Source: Compiled from data submitted in response to Commission questionnaires.		

APPENDIX G

SELECTED FOREIGN PRODUCER DATA

APPENDIX H

**SELECTED COMMENTS OF
U.S. PRODUCERS AND U.S. PURCHASERS**

COMMENTS OF U.S. PRODUCERS

Reasons For Importing Wooden Bedroom Furniture

U.S. producers that imported wooden bedroom furniture were asked to respond to the following question:

If your firm also produces wooden bedroom furniture in the United States, please indicate your reasons for importing this product. If your reasons differ by source, please elaborate. (Question II-3 of importers’ questionnaire)

Twenty-six U.S. producers imported the subject merchandise from China. All 26 firms responded to this question, and their comments are as follows:

* * * * *

Relationships Affected by Support of the Petition

Each U.S. producer was asked whether any of its customers communicated to anyone in the firm either orally, in writing, or by email that the firm’s support for the petition would affect the customer’s relationship with the firm or would affect the customer’s purchases of wooden bedroom furniture from the firm. Twelve producers responded “Yes” and 32 producers responded “No.”

The number of U.S. producers answering the following question is shown in the tabulation below:

Have any of your customers communicated to anyone in your firm either orally, in writing, or by e-mail that your support for the petition would affect its relationship with your firm or their purchases of wooden bedroom furniture from your firm (Question II-21)?

Item	Number of firms
Responded “No”	32
Responded “Yes” (see their comments below)	12
Note: Several firms did not respond to this question.	

Other comments to this question are as follows:

* * * * *

Reduced Purchases Because of Support For Petition

Each U.S. producer was also requested to indicate whether any of its customers reduced their purchases of furniture from it because of its support for the petition. Nine producers indicated “Yes” and 29 producers indicated “No.”

The number of U.S. producers answering the following question is shown in the tabulation below:

If your firm supports the petition, have any of your customers reduced purchases of furniture from your firm because {of} your firm’s support of the petition (Question II-22)?

Item	Number of firms
Responded “No”	29
Responded “Yes” (see their comments below)	9
Note: Several firms did not respond to this question.	

Comments to this question are as follows:

* * * * *

COMMENTS OF U.S. PURCHASERS

Relationships Affected by Support of the Petition

Likewise, purchasers were asked whether anyone in their firm had communicated, either orally, in writing, or by email, to any domestic producer of wooden bedroom furniture that its support for the petition would affect the producer’s relationship with the purchaser or would affect the purchaser’s purchases from that producer. Three purchasers (***) responded “Yes” and 85 purchasers responded “No.”¹

*** reported that it had communicated verbally to the sales representatives of firms from which it was buying at the time of the petition. Narrative responses of *** and *** are unclear what, if anything, they communicated. *** stated that an article in *Furniture Today* reported that this was happening, but that to its knowledge no action had been taken against those supporting the petition. *** merely responded that choosing sides in making wood furniture is less of a value for the final consumer.

¹ See responses to question I-6 of the purchasers’ questionnaire.

Reduced Purchases Because of Support For Petition

Likewise, purchasers were asked whether they decreased purchases of wooden bedroom furniture from any domestic producer because of that producer's support for the petition. Two purchasers (***) responded "Yes" and 89 purchasers responded "No."²

*** stated that in October 2003 it decreased purchases from ***. *** reported that it decreased purchases with ***.

² See responses to question I-7 of the purchasers' questionnaire.

APPENDIX I

**ALLEGED EFFECTS OF IMPORTS ON U.S. PRODUCERS'
EXISTING DEVELOPMENT AND PRODUCTION EFFORTS,
GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL,
OR THE SCALE OF CAPITAL INVESTMENTS**

The number of U.S. producers answering the following question are shown in the tabulation below:

Since January 1, 2001, has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of wooden bedroom furniture from China (Question III-11)?

Item	Number of firms
No	9
1-Cancellation, postponement, or rejection of expansion projects	16
2-Denial or rejection of investment proposal	8
3-Reduction in the size of capital investments	21
4-Rejection of bank loans	6
5-Lowering of credit rating	5
6-Problem related to the issue of stocks or bonds	2
7-Closing of plants	14
8-Write-offs or write-downs of property, plant, & equipment	16

Other comments to this question are as follows:

* * * * *

The number of U.S. producers answering the following question are shown in the tabulation, and their comments are also presented below:

Does your firm anticipate any negative impact of imports of wooden bedroom furniture from China (Question III-12)?

Item	Number of firms
No	6
Yes (see their comments below)	37

Comments to this question are as follows:

* * * * *

