

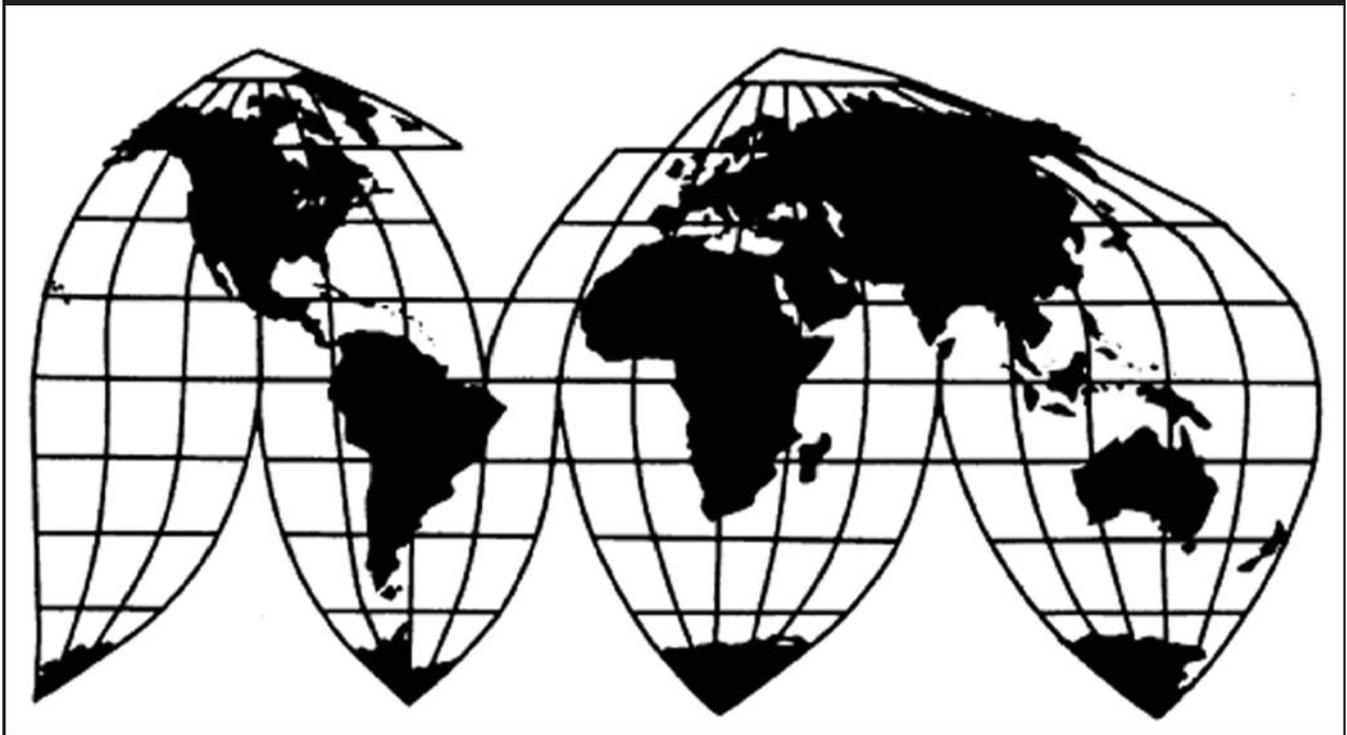
Multilayered Wood Flooring from China

Investigation Nos. 701-TA-476 and 731-TA-1179 (Final)

Publication 4278

November 2011

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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 Nos. 701-TA-476 and 731-TA-1179 (Final)

MULTILAYERED WOOD FLOORING FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)) and (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of those imports from China of multilayered wood flooring, provided for in subheadings 4409.10, 4409.29, 4412.31, 4412.32, 4412.39, 4412.94, 4412.99, 4418.71, 4418.72, 4418.79.00, and 4418.90 of the Harmonized Tariff Schedule of the United States, that the U.S. Department of Commerce has determined are subsidized and/or sold in the United States at less than fair value (“LTFV”)²

BACKGROUND

The Commission instituted these investigations effective October 21, 2010, following receipt of petitions filed with the Commission and Commerce on behalf of the Coalition for American Hardwood Parity (“CAHP”), an ad hoc association of U.S. manufacturers of multilayered wood flooring. The following companies are members of the CAHP: Anderson Hardwood Floors, LLC, Fountain Inn, SC; Award Hardwood Floors, Wausau, WI; From the Forest, Weston, WI; Howell Hardwood Flooring, Dothan, AL; Mannington Mills, Inc., Salem, NJ; Nydree Flooring, Forest, VA; and Shaw Industries Group, Inc., Dalton, GA. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of multilayered wood flooring from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and sold at less than fair value within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission’s investigations 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* on June 9, 2011 (76 FR 33782). The hearing was held in Washington, DC, on October 12, 2011, 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)).

² Vice Chairman Irving A. Williamson and Commissioners Charlotte R. Lane, Shara L. Aranoff, and Dean A. Pinkert voted in the affirmative. Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson voted in the negative. As a result of the USITC’s affirmative determinations, Commerce will issue antidumping and countervailing duty orders on imports of this product from China.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that an industry in the United States is materially injured by reason of imports from China of multilayered wood flooring (“MLWF”) that the U.S. Department of Commerce (“Commerce”) has determined were sold in the United States at less than fair value and/or subsidized by the Government of The People’s Republic of China (“China”).¹

I. BACKGROUND

On October 21, 2010, an ad hoc association of U.S. manufacturers of MLWF, the Coalition for American Hardwood Parity (“Petitioners”),² filed antidumping and countervailing duty petitions. They submitted briefs in the preliminary and final phase investigations and participated in the staff conference and the Commission’s hearing. Two groups of respondents – (1) The China National Forest Products Industry Association, an association of Chinese producers of subject merchandise (“CNFPIA”); and (2) Lumber Liquidators Services, LLC (“Lumber Liquidators”), a leading retailer of MLWF, and Home Legend, LLC (“Home Legend”), an importer of subject merchandise from China – submitted briefs in both phases of these investigations and participated in the conference and hearing.³ Joint briefs were also filed by a producer of MLWF in China (Anhui Boya Bamboo & Wood Product Co., Ltd.) and a group of importers of subject merchandise from China (BR Custom Surface, DPR International, LLC, Hallmark Hardwoods, Inc., Metropolitan Hardwood Floors Inc., Real Wood Floors, LLC, Swift-Train Co., Suncrest Supply, and Wood Flooring International) (collectively “Importer Respondents”).⁴ Representatives from several of these firms participated in the hearing and/or conference. Finally, Fine Furniture (Shanghai) Ltd., a foreign manufacturer and exporter of MLWF, and J. Michael & Co. LLC, a U.S. importer of MLWF, filed joint postconference and posthearing briefs, but did not participate in the staff conference or hearing. As discussed in section IV.B.1, the record in these investigations contains a wealth of information about the U.S. market obtained from questionnaire responses, party submissions, and other data obtained by the Commission.

¹ Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson find that the domestic MLWF industry is neither materially injured nor threatened with material injury by reason of imports of MLWF from China that Commerce has found were subsidized and/or sold in the U.S. market at less than fair value. See Dissenting Views of Chairman Okun and Commissioner Pearson. They join sections I to IV.C.2 of these views, except as otherwise noted.

² The following companies are members of the petitioning coalition: Anderson Hardwood Floors, LLC (“Anderson”); Award Hardwood Floors (“Award”); From the Forest; Howell Hardwood Flooring (“Howell”); Mannington Mills, Inc. (“Mannington”); Nydree Flooring (“Nydree”); and Shaw Industries Group, Inc. (“Shaw”). Baker’s Creek Wood Floors, Inc. (“Baker’s Creek”), is no longer a member of the petitioning association, after its April 2011 acquisition by Home Legend. See, e.g., Revised and Corrected Transcript of Commission’s October 12, 2011, Hearing (“Hearing Tr.”) at 131 (Levin), 210-11 (Hubbard); Petitioners’ Prehearing Brief at Exh. 5.

³ See, e.g., Home Legend/Lumber Liquidators’ Prehearing Brief at 1. In the preliminary investigations, U.S. Floors joined these two firms in submitting a postconference brief and participated in the conference.

⁴ In the preliminary investigations, WEGO Chemical & Mineral Corp.; Galleher Inc.; B&M Noble Co.; Johnson Premium Hardwood Flooring; Intech Sourcing Inc. (all U.S. importers of MLWF from China); and Dalian Penghong Floor Products Co. (a Chinese producer of MLWF) joined several of these firms in submitting a joint postconference brief.

II. DOMESTIC LIKE PRODUCT

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole 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.”⁶ In turn, the Tariff 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.”⁷

The decision regarding the appropriate domestic like product 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.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁰ Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,¹¹ the Commission determines what domestic product is like the imported articles Commerce has identified.¹²

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); 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 the following: (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).

⁹ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

¹⁰ Nippon, 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 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.”).

¹¹ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹² Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations in which Commerce found five classes or kinds).

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows: Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s)¹³ in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, e.g., “engineered wood flooring” or “plywood flooring.” Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (i.e., without a finally finished surface to protect the face veneer from wear and tear) or “prefinished” (i.e., a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes.) The veneers may be also soaked in an acrylic- impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard (MDF), high-density fiberboard (HDF), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (e.g., circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product.

Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not

¹³ A “veneer” is a thin slice of wood that is rotary cut, sliced or sawed from a log, bolt or flitch. Veneer is referred to as a ply when assembled.

made of wood, a decorative paper layer, a core-layer of high-density fiberboard, and a stabilizing bottom layer.¹⁴

C. Analysis and Conclusion

In the preliminary phase of these investigations, the Commission defined a single domestic like product, namely all MLWF, that was coextensive with the scope of the investigations defined by Commerce, as advocated by Petitioners.¹⁵ In the final phase of these investigations, Petitioners again argue that the Commission should define a single domestic like product, encompassing all MLWF, that is coextensive with the scope of the investigations defined by Commerce.¹⁶ Importer Respondents argue that the Commission should include in the like product not only MLWF but also solid-wood flooring, vinyl, and laminate wood-looking flooring products. In doing so, they “incorporate{d} ... by reference” their like product arguments raised in the preliminary phase of these investigations.¹⁷ The other

¹⁴ As Commerce noted, MLWF may be imported into the United States under a variety of subheadings, including 4412.31.0520, 4412.31.0540, 4412.31.0560, 4412.31.2510, 4412.31.2520, 4412.31.4040, 4412.31.4050, 4412.31.4060, 4412.31.4070, 4412.31.5125, 4412.31.5135, 4412.31.5155, 4412.31.5165, 4412.31.3175, 4412.31.6000, 4412.31.9100, 4412.32.0520, 4412.32.0540, 4412.32.0560, 4412.32.2510, 4412.32.2520, 4412.32.3125, 4412.32.3135, 4412.32.3155, 4412.32.3165, 4412.32.3175, 4412.32.3185, 4412.32.5600, 4412.39.1000, 4412.39.3000, 4412.39.4011, 4412.39.4012, 4412.39.4019, 4412.39.4031, 4412.39.4032, 4412.39.4039, 4412.39.4051, 4412.39.4052, 4412.39.4059, 4412.39.4061, 4412.39.4062, 4412.39.4069, 4412.39.5010, 4412.39.5030, 4412.39.5050, 4412.94.1030, 4412.94.1050, 4412.94.3105, 4412.94.3111, 4412.94.3121, 4412.94.3131, 4412.94.3141, 4412.94.3160, 4412.94.3171, 4412.94.4100, 4412.94.5100, 4412.94.6000, 4412.94.7000, 4412.94.8000, 4412.94.9000, 4412.94.9500, 4412.99.0600, 4412.99.1020, 4412.99.1030, 4412.99.1040, 4412.99.3110, 4412.99.3120, 4412.99.3130, 4412.99.3140, 4412.99.3150, 4412.99.3160, 4412.99.3170, 4412.99.4100, 4412.99.5100, 4412.99.5710, 4412.99.6000, 4412.99.7000, 4412.99.8000, 4412.99.9000, 4412.99.9500, 4418.71.2000, 4418.71.9000, 4418.72.2000, and 4418.72.9500. Although Commerce identified these subheadings for convenience and customs purposes, it clarified that the written description of the subject merchandise was dispositive. In its scope memorandum and its issues and decision memoranda in the antidumping and countervailing duty investigations and in the notice of its final countervailing duty determinations, Commerce stated its intent to delete references to 14 other HTSUS statistical reporting numbers under which MLWF “may be imported,” based on guidance it received from U.S. Customs and Border Protection. Therefore, we assume that Commerce’s reference to these additional HTSUS statistical reporting numbers under which MLWF “may be imported” in the notice of its final antidumping duty determinations was inadvertent. Commerce did not issue a revised antidumping duty notice prior to the record closure in these investigations, but this technical error does not detract from Commerce’s clear written description of the scope of these investigations. See, e.g., 76 Fed. Reg. 64313 (Oct. 18, 2011) (CVD); 76 Fed. Reg. 64318 (Oct. 18, 2011) (AD); May 19, 2011, Memorandum from Joshua Morris to Christian Marsh regarding scope in MLWF from China; Oct. 11, 2011, Issues and Decision Memorandum for the Final Countervailing Duty Investigation of MLWF from China from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration in Commerce’s International Trade Administration; Oct. 11, 2011, Issues and Decision Memorandum for the Final Antidumping Duty Investigation of MLWF from China from Christian Marsh to Ronald K. Lorentzen.

¹⁵ Multilayered Wood Flooring from China, Invs. Nos. 701-TA-476 and 731-TA-1179 (Prelim.), USITC Pub. 4206 at 3-9 (Dec. 2010).

¹⁶ See, e.g., Petitioners’ Prehearing Brief at 2-9.

¹⁷ See, e.g., Importer Respondents’ Prehearing Brief at 2; Importer Respondents’ Postconf. Br. at 2-13. Importer Respondents make no new relevant arguments in these final investigations, offer no new factual information, and identify no errors in the Commission’s analysis in the preliminary-phase investigations. Moreover, in their comments on the final phase questionnaires, for which they received an extension of time, the Importer Respondents did not ask the Commission to revisit the like product issue, to collect narrative information on the like product

(continued...)

respondents did not challenge Petitioners' definition for purposes of the preliminary investigations,¹⁸ and in the final phase of these investigations respondent CNFPIA states that it assumes the Commission "will find a single like product for purposes of its determinations and that the like product will be congruent with the scope of the case as defined by the Department of Commerce."¹⁹

For the reasons stated in our preliminary determinations and absent any new or contrary information on the current record,²⁰ we find that clear dividing lines separate MLWF from solid-wood flooring and from vinyl and laminate wood-looking flooring products. Accordingly, we define a single domestic like product, MLWF, that is coextensive with the scope of the investigations.

III. DOMESTIC INDUSTRY

A. Legal Standards

The domestic industry is defined as the domestic "producers as a whole 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 defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

There are two domestic industry issues in these final phase investigations: (1) whether firms that merely conduct finishing operations on MLWF engage in sufficient production-related activities to be considered domestic producers and (2) whether it is appropriate to exclude any producer of the domestic like product from the domestic industry as a related party pursuant to 19 U.S.C. § 1677(4)(B).²²

¹⁷ (...continued)

question from questionnaire recipients, or to collect trade or financial data on either of the proposed broader like products. See, e.g., Importer Respondents' June 15, 2011, Comments on Draft Final-Phase Questionnaires.

¹⁸ See, e.g., CNFPIA's Postconf. Br. at 3; Lumber Liquidators' Postconf. Br. at 8.

¹⁹ See, e.g., CNFPIA's Prehearing Brief at 2.

²⁰ See, e.g., USITC Pub. 4206 at 4-9; CR at I-9 to I-17; PR at I-7 to I-12; Petitioners' Prehearing Br. at 6-9.

²¹ 19 U.S.C. § 1677(4)(A).

²² In their briefs, the Importer Respondents argue that, if hardwood plywood for flooring were included within the scope, the Commission would need to include in the domestic industry U.S. firms that manufacture hardwood plywood for flooring. See, e.g., Importer Respondents' Prehearing Brief at 2-9; Importer Respondents' Posthearing Brief at 14-15. Petitioners disagree, arguing that, in final determinations issued after the prehearing briefs were filed here, Commerce included in the scope "unfinished" MLWF (i.e., without a finally finished surface to protect the face veneer from wear and tear) and "finished" MLWF (i.e., with a coating applied to the veneer). Thus, whereas the scope does not include hardwood plywood for flooring or the veneers peeled from plywood or logs, it does, for example, include as unfinished MLWF those products manufactured by pressing one or more layers of wood veneer to a hardwood plywood core that may or may not yet have a tongue and groove or click-and-lock profile, stain, and/or finish. See, e.g., Petitioners' Posthearing Brief, Answer to Commissioners' Question L; 76 Fed. Reg. at 64314; Petitioners' Prehearing Brief at Exh. 1; Transcript of November 15, 2010 Staff Conference ("Confer. Tr.") at 48-49 (Levin); May 19, 2011, Memorandum from Joshua Morris to Christian Marsh regarding scope in MLWF from China; Oct. 11, 2011, Issues and Decision Memorandum for the Final Countervailing Duty Investigation of MLWF from China from Christian Marsh to Ronald K. Lorentzen; Oct. 11, 2011, Issues and Decision Memorandum for the Final Antidumping Duty Investigation of MLWF from China from Christian Marsh to Ronald K. Lorentzen. We note that the Importer Respondents do not ask the Commission to define the domestic like product broader than the scope to include hardwood plywood for flooring, and they allege no other basis to include firms producing hardwood plywood for flooring in the domestic industry. Under the statute, only producers of the domestic like product may be included in the domestic industry. As our reviewing court has stated, "{t}he statute clearly provides that 'the

(continued...)

B. Sufficient Production-Related Activities

In deciding whether a firm qualifies as a domestic producer of the domestic like product, the Commission generally analyzes the overall nature of a firm's production-related activities in the United States, although production-related activity at minimum levels could be insufficient to constitute domestic production. The Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation.²³

In the preliminary phase of these investigations, the Commission defined the domestic industry as all domestic manufacturers of MLWF, as defined by the scope of the investigations. The Commission included "assemblers/finishers" of MLWF in the domestic industry, as advocated by respondents, which included U.S. Floors.²⁴ In the final phase of these investigations, Petitioners argue that firms engaging in finishing operations, such as U.S. Floors, do not engage in sufficient production-related activity to be deemed domestic producers.²⁵ No respondent party addresses this issue in these final-phase investigations.²⁶ As discussed below, based on additional information on the current record that in some instances contradicts information from the preliminary record, we reach a different conclusion in these final determinations.

Background on Product Manufacturing Process. MLWF is a type of wood flooring product that is typically comprised of two to ten laminated layers or plies that include a core sandwiched between a back or bottom veneer layer and a face veneer surface of a desired wood species and finish.²⁷ Although the core is typically composed of wood veneers, it may also be made of solid wood pieces or a composite

²² (...continued)

effect of ... dumped imports shall be assessed in relation to the United States production of a *like product*.' 19 U.S.C. § 1677(4)(D) (emphasis added)." General Motors Corp. v. United States, 827 F. Supp. 774, 780 (Ct. Int'l Trade 1993). Thus, producers of hardwood plywood for flooring cannot be included in the domestic industry.

Moreover, the Importer Respondents did not raise this issue until their prehearing briefs, despite submitting a brief in the preliminary investigations and comments on the draft final-phase questionnaires, which they received an extension of time to submit. See, e.g., Importer Respondents' June 15, 2011, Comments on Draft Final-Phase Questionnaires.

²³ See, e.g., Diamond Sawblades and Parts Thereof from China and Korea, Invs. Nos. 731-TA-1092-1093 (Final), USITC Pub. 3862 at 8-11 (July 2006).

²⁴ At the time, the Commission acknowledged basing its decision on the limited information then submitted by U.S. Floors. See, e.g., USITC Pub. 4206 at 10-12.

²⁵ See, e.g., Petitioners' Prehearing Brief at 9 n.22, 10, 15-17; Petitioners' Posthearing Brief at Answers to Commissioners' Question H, Answers to Commissioners' Question L.

²⁶ As was the case in the preliminary investigations, no party has argued about the finishing operations of any U.S. firm other than U.S. Floors. Some U.S. firms kiln-dry and prepare lumber in a mill in the United States and then "ship {the} American hardwood to China to be manufactured and shipped back to the {United States}." See, e.g., Confer. Tr. at 160-61, 228-29 (Elbrecht). In China, the lumber is used, for example, "to make a thick saw-cut veneer which is laminated to 9-ply Baltic birch plywood and then machined into 1-foot to 7-foot engineered flooring which is brought back to the United States." See, e.g., Confer. Tr. at 160-61, 228-31 (Elbrecht). No party has suggested that any such U.S. mill qualifies as a U.S. producer of the domestic like product.

²⁷ See, e.g., CR at I-9; PR at I-7.

wood such as MDF or HDF.²⁸ Once veneers have been peeled, sawed, or sliced from debarked logs, flitches, or lumber, they are sorted, graded for quality, and dried.²⁹ Manufacturers then stack veneers with the grain of each layer perpendicular to the next to reinforce strength and stability and then glue the veneers together using high pressure.³⁰ Manufacturers select the face veneer, which may or may not be the same species as the core,³¹ based upon marketing considerations and consumer preferences, usually selecting for the face high-quality veneers with few or no defects to attain a higher grade of flooring.³²

After gluing and pressing the face veneer to the core, manufacturers sand and cut the panels to the desired strip or plank width.³³ Next, manufacturers profile the sides of the panels to facilitate installation; for example, they may shape the edges into a “tongue and groove” profile to allow the wood to expand and contract once installed or they may incorporate a “click-and-lock” system so that the MLWF can be installed without glue or nails as a “floating” floor.³⁴

For MLWF that will be finished prior to installation (as most is), the manufacturer will bevel the edges slightly to hide any differences in thicknesses between planks where the planks connect to one another.³⁵ To finish the products, manufacturers may stain the products (unless they intend to keep the natural color of the face veneer), and they may leave the surface smooth or scrape the surface (by hand, machine, wire brush, or other means of distressing the surface).³⁶ Manufacturers will then coat the product with a high-durability finish to protect the flooring from wear and tear before packaging (boxing) the product for sale.³⁷

In the United States, some firms directly peel debarked logs, flitches, or lumber to produce their own veneers and glue the face veneer onto the core.³⁸ Some domestic producers, however, report that they purchase hardwood plywood and veneer from unrelated firms, then press, glue, and otherwise process these materials into MLWF.³⁹ Firms such as U.S. Floors perform only finishing operations on MLWF, as discussed below.

²⁸ See, e.g., CR at I-9; PR at I-7. For example, Shaw reported selling some products containing an HDF core. See, e.g., Confer. Tr. at 35 (Finkel), 93 (Levin) (noting that MLWF constructed with an MDF or HDF core also is within the scope of the investigations).

²⁹ See, e.g., CR at I-11 to I-12; PR at I-9.

³⁰ See, e.g., CR at I-12; PR at I-9; Confer. Tr. at 16 (Holm).

³¹ See, e.g., Confer. Tr. at 16 (Holm) (showing a product with a core of gum or poplar and a face or wear ply of oak), 107-08 (Finkell) (noting that U.S. firms often use hickory, poplar, gum, and oak as below-the-face species).

³² See, e.g., CR at I-12; PR at I-9. Some face veneers may have a sawn face rather than a rotary peel veneer face, depending on consumer preferences. See, e.g., Confer. Tr. at 77 (Finkell).

³³ See, e.g., CR at I-12; PR at I-9; Confer. Tr. at 16 (Holm), 108-09 (Goetzl, Natkin, Finkell).

³⁴ See, e.g., CR at I-12; PR at I-9.

³⁵ See, e.g., CR at I-12; PR at I-9.

³⁶ See, e.g., CR at I-13; PR at I-10; Confer. Tr. at 16 (Holm); 76 Fed. Reg. at 64314; Petitioners’ Posthearing Brief at Answers to Commissioners’ Question K.

³⁷ See, e.g., CR at I-13; PR at I-10; Confer. Tr. at 16 (Holm).

³⁸ See, e.g., CR at I-12; PR at I-9; Confer. Tr. at 16-17 (Holm) (reporting that Mannington glues the veneer layers together in its Epps facility and then ships the products to its High Point facility for the remaining manufacturing steps), 80-81 (Dougan, Natkin, and Finkell) (reporting that chief raw material input into MLWF is the wood), 99-100 (Goetzl and Natkin) (discussing U.S. firms that peel their own veneer), 110 (Holm and Finkel) (discussing whether Anderson, Mannington, Armstrong, and other U.S. firms conduct their veneer peeling in the same location as their pressing, sawing, milling, and finishing operations).

³⁹ See, e.g., CR at I-12; PR at I-9. Shaw also reported manufacturing some MLWF from purchased core board and purchased veneers. See, e.g., Confer. Tr. at 99-100 (Goetzl and Natkin). ***.

Analysis and Conclusion. During the preliminary staff conference, the Chief Executive Officer of U.S. Floors testified that “[i]n 2008, U.S. Floors invested over \$10 million in a state-of-the-art manufacturing facility in Georgia, [to] process [] and finish [] imports [of] unfinished flooring from countries all over the world, including China.”⁴⁰ In its postconference brief, U.S. Floors reported investing between 2008 and 2010 ***.⁴¹ In its questionnaire response in these final investigations, U.S. Floors reported total assets of *** (figures that are ***.⁴² U.S. Floors reported that it is ***,⁴³ and that it ***.⁴⁴

In its U.S. facility, U.S. Floors has operations only to profile, stain, and finish MLWF products.⁴⁵ Specifically, U.S. Floors has ***.⁴⁶ Unlike other firms in the United States, U.S. Floors does not glue and press veneer onto a core.⁴⁷ To obtain a press line, U.S. firms would need to spend ***.⁴⁸ U.S. Floors reports that, since it does not “have the pressing capacity, [it] would have to find companies who [could] supply that to [it] and most of them would be [its] competitors.”⁴⁹ Instead, the firm argues that it is able to sell unique items not available in the United States such as Jatoba Brazilian cherry, cork, or bamboo flooring by finishing in the United States products imported from other countries such as China or Brazil.⁵⁰

U.S. Floors does not source any of its raw materials from the United States.⁵¹ In the preliminary investigations, U.S. Floors estimated that its finishing operations added ***,⁵² but based on data derived from the firm’s final phase questionnaire response, its finishing operations added ***.⁵³ U.S. Floors reported that it requires ***.⁵⁴ In its postconference brief, U.S. Floors reported having ***,⁵⁵ but in its questionnaire response in these final investigations, the firm reported its average number of production-related workers (“PRWs”) as ***.⁵⁶

Although U.S. Floors has invested a not insubstantial amount in its U.S. operations and ***, its U.S. operations (profiling, staining, and finishing, but not pressing) are relatively limited, it sources its raw materials from outside the United States, it reports ***, and its finishing operations ***. Consequently, we conclude that U.S. Floors merely engages in finishing operations and does not perform sufficient production-related activities to warrant inclusion in the domestic industry.

⁴⁰ See, e.g., Confer. Tr. at 148 (Dossche).

⁴¹ See, e.g., Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁴² See, e.g., CR/PR at Table VI-5; CR at VI-14; PR at I-6 to I-7.

⁴³ See, e.g., U.S. Floors’ U.S. Producer Questionnaire Response at Answer to Questions I-4 to I-6.

⁴⁴ See, e.g., U.S. Floors’ U.S. Producer Questionnaire Response at Answer to Question III-5.

⁴⁵ See, e.g., Confer. Tr. at 231 (Dossche).

⁴⁶ See, e.g., Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁴⁷ See, e.g., Confer. Tr. at 231 (Dossche).

⁴⁸ See, e.g., CR at I-12 n.23; PR at I-9 n.23.

⁴⁹ See, e.g., Confer. Tr. at 234 (Dossche).

⁵⁰ See, e.g., Confer. Tr. at 231-33 (Dossche).

⁵¹ See, e.g., Confer. Tr. at 233-34 (Goetzl, Dossche); Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁵² See, e.g., Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁵³ (Derived from reported cost data in CR/PR at Table VI-2).

⁵⁴ See, e.g., Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁵⁵ See, e.g., Lumber Liquidators/U.S. Floors’ Postconf. Br. at Exh. 6.

⁵⁶ See, e.g., Lumber Liquidators/U.S. Floors’ U.S. Producer Questionnaire Response (Final Phase) at Answer to Question II-8.

C. Related Party Issues

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). Subsection 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.⁵⁷ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.⁵⁸

The record indicates that eight domestic producers are subject to possible exclusion under the related parties provision because each imported subject merchandise during the period of investigation:⁵⁹ ***.⁶⁰ ***. No party argues for the exclusion of any of the remaining seven firms based on the statutory related parties provision.⁶¹

We conclude that appropriate circumstances do not exist to exclude *** from the domestic MLWF industry for similar reasons. All imported declining absolute quantities of subject imports between 2008 and 2010.⁶² *** all had falling ratios of subject imports to production from 2008 to 2010, and all six had ratios of subject imports to production ranging from low to, at most, moderate levels.⁶³ For these reasons, we conclude that such producers' interests lie more with domestic production than with importing. There also appears to be little data to suggest that any of these producers' subject imports (or their relationships with exporters, importers, and/or producers of subject merchandise, as is the case with

⁵⁷ 19 U.S.C. § 1677(4)(B).

⁵⁸ See Torrington Co. v. United States, 790 F. Supp. at 1168; Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd mem., 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

⁵⁹ See 19 U.S.C. § 1677(4)(B)(i); CR/PR at Table III-6. We are mindful that Commerce excluded from the scope of these investigations MLWF manufactured and exported by Zhejiang Yuhua Timber Co., Ltd.. None of these domestic producers reported importing non-subject MLWF from China. See, e.g., CR at III-6; PR at III-5.

⁶⁰ Two of the domestic producers (***) also are related to an importer, exporter, and/or foreign producer of subject merchandise. *** and Chinese MLWF producer and exporter *** have a common corporate parent. *** U.S. Producers' Questionnaire Response (Final Phase) at Answer to Questions I-5 and I-6. Respondents claim that *** has entered into an arrangement with a Chinese flooring company named *** to produce and distribute MLWF in China. Respondents claim that under this deal, products produced by *** in the United States will be shipped to China for *** to distribute. CNFPIA's Prehearing Brief at 19; CR/PR at Table III-1. *** identified no corporate affiliation with any such firm in either its preliminary-phase or final-phase questionnaire responses.

⁶¹ Petitioners argue that *** should be excluded from the domestic industry based on the statutory related party provision. Petitioners' Posthearing Brief, Answer to Commissioners' Question H. Respondents make no arguments concerning related party issues.

⁶² CR/PR at Table III-6. Indeed, *** stopped importing subject imports completely in 2009, and *** did the same in 2010. Id. However, *** both imported slightly more subject imports in interim 2011 than they did in interim 2010. Id.

⁶³ *** ratio of subject imports to domestic production was *** percent in 2008 and *** percent in 2009, 2010, and interim 2011. *** ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. *** ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. *** ratio of subject imports to domestic production was *** relative to its production, but declined from *** percent in 2008 to *** percent in 2009, rose to *** in 2010, and was *** percent in interim 2010 and *** percent in interim 2011. *** ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, *** percent in 2010, *** percent in interim 2010, and *** percent in interim 2011. *** ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** in 2010 and interim 2011. See, e.g., CR/PR at Table III-6.

***)) benefitted their financial positions.⁶⁴ ⁶⁵ ⁶⁶ *** are also large producers, and their exclusion could skew the domestic industry's data. None of these firms opposes these petitions.⁶⁷ Finally, as noted above, no party argues to exclude any of these firms based on the statutory related party provision. On the basis described above, we conclude that appropriate circumstances do not exist to exclude them from the domestic industry producing MLWF.

The unique circumstances of *** warrant specific discussion. *** had no MLWF manufacturing facilities until ***.⁶⁸ *** was the *** largest MLWF manufacturer in 2010, accounting for *** percent of domestic production in that year.⁶⁹ Although ***.⁷⁰

In interim 2011, *** imported *** square feet of subject merchandise.⁷¹ *** ratio of imports of subject merchandise to domestic production for *** was *** percent.⁷² *** ratio of operating income to net sales was *** in interim 2011. Its performance was *** the industry average for this period, and *** than the industry average for the rest of the period of investigation.⁷³

We conclude that appropriate circumstances do not exist to exclude *** from the domestic industry producing MLWF. Even though it currently ***, it was ***. Thus, because *** production and financial data ***, ***, should not be excluded from the domestic industry.

D. Conclusion

Consequently, based on our definition of the domestic like product and our analysis of sufficient production-related activities and related party issues, we define the domestic industry as all U.S. producers of MLWF, which does not include U.S. Floors.

⁶⁴ *** consistently outperformed the domestic industry average regardless of whether it imported. Although *** operating income and operating income trends appear to be *** since 2009, the company still had a *** operating income level every full year in the investigation period, only turning ***. Also, despite the fact that the domestic industry's operating margins were better in interim 2011 as compared to interim 2010, *** operating margins were at its *** levels in 2010 when its imports as a ratio to its domestic production reached its *** level. *** financial results were *** the industry average throughout the period of investigation. *** financial results were *** throughout the period of investigation. ***. Finally, *** financial results ***. CR/PR at Tables VI-2 and III-6.

⁶⁵ Consistent with her practice in past investigations and reviews, Commissioner Shara L. Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

⁶⁶ Commissioner Dean A. Pinkert does not rely upon companies' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry in these investigations. The record is not sufficient to infer from their profitability on U.S. operations whether they have derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 CIT 1861, 1865-67 (2004).

⁶⁷ *** are petitioners, *** supports the Petition, and *** take no position on the petition. CR/PR at Table III-1.

⁶⁸ *** U.S. Producers' Questionnaire Response (Final Phase) at Answer to Questions I-2 and II-8 n.1; Hearing Tr. at ***. *** Domestic Producers' Questionnaire Response (Final Phase) at Answer to Question I-6.

⁶⁹ CR/PR at Table III-1.

⁷⁰ CR/PR at Table III-1.

⁷¹ CR/PR at Table III-6.

⁷² CR/PR at Table III-6.

⁷³ CR/PR at Table VI-2.

IV. MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁷⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁷⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁷⁶ In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁷⁷ No single factor is 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.”⁷⁸

Although the statute requires the Commission to determine whether the domestic industry is “materially injured by reason of” unfairly traded imports,⁷⁹ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁸⁰ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁸¹

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include non-subject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to

⁷⁴ 19 U.S.C. §§ 1671d(b), 1673d(b).

⁷⁵ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁷⁶ 19 U.S.C. § 1677(7)(A).

⁷⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁷⁹ 19 U.S.C. §§ 1671d(a), 1673d(a).

⁸⁰ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’d, 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁸¹ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁸² In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁸³ Nor does the “by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as non-subject imports, which may be contributing to overall injury to an industry.⁸⁴ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁸⁵

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{86 87} Indeed, the

⁸² Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

⁸³ SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180 F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Invs. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁸⁴ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁸⁵ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁸⁶ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

⁸⁷ Commissioner Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-

(continued...)

Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁸⁸

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other factor” was the presence in the market of significant volumes of price-competitive non-subject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive non-subject imports.⁸⁹ The additional “replacement/benefit” test looked at whether non-subject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and requires that the Commission not attribute injury from non-subject imports or other factors to subject imports.⁹⁰ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive non-subject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.^{91 92}

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence

⁸⁷ (...continued)

competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor. 542 F.3d at 878.

⁸⁸ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

⁸⁹ Mittal Steel, 542 F.3d at 875-79.

⁹⁰ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

⁹¹ Commissioner Charlotte R. Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Invs. Nos. 731-TA-1131 to 1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁹² To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in non-subject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large non-subject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of non-subject imports.

standard.⁹³ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁹⁴

B. Data Sources

Domestic producers accounting for nearly all known U.S. production of MLWF submitted questionnaire responses in these investigations.⁹⁵ As for import data, the parties agreed that official import statistics obtained from Commerce overstated imports of MLWF, because the HTSUS statistical reporting numbers under which MLWF is imported also correspond to substantial amounts of non-subject products.⁹⁶ Given the volume of Chinese imports relative to imports from non-subject countries, the scope of questionnaire responses received from importers of MLWF from non-subject sources, and the fact that the 65 firms that provided importer questionnaire responses are believed to represent the majority of U.S. imports from China between January 2008 and June 2011, we have relied on importer questionnaire data to measure imports from both subject and non-subject sources.⁹⁷ As for operations in China, the Commission received foreign producer questionnaire responses from 52 firms accounting for a majority of 2010 production of MLWF in China and the vast majority of exports to the United States from China.⁹⁸

In its final antidumping duty determination, Commerce found weighted-average antidumping duty margins of 0.00 percent for products manufactured and exported by Zhejiang Yuhua Timber Co., Ltd., 3.98 percent for Zhejiang Layo Wood Industry Co., Ltd., 2.63 percent for the Samling Group, and 3.31 percent for the separate rates companies. In its final countervailing duty determination, Commerce found margins of 1.50 percent for Fine Furniture (Shanghai) Ltd., Great Wood (Tonghua), and Fine Furniture Plantation (Shishou) Ltd.; 0.33 percent (*de minimis*) for Zhejiang Layo Wood Industry Co., Ltd. and Jiaxing Brilliant Import & Export Co., Ltd.; 0.47 percent (*de minimis*) for Zhejiang Yuhua Timber Co., Ltd.; 26.73 percent for separate rate companies specifically named in Commerce's notice; and 1.50 percent for all others.⁹⁹ Consistent with Commerce's final determinations that U.S. imports from China of MLWF manufactured and exported by Zhejiang Yuhua Timber Co., Ltd. received *de minimis* countervailable subsidies and had not been sold at less than fair value, we treated all data related to this firm as non-subject rather than subject MLWF and use the term "subject" herein to refer only to those imports from China that Commerce found to be sold at less than fair value and/or subsidized by the

⁹³ We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁹⁴ Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

⁹⁵ See, e.g., CR at I-4; PR at I-3.

⁹⁶ See, e.g., CR at IV-1; PR at IV-1. Petitioners' Postconf. Br. at 12; CNFPPIA's Postconf. Br. at 14; Importer/Respondents' Postconf. Br. at 18; Lumber Liquidators' Postconf. Br. at 34; Fine Furniture's Postconf. Br. at 3-4. In these final investigations, the CNFPPIA argues that, thanks to the efforts of the Chinese industry, the Commission has a solid record on which to base its analysis and should rely on importer questionnaire data to measure imports and foreign producer questionnaire data regarding threat factors. See, e.g., CNFPPIA's Prehearing Brief at 1, 7, 21; CNFPPIA's Posthearing Brief at 1.

⁹⁷ See, e.g., CR at I-4, IV-1; PR at I-3, IV-1; CR/PR at Table IV-1.

⁹⁸ See, e.g., CR at VII-1; PR at VII-1.

⁹⁹ See, e.g., CR/PR at Table I-2; 76 Fed. Reg. 64318 (Oct. 18, 2011); CR/PR at Table I-1; 76 Fed. Reg. 64313 (Oct. 18, 2011).

Government of China.¹⁰⁰ Additionally, for purposes of our analysis of volume, price effects, and impact in these final determinations, we cross-cumulate the less-than-fair-value subject imports from China with the subsidized imports of subject merchandise from China.¹⁰¹

To evaluate party arguments made during and after the hearing concerning competition in the U.S. market, the Commission also solicited supplemental data from all domestic producers, as well as all firms that are parties to the investigations, concerning the types of products sold in the U.S. market. These firms were asked to provide volume and value data concerning Asian birch and acacia, hand-scraped and non-hand-scraped products, and their top five species.

C. Conditions of Competition and Business Cycle¹⁰²

The following conditions of competition inform our analysis in the final phase of these investigations.

1. Demand Conditions

Demand for MLWF includes demand by builders for new home construction and demand for residential remodeling and replacement projects, which account for the vast majority of sales, as well as a modest amount of demand for non-residential construction.¹⁰³ In particular, demand for MLWF depends on housing starts, mortgage rates, disposable income, and remodeling activity.¹⁰⁴ Questionnaire respondents disagreed about the extent to which MLWF market followed the general U.S. economic cycle and/or was subject to other business cycles, but the record reflects a severe downturn in macroeconomic conditions and in U.S. residential housing.¹⁰⁵

¹⁰⁰ See, e.g., CR at I-4, IV-1, V-4, VII-1; PR at I-3, IV-1, V-3, VII-1.

¹⁰¹ Cross-cumulation is the cumulation of subsidized imports with dumped imports and includes the situation in which the dumped and subsidized imports are one and the same as well as situations such as this in which they differ to some extent. See, e.g., Bingham & Taylor v. United States, 815 F.2d 1482 (Fed. Cir. 1987); Softwood Lumber from Canada, Invs. Nos. 701-TA-414 (Final) and 731-TA-928 (Final), USITC Pub. 3509 at 29 (May 2002); Circular Welded Carbon Quality Steel Line Pipe from China, Inv. No. 731-TA-1149 (Final), USITC Pub. 4075 at 4 (May 2009). The Commission has previously concluded that it is “legally required to cross-cumulate subsidized and dumped imports from the same country.” Softwood Lumber from Canada, USITC Pub. 3509 at 29; see also, e.g., Oil Country Tubular Goods from China, Inv. No. 701-TA-463 (Final), USITC Pub. 4124 at 16 n.88 (Jan. 2010), Inv. No. 731-TA-1159 (Final), USITC Pub. 4152 at 3-4 n.6 (May 2010); Certain Steel Wire Rod from Canada, Germany, Trinidad & Tobago, and Venezuela, Invs. Nos. 701-TA-368-371 (Final), USITC Pub. 3075 at 21-22 (Nov. 1997). We note that the cumulated subject imports that have been dumped and/or subsidized are the subject of investigations that resulted from petitions filed the same day, none of the exceptions to cumulation apply, and there is no question that the identical dumped and subsidized imports compete with each other and the domestic like product.

¹⁰² In these investigations, MLWF imports from subject producers in China accounted for more than three percent of the volume of MLWF imported into the United States from all sources in the most recent 12-month period for which data are available preceding the filing of the petitions. See, e.g., CR at IV-6; PR at IV-5 to IV-6. Thus, we find that U.S. imports of MLWF from subject producers in China are not negligible under 19 U.S.C. § 1677(24).

¹⁰³ See, e.g., CR at II-6; PR at II-5.

¹⁰⁴ See, e.g., CR at II-6; PR at II-5; Confer. Tr. at 19 (Holm) and 63 (Dougan).

¹⁰⁵ Six of 12 U.S. producers and 18 of 62 responding importers reported that the MLWF market is subject to business cycles other than the general U.S. economy, and ten of 12 responding producers and 35 of 59 responding importers reported that the MLWF market is subject to distinctive conditions of competition. Six producers and 11 importers reported that the MLWF market is subject to the general U.S. economic cycle. Twenty-seven of 41

(continued...)

Questionnaire respondents generally reported decreased U.S. demand for MLWF,¹⁰⁶ and many of these firms attributed this decrease to declines in the economy and the housing market.¹⁰⁷ Petitioners argue that the Federal homebuyer tax credit (which expired on April 30, 2010) explains higher demand in both remodeling and new home construction in the first half of 2010 and the corresponding increase in the domestic industry's U.S. shipments in 2010, but they contend that demand was lower in the second half of 2010 after expiration of the program.¹⁰⁸ According to data from the U.S. Census Bureau, seasonally adjusted housing starts decreased overall by 47 percent between January 2008 and August 2011.¹⁰⁹ The "Leading Indicator of Remodeling Activity," which measures the value of homeowner improvements, decreased overall by 12 percent between the first quarter of 2008 and the first quarter of 2011.¹¹⁰

Apparent U.S. consumption of MLWF declined overall during the period captured by the data in the final phase of these investigations (full years 2008 through 2010 and the first six months of 2010 and 2011), which is consistent with the above-described trends, although it increased somewhat toward the end of the period. Apparent U.S. consumption, by quantity, decreased from *** million square feet in 2008 to *** million square feet in 2009, before increasing somewhat to *** million square feet in 2010.¹¹¹ It was *** million square feet in interim 2010 and *** million square feet in interim 2011.¹¹²

During these investigations, the parties focused on demand for particular MLWF products in the U.S. market. For example, respondents argue that demand for hand-scraped products¹¹³ and non-native

¹⁰⁵ (...continued)

responding purchasers indicated that the MLWF market is subject to business cycles or conditions of competition other than changes in the overall economy. Of the firms that reported that the MLWF market is subject to business cycles, many reported that sales depend on the housing market; several firms reported that sales are typically greater in late spring and summer and typically slower in the fall and winter months. See, e.g., CR at II-9; PR at II-7.

¹⁰⁶ Three-fourths of responding producers (nine of 12) and about one-half of responding importers (31 of 63) and purchasers (22 of 47) reported that U.S. demand for MLWF has decreased since 2008. See, e.g., CR at II-6; PR at II-7; CR/PR at Table II-2.

¹⁰⁷ See, e.g., CR at II-6; PR at II-5.

¹⁰⁸ See, e.g., CR at II-8; PR at II-7; Hearing Tr. at 90-91 (Natkin, Levin, Holm).

¹⁰⁹ See, e.g., CR at II-6; PR at II-5; CR/PR at Figure II-1.

¹¹⁰ See, e.g., CR at II-6; PR at II-5; CR/PR at Figure II-2.

¹¹¹ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹¹² See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹¹³ The record indicates that in this industry the term "hand-scraped MLWF" refers not only to products that are scraped by hand, but also those that are scraped by machine or otherwise distressed by wire brush, chain, or other such means. We use the term "hand-scraped MLWF" to encompass all of these terms. See, e.g., CR at I-13; PR at I-10; Hearing Tr. at 179-80 (Natkin), 197 (Anderson), 326-27 (Chian, Train); Confer. Tr. at 235-37 (Hamar, Train, Dossche); Petitioners' Posthearing Brief at Answers to Commission's Question K; Importer Respondents' Posthearing Brief at Exh. 11 (Declaration of Ken Ervin), Exh. 12 (Declaration of Jonathan Train), Exh. 13 (brochure), Exh. 14 (Declaration of Jeff Hamar); 76 Fed. Reg. 64313 (Oct. 18, 2011) (CVD); 76 Fed. Reg. 64318 (Oct. 18, 2011) (AD); May 19, 2011, Memorandum from Joshua Morris to Christian Marsh regarding scope in MLWF from China; Oct. 11, 2011, Issues and Decision Memorandum for the Final Countervailing Duty Investigation of MLWF from China from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration in Commerce's International Trade Administration; Oct. 11, 2011, Issues and Decision Memorandum for the Final Antidumping Duty Investigation of MLWF from China from Christian Marsh to Ronald K. Lorentzen; samples circulated during Commission's hearing and samples submitted by respondents after the Commission's hearing.

species such as Asian birch and acacia is growing.¹¹⁴ According to record evidence, including the supplemental data provided after the hearing, hand-scraped products accounted for a large and growing portion of demand for MLWF in the U.S. market during the investigation period. Demand for hand-scraped products originated in certain U.S. regions and may have recently peaked as its popularity has fallen in certain U.S. regions and grown in others.¹¹⁵

The parties disagreed about the extent to which demand for substitute products such as laminate, vinyl tile, bamboo or cork MLWF, carpet, and other flooring products affects demand for MLWF in the U.S. market. Respondents claim that these substitutes are competing directly with MLWF and taking away market share,¹¹⁶ whereas petitioners argue that imports of MLWF from China, and not substitutes, explain any market share losses.¹¹⁷ We find no evidence that substitute flooring products took sales from MLWF during the period of investigation; MLWF products accounted for a steady share of sales of all flooring products between 2008 and 2010.¹¹⁸

2. Supply Conditions

During the period of investigation, the U.S. market was supplied by the domestic industry, subject imports, and imports from non-subject sources, with the domestic industry having the largest share at just over *** of the market, followed by imports of MLWF from subject producers in China that consistently accounted for over *** of the market, and imports of MLWF from non-subject sources that consistently accounted for less than *** of the U.S. market.¹¹⁹ The leading U.S. MLWF manufacturers are ***, which accounted for approximately two-thirds of U.S. production of MLWF in 2010.¹²⁰ Other major producers include ***, which accounted for approximately *** of U.S. MLWF production in 2010.¹²¹ Domestic producers that reported producing hand-scraped MLWF products in the United States included Anderson, ***, Shaw, and Mannington.¹²²

¹¹⁴ See, e.g., Home Legend/Lumber Liquidators' Posthearing Brief at 9-11; Home Legend/Lumber Liquidators' Prehearing Brief at 4-5; Lumber Liquidators' Postconf. Br. at 32-33; Hearing Tr. at 204-05 (Wu); Importer Respondents' Posthearing Brief, Answers to Commissioners' Questions at 9-13; Importer Respondents' Postconf. Br. at 39-41.

¹¹⁵ See, e.g., supplemental data at answers to question 2; Confer. Tr. at 235-37 (Hamar, Train, Dossche); Hearing Tr. at 140-41 (Natkin, Anderson), 179-80 (Natkin), 197-98 (Anderson, Levin), 309 (Bowen); Petitioners' Posthearing Brief at Answers to Commission's Question K; Importer Respondents' Posthearing Brief at Answers to Commission's Questions at 16-19, Exhs. 7-14.

¹¹⁶ See, e.g., Lumber Liquidators/Home Legend Prehearing Brief at 3, 21, 23-24, Exh. B, Exh. C; CNFPIA's Prehearing Brief at 1; Importer Respondents' Postconf. Brief at 30-32. Seventeen responding importers and six purchasers reported that demand for MLWF has increased since 2008. Most of these importers and purchasers cited a shift from substitutes such as solid-wood flooring and laminates due to factors such as improvements in quality, ease of installation, stability, styling, and environmental friendliness, in addition to changes in price. See, e.g., CR at II-6 to II-8; PR at II-5 to II-6.

¹¹⁷ See, e.g., Petitioners' Posthearing Brief at Answers to Commission Question Q.

¹¹⁸ See, e.g., CR/PR at Table II-3.

¹¹⁹ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹²⁰ See, e.g., CR at II-1; PR at II-1; CR/PR at Table III-1.

¹²¹ See, e.g., CR/PR at Table III-1.

¹²² See, e.g., Confer. Tr. at 63-65 (Finkell for Shaw/Anderson, Holm for Mannington); Petitioners' Posthearing Brief at Answers to Commissioners' Question K; supplemental data at answers to question 2.

The leading producers of subject MLWF in China include ***,¹²³ The leading U.S. importers of subject MLWF from China are ***,¹²⁴ which collectively accounted for approximately *** percent of subject imports.¹²⁵

The primary sources of imports of non-subject MLWF were ***,¹²⁶

3. Substitutability and Other Conditions of Competition

Even though it is entities such as flooring distributors, builders, and retailers that buy MLWF from manufacturers (and that therefore received purchaser questionnaires in these investigations), the parties agree that substitutability among different MLWF products is largely determined by the tastes and preferences of retail customers who buy the flooring for their homes.¹²⁷ According to the record, prospective consumers of MLWF evaluate their choices based on the “look” or “appearance” of the product, having in mind a preferred color scheme, texture, and perhaps a grain pattern.¹²⁸ Respondents argue that there is attenuated competition between imports of subject MLWF from China and domestically produced MLWF, with subject MLWF imports “complementing” rather than displacing domestically produced MLWF. Specifically, respondents argue that subject MLWF from China differs from domestically produced MLWF in terms of species, plies, widths, interlocking technology, and hand-scraping features, and they argue that subject MLWF from China competes in different channels of distribution than MLWF produced in the United States. The record, however, clearly refutes each of these arguments.

With respect to species, respondents focus heavily on the assertion that subject imports from China often consisted of MLWF products with the face of non-U.S. species acacia and Asian birch. Although the record indicates that MLWF made of acacia has a somewhat unusual grain pattern and may be marketed as a unique product, in the supplemental data provided by respondents, MLWF with a face of acacia or Asian birch consistently represented less than *** percent of reported imports of subject MLWF from China.¹²⁹ Moreover, the supplemental data show considerable overlap in the species supplied to the U.S. market by the domestic industry and importers of subject merchandise from China, with both sources supplying birch, cherry, hickory, maple, oak, red oak, walnut, and white oak-faced products.¹³⁰ Furthermore, three-quarters of the MLWF imported from China (by volume) is manufactured with a face

¹²³ See, e.g., CR at I-3; PR at I-3.

¹²⁴ See, e.g., CR at I-3; PR at I-3.

¹²⁵ See, e.g., CR/PR at Table IV-1.

¹²⁶ See, e.g., CR at I-4; PR at I-3.

¹²⁷ See, e.g., Hearing Tr. at 66 (Natkin), 163-65 (Natkin), 181-82 (Natkin), 228-31 (Ervin), 254-55 (West), 338 (Hamer).

¹²⁸ See, e.g., Hearing Tr. at 66 (Natkin) (“When the consumer comes in to shop, she’s often coming in with a color in mind. She has a decorating scheme in mind. ... They have a piece of furniture in mind. They have a rug. They have a color scheme in their room. And so they’ll come in first with that and they’ll be shown a series of samples that then go onto that.”), 77 (Natkin) (grain, texture), 80 (Anderson) (color, texture, grain), 230-31 (Ervin) (describing the importance of supplying the consumer with the right “style and color”), 254-55 (West) (describing the importance of color and texture to consumers), 255 (Wu) (color, grain); supplemental data at answers to question 5; Petitioners’ Posthearing Brief at Answers to Commissioners’ Question E.

¹²⁹ See, e.g., supplemental data at answer to question 1.

¹³⁰ See, e.g., supplemental data at answers to question 3 and question 4; CNFPPIA Posthearing Br. at Answers to Commission Questions at 14 (reporting exports from China of hickory, red oak, maple).

made from a species that is similar to baskets of species that are produced domestically.¹³¹ Indeed, even products made with faces of different species may be stained to attain the same color, and different species can and do compete with one another for sales in the U.S. market, because consumers often are able to obtain the same “look” or “appearance” on the faces of MLWF products made from more than one species of wood.¹³² Furthermore, domestic producers, importers, and retailers tend to use a wide variety of names for the same or similar species of wood as a marketing tool.¹³³ This practice reinforces the consumer’s proclivity to choose MLWF based on look rather than species.

Respondents argue that much of the MLWF imported from China is a higher-quality product than domestically manufactured MLWF and includes features such as 7-ply products or interlocking technology not available domestically, but the record shows otherwise. Respondents argue that the higher ply products such as 7-ply MLWF products are available from China, whereas the domestic industry only makes MLWF with fewer plies. Respondents argue that the increased number of plies translates into a higher quality product.¹³⁴ Petitioners state that manufacturers tend to produce MLWF with thicker veneers in the United States because of the size and species of available trees, as well as the automated manufacturing processes used.¹³⁵ Thus, U.S. producers are able to construct MLWF products with fewer layers (typically three plies at Armstrong and five plies at Mannington and Anderson/Shaw).¹³⁶ Firms such as those in China that produce thinner veneers from species like eucalyptus, however, need to cut the product at a colder temperature to obtain better yields and use more glue to adhere as many as seven plies together to achieve a product of the same thickness.¹³⁷ Although petitioners argue that the number of plies in an MLWF product is irrelevant to customers, they report that domestic producers do manufacture 7-ply products.¹³⁸ Overall, the record does not support either respondents’ claim that MLWF with more plies is a better product or that domestic producers do not or cannot offer MLWF with more than five plies. Similarly, although respondents argue that MLWF produced in China includes more advanced

¹³¹ For example, there are similarities in the baskets of species reported by domestic producers and importers of subject MLWF from China among “birch products” such as Asian birch, betula (Asian birch), birch, and Chinese birch; “hickory products” such as American hickory, hickory, and Chinese hickory; “maple products” such as Asian maple, Chinese maple, and maple; “oak products” such as Asian white oak, Chinese white oak, oak, red oak, rift & quartered white oak, Russian oak/smooth & HS, white oak, white Russian oak sawn face; and “walnut products” such as American walnut, black walnut, and walnut. See, e.g., supplemental data at answers to question 3 and question 4; CNFPPIA Posthearing Br. at Answers to Commission Questions at 14 (reporting exports from China of hickory, red oak, maple). Indeed, respondents’ witnesses testified that species native to North America and not found in China are often shipped to China for production into MLWF for sale in the U.S. market. See, e.g., Hearing Tr. at 266 (Hamer) (“Red oak does not grow in China. So any red oak has to be exported from the United States, processed in China, and then sent back to the United States.”), 266 (Troendle).

¹³² See, e.g., Hearing Tr. at 66 (Natkin), 80-81 (Anderson, Finkell, Natkin); Petitioners’ Posthearing Brief at 4-8, Exh. 1-3, Answers to Commissioners’ Question E; Importer Respondents’ Posthearing Brief at Answers to Commission’s Questions at 19-21; samples circulated during Commission’s hearing and samples submitted by respondents after the Commission’s hearing.

¹³³ See, e.g., Hearing Tr. at 37 (Finkell), 67 (Anderson), 78-81 (Anderson, Finkell), 149 (Natkin, Finkell), 339 (Ervin).

¹³⁴ See, e.g., Home Legend/Lumber Liquidators Prehearing Brief at 5-7; Importer Respondents’ Posthearing Br. at Answers to Commission’s Questions at 22-24.

¹³⁵ See, e.g., Confer. Tr. at 104-07 (Natkin, Finkell); CR at I-9 to I-11; PR at I-7 to I-9.

¹³⁶ See, e.g., Confer. Tr. at 104-07 (Natkin, Finkell); CR at I-9 to I-10; PR at I-7 to I-8.

¹³⁷ See, e.g., Confer. Tr. at 104-07 (Natkin, Finkell); see also, e.g., Hearing Tr. at 258 (Train).

¹³⁸ See, e.g., Hearing Tr. at 27-28 (Natkin), 85-86 (Natkin, Finkell); Confer. Tr. at 103 (Natkin).

interlocking technology, such as “click-and-lock” features, domestic manufacturers also supply MLWF with interlocking technology.¹³⁹

Respondents argue that U.S. consumers increasingly prefer hand-scraped MLWF products and that domestic producers have limited ability to manufacture such products, having to rely on prison labor and/or “inferior” machine-scraping to do so.¹⁴⁰ The record reflects that hand-scraped products are a large and growing share of imports of subject MLWF from China, but it also shows that domestic producers supply the U.S. market with a substantial and growing volume of hand-scraped products produced by hand as well as by machine scraping and other methods of distressing the face ply.¹⁴¹

During these proceedings, the parties disagreed about the extent to which imports of subject MLWF from China served different segments of the market than those served by the domestic industry. Respondents argue that the domestic industry primarily supplied builders, whereas subject imports from China focused more on the residential remodeling and replacement market that is serviced mainly by “big box” retailers like Lowe’s and Home Depot or specialty do-it-yourself retailers ranging from Lumber Liquidators to smaller local establishments. Respondents claim that sales to the large retailers account for a growing percentage of sales and that any decline in sales to this segment were more modest than the declines in sales to builders.¹⁴² Petitioners, however, argue that the domestic industry competes against subject imports from China throughout the U.S. market.¹⁴³ The Commission asked domestic producers and importers of subject merchandise from China to report data regarding their sales to “distributors,” “big box/home centers,” “builders,” and “other retailers.” These data showed substantial overlap in all channels of distribution, including for MLWF sales to “distributors,” “big box/home centers,” “builders,” and “other retailers.”¹⁴⁴ Furthermore, respondents’ argument fails to recognize that, in this industry,

¹³⁹ See, e.g., CR at I-12; PR at I-9.

¹⁴⁰ See, e.g., Hearing Tr. at 204-05 (Wu).

¹⁴¹ See, e.g., CR at I-13; PR at I-10; Petitioners’ Posthearing Brief at Answers to Commission’s Question K; samples circulated during Commission’s hearing and samples submitted by respondents after the Commission’s hearing; supplemental data at answers to question 2; Confer. Tr. at 63-65 (Finkell, Holm, Natkin), 235-37 (Hamar, Train, Dossche); Hearing Tr. at 140-42 (Natkin, Finkell, Anderson), 179-80 (Natkin), 197-98 (Anderson, Levin), 308-09 (Bowen); Importer Respondents’ Posthearing Brief at Answers to Commission’s Questions at 16-18, Exhs. 7-14. Some industry representatives argued that MLWF scraped by hand is superior to MLWF scraped by machine. See, e.g., Importer Respondents’ Posthearing Brief at Answers to Commission’s Questions at 18; Home Depot/Lumber Liquidators’ Posthearing Brief at App. 1 at para. 9 (***). On the other hand, samples provided by respondents and inspected by Commissioners showed marginal differences, but these products were generally comparable and certainly distinct from MLWF that had not been scraped. In other words, the record indicates that hand-scraped, machine-scraped, and other distressed products compete for sales in the U.S. market.

¹⁴² See, e.g., Confer. Tr. at 153-55 (Rodgers); CNFPPIA’s Prehearing Brief at 5; Importer Respondents’ Prehearing Brief at 23; Lumber Liquidators’ Postconf. Br. at 22, 27-30; Home Legend/Lumber Liquidators’ Posthearing Brief at 1, Answers to Commissioners’ Questions at 8-9; Importer Respondents’ Posthearing Brief at Answers to Commission’s Questions at 27-29, 31,32, Exh. 22; Hearing Tr. at 211-12 (Hubbard).

¹⁴³ See, e.g., Hearing Tr. at 50-52 (Dougan) (referring to CR/PR at Table II-1); Petitioners’ Prehearing Brief at 23-25, 35-36; Petitioners’ Posthearing Brief at 4-8, Answers to Commissioners’ Question M.

¹⁴⁴ See, e.g., CR/PR at Table II-1 (showing that the domestic industry’s U.S. shipments to distributors ranged from *** to *** percent, its U.S. shipments to big box/home centers ranged from *** to *** percent, its U.S. shipments to builders ranged from *** to *** percent, and its U.S. shipments to other retailers ranged from *** to *** percent, whereas U.S. importers’ U.S. shipments of MLWF from subject producers in China to distributors ranged from *** to *** percent, their U.S. shipments to big box/home centers ranged from *** to *** percent, their U.S. shipments to builders ranged from *** to *** percent, and their U.S. shipments to other retailers ranged from *** percent). Indeed, these data not only support respondents’ argument that sales to big box/home centers were a growing segment during the investigation period but they also show that subject imports captured a higher share of

(continued...)

channels of distribution are not clearly differentiated between those serving new home builders and those serving remodelers. For example, some sales to “distributors” are destined for the new home segment of the market either directly or through flooring contractors, whereas other sales to distributors are destined for remodelers. Some “big box/home centers” sell to remodelers but may also sell to builders, depending on the size of the project. Some distributors sell to retailers. Some retailers sell to builders, and some producers sell directly to builders.¹⁴⁵ Respondents also dispute the reliability of the data regarding channels of distribution, which are summarized in Table II-2, because some hearing witnesses testified that they interpreted the definitions differently and did not necessarily report data consistently.¹⁴⁶ Other record data, such as the “top ten customer” lists provided by questionnaire respondents, however, also show that the domestic industry sold and tried to sell to the very same customers as importers of subject MLWF from China.¹⁴⁷ The record also reflects competition between the domestic industry and imports of subject MLWF in overlapping geographic markets throughout the United States.¹⁴⁸

Indeed, questionnaire respondents, and especially purchasers, rejected the notion of attenuated competition between imports from China and domestically produced MLWF when asked to compare whether MLWF produced in China and MLWF produced in the United States are “always,” “frequently,” “sometimes,” or “never” used interchangeably.¹⁴⁹ Fifty-five percent of responding U.S. producers, 30 percent of responding importers, and 37 percent of responding purchasers reported that they are “always” used interchangeably, and over 80 percent of U.S. producers, almost one-half of responding importers, and over two-thirds of responding purchasers reported that they are at least “frequently” used interchangeably.¹⁵⁰ When asked how comparable MLWF imported from China is with MLWF produced domestically on a range of factors, questionnaire respondents overwhelmingly reported them to be comparable with respect to the majority of those factors.¹⁵¹ Consequently, given the moderate to high

¹⁴⁴ (...continued)

sales to this channel of distribution. See, e.g., CR/PR at Table II-1; Petitioners’ Posthearing Brief at Answers to Commissioners’ Question M.

¹⁴⁵ See, e.g., Hearing Tr. at 40 (Anderson), 51 (Dougan), 98-102 (Anderson, Holm, Finkell), 113, 118, 121 (Finkell), 151-53 (Natkin, Finkell), 195-97 (Natkin, Dougan), 214 (Train), 228-29 (Ervin), 299-300 (Train, Hubbard).

¹⁴⁶ See, e.g., CNFPIA Posthearing Brief at 6-7.

¹⁴⁷ In addition, as we noted in our preliminary determinations, *** provided evidence that they have made concerted and consistent efforts to sell MLWF through home center stores and large chain stores, ***. This evidence indicates that these producers have not refused to sell to these companies or been unable to provide a requested product. Instead, it shows that there were occasions when these companies could not sell at the low price points set by subject imports and required by the home center stores and large chain stores. Additional evidence of overlap of competition between U.S. producers and importers from China was provided in the responses to the Commission’s questionnaires in the preliminary investigations wherein *** customers, accounting for a significant percentage of U.S. producer shipments and subject imports, were each named as a top ten customer of at least one U.S. producer and at least one importer from China. See, e.g., Confer. Tr. at 60-63 (Holm, Natkin, Finkell, Dougan); Petitioners’ Postconf. Brief at 20-25, Exh. V-1 (e-mails between ***), Exh. V-2 (powerpoint ***), Exh. V-3 (***), Exh. V-4 (communications between ***), Exh. V-5 (presentation to ***); Nov. 9, 2010 memo to the file from the Commission’s economist); Preliminary Determinations, USITC Pub. 4206 at 23.

¹⁴⁸ Questionnaire respondents reported that domestically produced MLWF and MLWF imported from subject producers in China are both sold throughout the United States. See, e.g., CR at II-1; PR at II-1.

¹⁴⁹ See, e.g., CR at II-18; PR at II-13; CR/PR at Table II-8.

¹⁵⁰ See, e.g., CR at II-18; PR at II-13; CR/PR at Table II-8.

¹⁵¹ See, e.g., CR/PR at Table II-9.

substitutability between MLWF produced in China and MLWF produced in the United States,¹⁵² and our finding below that domestic producers and subject producers offer a full range of products in the U.S. market, we find that competition in the U.S. market primarily depends on price.¹⁵³

D. Volume of 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.”¹⁵⁴

As discussed above, apparent U.S. consumption of MLWF declined overall between January 2008 and June 2011, although it increased somewhat toward the end of this period.¹⁵⁵ During this time, U.S. shipments of subject imports decreased from *** square feet in 2008 to *** square feet in 2009, before increasing to *** square feet in 2010, and was *** square feet in interim 2010 and *** square feet in interim 2011.¹⁵⁶ In contrast, the domestic industry’s U.S. shipments fell from *** square feet in 2008 to *** square feet in 2009, before increasing to *** square feet in 2010, and were *** square feet in interim 2010 and *** square feet in interim 2011.¹⁵⁷ U.S. shipments of MLWF from non-subject sources declined from *** square feet in 2008 to *** square feet in 2009, before increasing to *** square feet in 2010, and were *** square feet in interim 2010 and *** square feet in interim 2011.¹⁵⁸ Thus, by 2010, the volume of subject imports had almost completely recovered to its 2008 levels, whereas domestically produced MLWF and non-subject imports of MLWF remained substantially below their respective 2008 levels.

Imports of MLWF from subject producers in China increased their share of apparent U.S. consumption from *** percent in 2008 to *** percent in 2009 and *** percent in 2010, and their market share was *** percent in interim 2010 and *** percent in interim 2011.¹⁵⁹ As demand declined overall between 2006 and 2010, subject imports from China increased their market share by *** percentage points, and their market share in interim 2011 was *** percentage points higher than in interim 2010.¹⁶⁰ Indeed, as a comparison of period-to-period data show, subject imports’ market share increased regardless of whether apparent U.S. consumption was increasing or declining.¹⁶¹ Most of the increase in market share by subject imports came at the expense of the domestic industry.¹⁶² Imports of MLWF from subject producers in China maintained such a large and growing presence in the U.S. market because, as discussed above, they competed in the same geographic markets and channels of distribution as the

¹⁵² See, e.g., CR at II-25; PR at II-19.

¹⁵³ See, e.g., CR/PR at Table II-9.

¹⁵⁴ 19 U.S.C. § 1677(7)(C)(i).

¹⁵⁵ Apparent U.S. consumption, by quantity, decreased from *** million square feet in 2008 to *** million square feet in 2009, before increasing somewhat to *** million square feet in 2010, and was *** million square feet in interim 2010 and *** million square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵⁶ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵⁷ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵⁸ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵⁹ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁶⁰ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁶¹ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁶² See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

domestic industry and sold products that were highly substitutable for the domestic like product, including products of the same and overlapping species.

Petitioners and respondents disagree as to whether the Commission should expand the investigative period in these investigations to include 2007. Petitioners argue that the increase in subject imports' share of the U.S. market is considerably larger when market share data for 2008 are compared to the market share data for 2007 from the preliminary phase of these investigations.¹⁶³ Respondents, however, counter that there is no basis to deviate from the Commission's usual practice of considering data for the three most recent calendar years, plus interim periods, where applicable.¹⁶⁴ Although the Commission does have discretion to consider a longer period, we base our analysis in these investigations on the traditional three-year period plus interim 2011 data and agree with the concerns raised by respondents about the comparability of data for 2007 collected in the preliminary phase versus the data collected in the final phase of these investigations for January 2008 through June 2011. In any event, the data for 2007 collected during the preliminary investigations are consistent with our conclusions in these final determinations.

The large and increasing presence of subject imports in the U.S. market during the investigation period is also apparent when imports of MLWF from subject producers in China are considered relative to U.S. production. The ratio of subject imports to domestic production was *** percent in 2008, *** percent in 2009, and *** percent in 2010.¹⁶⁵

Thus, we conclude that the volume of MLWF imported into the United States from subject producers in China is significant, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject import volume relative to domestic production and apparent U.S. consumption is also significant.

¹⁶³ Petitioners argue that it is not necessary for the Commission to rely on a longer period in these investigations, but the Commission has the discretion to select the period for its analysis. Petitioners argue that the Commission could include 2007, the agreed-upon beginning year of the housing collapse, in its analysis based upon a "well-defined need to obtain a broader perspective of the market" such as was the case in Carboxymethylcellulose (USITC Pub. 3787). Indeed, they assert, respondents argued that the housing meltdown began before 2008, and respondents analyzed the domestic industry's operating margin from 2007 to 2009 against the volume of subject imports in that period. Petitioners argue that the data collected in the preliminary phase are part of the record in these final investigations and are "intertwined" with the data in the final investigations. See, e.g., Petitioners' Posthearing Brief at Answers to Commission Question A.

¹⁶⁴ Respondents contend that the usual reasons for departing from its normal practice – an industry's cyclical nature (i.e., Orange Juice), a well-defined need to obtain a broader perspective of the market (i.e., Salmon), or the need to disregard one year of the traditional investigation period (i.e., Activated Carbon, Magnesium) – do not exist here. They argue that the Commission has not analyzed a longer period in other cases involving recessions or market downturns. Even in situations where the Commission has examined longer periods, they argue, the Commission has considered data from the latter part of the period of investigation to be most probative. Moreover, they argue, the Commission does not gain anything by including 2007 data because the recovery cycle had yet to start and 2007 included the end of the housing "bubble." Finally, they argue, data for 2007 collected in the preliminary phase are not comparable to data collected in the final phase investigations. They note that the Commission received data from 50 importers in the preliminary and 64 importers in the final, and that some importers submitted questionnaire responses in the preliminary but not in the final and vice versa. Moreover, the Commission did not receive certain U.S. producers' trade and financial data in the preliminary phase, the pricing products were different in the final than in the preliminary phase, and data related to producer Zhejiang Yuhua Timber Co., Ltd. had not been excluded from the data at the preliminary stage. See, e.g., Importer Respondents' Posthearing Brief at Answers to Commission's Questions at 51-54; CNFPIA's Posthearing Brief at Answers to Commission Questions at 9-11; Hearing Tr. at 232-33, 249, 371 (Boltuck); Home Legend/Lumber Liquidators' Posthearing Brief at Answers to Commission's Questions at 14-15; CR/PR at Tables I-1 to I-2.

¹⁶⁵ (Derived from CR/PR at Table C-1 (adjusted to exclude U.S. Floors)).

E. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of 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.¹⁶⁶

The record shows that quality and price are important factors in purchasing decisions in the U.S. market for MLWF.¹⁶⁷ Characteristics that purchasers reported considering when determining the quality of MLWF include finish, appearance, structural soundness, stability, consistency, and ease of installation.¹⁶⁸ As we explained in section IV.B.4 above, the record shows a moderate to high degree of substitutability between imports of MLWF from subject producers in China and MLWF produced by the domestic industry, because both supply the U.S. market with quality MLWF products of overlapping species, plies, interlocking technology, and hand-scraped/non-hand-scraped features. Indeed, although respondents argue that non-price factors such as consumer trends, taste, quality, durability, craftsmanship, product consistency, ease of installation, wood species, and service all play an important role in the U.S. market,¹⁶⁹ the record does not show attenuated competition between subject MLWF and the domestic like product.¹⁷⁰ Consequently, given the moderate to high substitutability between MLWF produced in China and MLWF produced in the United States,¹⁷¹ we find that competition in the U.S. primarily depends on price.¹⁷²

The Commission usually analyzes underselling and price depression using weighted-average quarterly pricing data on specific pricing products.¹⁷³ In these investigations, nine U.S. producers and 38 importers of subject MLWF from China provided usable quarterly net U.S. f.o.b. selling price data for

¹⁶⁶ 19 U.S.C. § 1677(7)(C)(ii).

¹⁶⁷ See, e.g., CR at II-13 to II-14; PR at II-10 to II-11; CR/PR at Tables II-5 to II-6.

¹⁶⁸ Twenty of 45 responding purchasers reported quality as the number one factor in their purchasing decisions, with 42 of 46 responding purchasers reporting that quality meeting industry standards was a “very important” factor. See, e.g., CR at II-13 to II-14; PR at II-10 to II-11; CR/PR at Tables II-5 to II-6.

¹⁶⁹ See, e.g., CR at II-17; PR at II-13.

¹⁷⁰ When asked how comparable MLWF imported from China is with MLWF produced domestically on a range of factors, questionnaire respondents overwhelmingly reported them to be comparable with respect to the majority of those factors. Moreover, a substantial number of domestic producers and purchasers reported that MLWF imported from China is at least “frequently” used interchangeably with MLWF produced in the United States. See, e.g., CR at II-18; PR at II-14; CR/PR at Table II-8, Table II-9.

¹⁷¹ See, e.g., CR at II-25; PR at II-19.

¹⁷² Thirty-five of 45 responding purchasers reported that price was one of the top three factors they considered when making a purchase, and 36 of 46 responding purchasers reported that price was a “very important” factor in their purchase decisions for MLWF. See, e.g., CR at II-13 to II-14; PR at II-10 to II-11; CR/PR at Tables II-5 to II-6.

¹⁷³ See, e.g., Sodium Metal from France, Inv. No. 731-TA-1135 (Final), USITC Pub. 4045 at 18 (Nov. 2008); Certain Ceramic Station Post Insulators from Japan, Inv. No. 731-TA-1023 (Final), USITC Pub. 3655 at 15 n.104 (Dec. 2003); see also Celanese Chemicals Ltd. v. United States, 2007 WL 735024 at *12 to *15, Slip Op. 07-16 at 27-33 (Ct. Int’l Trade Jan. 29, 2007).

eight products for the period January 2008 through June 2011.¹⁷⁴ Pricing data reported by these firms accounted for approximately 40 percent of the domestic industry's U.S. shipments of MLWF and 14 percent of U.S. shipments of imports from subject producers in China in 2010.¹⁷⁵ As a majority of these comparisons show, subject imports undersold the domestic like product throughout this period.¹⁷⁶ Specifically, imports from subject producers in China undersold the domestic like product in 60 of 110 quarterly comparisons, or 54 percent of the time, at margins ranging from 1.5 to 36.4 percent.¹⁷⁷

Petitioners urge the Commission to discard import prices where the importers reported prices for products that were not of the species identified in the pricing product definitions.¹⁷⁸ We reject this argument because the instructions in the questionnaires specifically stated that importers could report data for products that were not identical to the defined pricing products, but that they believed competed with those products.¹⁷⁹

For their part, respondents argue that the quarterly pricing data do not show significant underselling because in the comparisons for pricing products 1, 2, 3, and 5 that involve the majority of the domestic industry's shipments, imports from subject producers in China oversold the domestic like product.¹⁸⁰ We acknowledge that the record shows that the pricing products with a red oak-face (products 1, 2, 3, and 5) accounted for a large share of the total shipments reported by the domestic industry (38.3 percent by quantity for the investigation period).¹⁸¹ As a species native to the United States, red oak naturally figures in the products offered by the domestic industry.¹⁸² For these pricing products, imports

¹⁷⁴ The pricing products included the following: (1) multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, red oak-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (2) multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (3) multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (4) multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, maple-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (5) multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red-oak face product, prefinished (MDF, HDF or similar core), 125 mm (5 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (6) multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, unscrapped/plain, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (7) multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, hand scraped, prefinished, "Rustic" or "Country" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length; (8) multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, American walnut face, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length. See, e.g., CR at V-3 to V-4; PR at V-2 to V-3.

¹⁷⁵ See, e.g., CR at V-4; PR at V-3.

¹⁷⁶ See, e.g., CR/PR at Tables V-1 to V-10.

¹⁷⁷ See, e.g., CR/PR at Tables V-1 to V-10.

¹⁷⁸ See, e.g., Petitioners' Prehearing Brief at 43.

¹⁷⁹ Questionnaire respondents' decision to do so reinforces our finding, discussed above, that competition in the U.S. MLWF market occurs across species.

¹⁸⁰ See, e.g., CNFPPIA Prehearing Br. at 8-11.

¹⁸¹ See, e.g., CR/PR at Tables V-1 to V-10; CR at V-22; PR at V-14.

¹⁸² See, e.g., Confer. Tr. at 24 (Natkin), 160-62, 192-93 (Elbrecht) (describing how his U.S. firm sends lumber indigenous to the United States such as red oak to China for processing into MLWF), 195 (Bowen).

from subject producers in China oversold the domestic like product in 47 of 54 instances.¹⁸³ The pricing data, however, show that the volume of subject imports for these four products as a whole accounts for a relatively insignificant share of total imports of subject merchandise (***) percent by quantity for the investigation period).¹⁸⁴

Furthermore, in asking us to place dispositive weight on the limited instances of underselling for red oak products, which reflect higher volumes of domestic shipments but lower volumes of subject imports from China, respondents would have us ignore underselling by imports of MLWF from subject producers in China for non-red oak pricing products, where there are higher volumes of subject imports from China but lower volumes of domestic shipments. We decline to reject evidence of nearly universal underselling of the domestic like product by imports from subject producers in China for the other pricing products (pricing product 4 (a maple-face product), products 6 and 7 (hickory-face products), and product 8 (an American walnut-face product)).¹⁸⁵ For these pricing products, imports of MLWF from subject producers in China undersold the domestic like product in 53 of 56 instances, at margins that ranged from *** percent to *** percent for pricing product 4, *** percent to 36.4 percent for product 6, *** percent to *** percent for product 7, and 2.8 percent to 24.4 percent for product 8.¹⁸⁶ As petitioners note, these four pricing products accounted for a sizable portion of the pricing data reported by importers of subject MLWF products from China and show widespread underselling.¹⁸⁷ Indeed, we note that the underselling is particularly widespread for product 7, which is a high-value hand-scraped MLWF product,¹⁸⁸ despite the fact that respondents argue – and our record shows – that hand-scraped products accounted for a sizable and growing share of the otherwise declining U.S. MLWF market during the investigation period, as discussed above.¹⁸⁹

Nonetheless, we recognize that the quarterly pricing product data in these investigations have limitations in that they correspond to very detailed product specifications and identify the species of the product's face. In their comments on the draft questionnaires at the start of the final phase of these investigations, the parties encouraged the Commission to refine the defined pricing products to include very specific product characteristics and features. Based on the more complete record before us at the end of the final phase of these investigations, however, we conclude that competition is not limited to products manufactured with faces of identical species. Although not all species are interchangeable with one another in the consumer's eye, our record demonstrates that products manufactured with faces of different species often compete with one another because different staining colors and techniques enable a given species to have more than one appearance or look, as discussed above.¹⁹⁰ Due to cross-species competition, low-priced imports of MLWF of products with a face of a given species manufactured by

¹⁸³ See, e.g., CR/PR at Tables V-1 to V-10.

¹⁸⁴ See, e.g., CR/PR at Tables V-1 to V-3, V-5.

¹⁸⁵ See, e.g., CR/PR at Tables V-4, V-6 to V-8.

¹⁸⁶ See, e.g., CR/PR at Tables V-4, V-6 to V-8; CR at V-22; PR at V-14.

¹⁸⁷ See, e.g., Petitioners' Prehearing Brief at 42.

¹⁸⁸ See, e.g., CR/PR at Table V-7.

¹⁸⁹ Record data also demonstrate that hand-scraped MLWF products were high-value products for the domestic industry, compare, e.g., CR/PR at Table V-1 to V-6 and V-8 with CR/PR at Table V-7, and accounted for about *** percent of domestic producers' shipments in 2010. Indeed, the importance of demand for hand-scraped products is reflected in information provided by domestic producers. Specifically, *** See, e.g., CR at VI-4 n.8; PR at VI-2 n.8; supplemental data at responses to domestic producers' questions.

¹⁹⁰ See, e.g., Hearing Tr. at 66 (Natkin), 80-81 (Anderson, Finkell, Natkin); Petitioners' Posthearing Brief at 4-8, Exh. 1-3, Answers to Commissioners' Question E; Importer Respondents' Posthearing Brief at Answers to Commission's Questions at 19-21; samples circulated during Commission's hearing and samples submitted by respondents after the Commission's hearing; supplemental data at answers to question 3 and question 4.

subject producers in China affect prices of more than just domestically produced MLWF products with a face of that same species. Because consumers value attributes such as color, grain, and texture, the traditional pricing product data that are based on narrowly defined criteria such as species, therefore, necessarily do not present a full picture of competition, underselling, or other price effects in the U.S. market.

In view of the limitations on the traditional quarterly pricing data, the parties also disagree about whether the Commission should examine underselling by comparing aggregate average-unit-value- (“AUV”) data for commercial shipments by the domestic industry with AUVs for imports of MLWF from subject producers in China.¹⁹¹ The Federal Circuit has cautioned against relying on AUV data for a price effects analysis in cases involving serious issues of product mix where the values may reflect different merchandise rather than differences in price.¹⁹² Although the AUV data in Table C-1 (adjusted to exclude U.S. Floors), which are based on all reported commercial U.S. shipments by domestic producers and importers of subject MLWF from China, reflect a higher coverage than the traditional quarterly pricing product data in Tables V-1 to V-8, we decline to rely on these AUV comparisons in these investigations, due to the product-mix concerns identified by the Federal Circuit in such circumstances. For example, these data do not account for any changes in the product mix sold by domestic producers or by importers of MLWF from subject producers in China, even though a variety of products were sold in the U.S. market, and they do not account for the fact that a higher proportion of MLWF imported from subject producers in China consisted of hand-scraped products.

On the other hand, we find other, more narrowly defined, AUV data to be probative in these investigations. As noted earlier, the Commission solicited additional data from all domestic producers and from all firms that were parties to these proceedings. These firms were asked to provide volume and value data concerning MLWF products with a face of Asian birch and acacia, hand-scraped MLWF products and non-hand-scraped MLWF products, and their top five MLWF products by species. These data, and in particular the data submitted by importers and domestic producers, provide considerably greater coverage than the traditional quarterly pricing data in these investigations.¹⁹³ We recognize that these data are not as complete as the AUV data discussed in the preceding paragraph that are reflected in

¹⁹¹ See, e.g., Petitioners’ Prehearing Brief at 40; Hearing Tr. at 54-55, 63-65 (Dougan), 141-44 (Dougan, Levin), 176-77 (Dougan), 323-24 (Boltuck); Petitioners’ Posthearing Brief, Answer to Commissioners’ Question B, Answer to Question E; Fine Furniture Posthearing Brief at 2-3 and n.4; Home Legend/Lumber Liquidators’ Posthearing Brief at 6-7; CNFPFA’s Posthearing Brief at 8-9.

¹⁹² Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002); see also Nucor Corp. v. United States, 594 F. Supp. 2d 1320, 1363 (Ct. Int’l Trade 2008) (“AUV data is not dispositive proof of underselling because this data is only reliable if the product mix is constant over time.”). The Commission has also declined to place weight on AUV data where there are product mix issues. See, e.g., Polyethylene Retail Carrier Bags from Indonesia, Taiwan, and Vietnam, Invs. Nos. 701-TA-462 and 731-TA-1156-1158 (Final), USITC Pub. 4144 at 27, n.168 (Apr. 2010) (finding the probative value of AUVs to be “questionable,” given evidence of wide variations in price depending on weight and other physical attributes); Oil Country Tubular Goods from Austria, Brazil, China, France, Germany, India, Indonesia, Romania, South Africa, Spain, Turkey, Ukraine, and Venezuela, Invs. Nos. 701-TA-428 and 731-TA-992-994, 996-1005 (Prelim.), USITC Pub. 3511 at 23, n.137 (May 2002). When such product mix issues are not present to a significant degree, however, the use of AUVs may be permitted, particularly when the “normal” pricing data are also considered. See Geo Specialty Chemicals, Inc. v. United States, 2009 WL 424468, Slip Op. 09-13 at 9-19 (Ct. Int’l Trade Feb. 19).

¹⁹³ The Commission received responses from seven U.S. producers, 22 U.S. importers, eight purchasers, and one Chinese producer. Responses by U.S. producers represent about *** percent of commercial shipments in 2010, responses by U.S. importers represent *** percent of subject imports from China, responses by purchasers include about *** percent of U.S. commercial shipments and about *** percent of subject imports from China, and data reported by one responding foreign producer represent about *** percent of subject imports from China in 2010. The Chinese producers’ association also submitted data on behalf of the entire Chinese industry.

Table C-1 (adjusted to exclude U.S. Floors) and that the supplemental data have not undergone the same level of scrutiny as the traditional pricing data or the other questionnaire data. Nevertheless, these data are consistent with other record data showing significant adverse price effects by imports of MLWF from subject producers in China discussed herein.

These supplemental data show nearly universal underselling of the domestic like product by imports of MLWF from subject producers in China, both in comparisons of products with faces of the same species and in comparisons of products with faces of similar groupings of species.¹⁹⁴ These data also show consistent underselling of domestically produced hand-scraped products by imports of hand-scraped MLWF from subject producers in China.¹⁹⁵ Indeed, although hand-scraped products accounted for higher AUVs than non-hand-scraped products for both domestically produced MLWF and MLWF imported from subject producers in China, imports of hand-scraped MLWF from subject producers in China were priced so low in the U.S. market that they undersold domestically produced non-hand-scraped MLWF throughout the investigation period.¹⁹⁶

Other record data demonstrate the same trends. For example, purchasers generally ranked products imported from China as superior in terms of price (*i.e.*, they are lower priced).¹⁹⁷ Purchasers also reported initially choosing or switching to imports from China based on price.¹⁹⁸ The record also reflects that domestic producers were forced to lower prices to compete with low-priced imports of MLWF from subject producers in China.¹⁹⁹ Moreover, respondents argued that sales to big box/home centers constituted a growing segment of the U.S. market, and record evidence indicates not only that imports of MLWF from subject producers in China increased their sales to this segment but also that they were able to do so using lower prices.²⁰⁰ Finally, the record shows that that domestic producers lost sales due to low-priced competition from MLWF imported from China.²⁰¹

Based on all of this evidence, we conclude that there has been significant underselling of the domestic like product by imports of MLWF from subject producers in China and that this underselling enabled subject importers to gain market share at the expense of the domestic industry.

We also find evidence that low-priced imports MLWF from China have depressed prices of the domestic like product in the U.S. market. The supplemental pricing data show that domestically produced MLWF faced competition from a large and growing volume of substitutable MLWF that was lower

¹⁹⁴ See, e.g., supplemental data at answers to question 3 and question 4.

¹⁹⁵ See, e.g., supplemental data at answers to question 2.

¹⁹⁶ See, e.g., supplemental data at answers to question 2. We recognize that the supplemental data do not include ***. In the ***. Nonetheless, even adjusting the supplemental data ***, the supplemental data still show that imports of MLWF from subject producers in China undersold the domestic like product at pervasive and meaningful margins.

¹⁹⁷ See, e.g., CR/PR at Table II-9.

¹⁹⁸ Seven of 10 responding purchasers named in lost sales and lost revenue allegations in the preliminary investigations reported switching purchases of MLWF from U.S. producers to suppliers of MLWF from China. See, e.g., CR at V-26; PR at V-15. All seven reported that price was the reason for the shift. Id. ***.

¹⁹⁹ See, e.g., CR at V-26 to V-27; PR at V-15 (seven of eight responding purchasers named in lost sales and lost revenue allegations reported that U.S. producers reduced their prices of MLWF in order to compete with prices of MLWF from China since January 2007).

²⁰⁰ See, e.g., CR/PR at Table II-1 (showing increased sales to big box/home centers); Petitioners' Posthearing Brief at Answers to Commission Question M (including affidavit from ***).

²⁰¹ See, e.g., CR at V-27, V-29; PR at V-15, V-16.

priced and that the domestic industry lowered its prices, including for hand-scraped MLWF products.²⁰² The traditional quarterly pricing data for pricing product 7, a hand-scraped product, also show an overall decline in prices of the domestic like product.²⁰³ The fact that the domestic industry lowered its prices for hand-scraped MLWF products, where even respondents argue demand was increasing, demonstrates that these price declines were not due to lower demand or the severe economic downturn but were instead in response to low-priced imports from China. Evidence from purchasers' questionnaires also indicates that domestic producers were forced to lower prices to compete with low-priced imports of MLWF from subject producers in China.²⁰⁴ Confirmed lost revenue allegations further indicate that domestic producers had to lower their prices due to low-priced competition from MLWF imported from China.²⁰⁵

In sum, the significant and growing volume of low-priced subject imports of MLWF from China competed directly with the domestic like product, it was sold in the same channels of distribution to the same customers, and it undersold the domestic like product at significant margins, causing domestic producers to lose revenue and market share and leading to evidence of adverse effects on the domestic industry's MLWF prices.

F. Impact of the Subject Imports²⁰⁶

Section 771(7)(C)(iii) of the Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."²⁰⁷ These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor

²⁰² Specifically, between 2008 and 2010, the supplemental pricing data show overall declines in prices of the domestic like product for birch, hickory, maple, oak, red oak, and walnut as well as overall declines in prices of the domestic like product for birch products, hickory products, maple products, oak products, and walnut products. These data also show lower prices in interim 2011 than in interim 2010 for birch, hickory, maple, oak, and walnut as well as for birch products, hickory products, maple products, oak products, and walnut products.

²⁰³ See, e.g., CR/PR at Table V-7.

²⁰⁴ See, e.g., CR at V-26 to V-27; PR at V-15 to V-16 (seven of eight responding purchasers named in lost sales and lost revenue allegations reported that U.S. producers reduced their prices of MLWF in order to compete with prices of MLWF from China since January 2007).

²⁰⁵ See, e.g., CR at V-27, V-29; PR at V-15, V-16.

²⁰⁶ We have considered the magnitude of the margins found by Commerce in its final antidumping and countervailing duty determinations, discussed above. See, e.g., CR/PR at Table I-2; 76 Fed. Reg. 64318 (Oct. 18, 2011); CR/PR at Table I-1; 76 Fed. Reg. 64313 (Oct. 18, 2011). Commerce reported the following countervailable programs: (1) income tax subsidies for FIES based on geographic location; (2) two free, three half program; (3) VAT and tariff exemptions on imported equipment; (4) provision of electricity for less than adequate remuneration; (5) certification of national inspection fee on products and reputation of well-known firm – Jianshin county; (6) international market development fund grants for SMEs; (7) GOC and sub-central government grants, loans, and other incentives for development of famous brands. See, e.g., Commerce's decision memorandum in CVD investigation.

²⁰⁷ 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.")

is 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.”²⁰⁸

We find that imports of MLWF from subject producers in China had a significant adverse impact on the domestic industry during the investigation period. Almost all of the domestic industry’s performance indicators declined significantly from 2008 to 2009. Some of the domestic industry’s performance factors appeared to improve somewhat from 2009 to 2010, but remained at lower levels in 2010 than in 2008. Also, as discussed below, contrary to respondents’ arguments, any apparent improvements in the domestic industry’s condition from 2009 to 2010 and between interim 2010 and interim 2011 do not sever the causal connection between the injury suffered by the domestic industry and the subject imports.

During the investigation period, the domestic industry’s share of apparent U.S. consumption by quantity declined from *** percent in 2008 to *** percent in 2009, fell even further to *** percent in 2010, and was *** percent in interim 2011. Faced with declining U.S. shipments and lower net sales,²⁰⁹ the domestic industry reduced its overall production capacity,²¹⁰ produced less,²¹¹ and operated at relatively low levels of capacity utilization.²¹² The domestic industry initially reduced end-of-period inventories, but its inventories were increasing by the end of the investigation period.²¹³

Any modest improvement in the absolute or relative financial losses experienced by the domestic industry in 2010 or interim 2011 was not mirrored by any improvement in employment levels, which dropped consistently from 2008 through interim 2011.²¹⁴

The domestic industry’s financial condition was poor over the period examined. The industry’s net sales value declined *** percent from 2008 to 2010, falling from \$*** in 2008 to \$*** in 2009 and then fell even further to \$*** in 2010, and was \$*** in interim 2010 and \$***.²¹⁵ The domestic industry

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

²⁰⁹ The domestic industry’s U.S. shipments were *** square feet in 2008, *** square feet in 2009, and *** square feet in 2010. U.S. shipments were *** square feet in interim 2010 and *** square feet in interim 2011. Its net sales were *** square feet in 2008, *** square feet in 2009, and *** square feet in 2010. Net sales were *** square feet in interim 2010 and *** square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹⁰ The domestic industry’s capacity declined from *** square feet in 2008 to *** square feet in 2009, but fell even further to *** square feet in 2010. Capacity was *** square feet in interim 2010 and *** square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹¹ The domestic industry’s production declined from *** square feet in 2008 to *** square feet in 2009 and increased to *** square feet in 2010. Production was *** square feet in interim 2010 and *** square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹² Its capacity utilization fell from *** percent in 2008 to *** percent in 2009 and then recovered somewhat to a still meager *** percent in 2010. Capacity utilization was *** percent in interim 2010 and *** percent in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹³ Domestic industry end-of-period inventories decreased from *** square feet in 2008 to *** square feet in 2009, and increased to *** square feet in 2010. Such inventories were *** square feet in interim 2010 and *** square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹⁴ The average number of PRWs declined *** percent between 2008 and 2010, from *** to ***. The number of such workers was *** in interim 2010 and *** in interim 2011. Wages paid declined *** percent from 2008 to 2010 (from \$*** to \$***), and were \$*** in interim 2010 and \$*** in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors). The industry’s labor productivity increased slightly over the period, rising from *** square feet per hour in 2008 to *** square feet per hour in 2009 and *** square feet per hour in 2010. Id.

²¹⁵ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

had operating losses ***.²¹⁶ The industry's return on investment was *** in 2008, *** in 2009, and *** in 2010.²¹⁷ The domestic industry's capital expenditures and research and development ("R&D") expenditures also declined throughout the investigation period.²¹⁸

We have considered whether there are other factors that have had an impact on the domestic industry. Respondents argue that consumers now have access to a wider range of higher-quality products, such as laminate, luxury vinyl tile, bamboo, and cork, that are viable alternatives to MLWF.²¹⁹ Respondents claim that these substitutes compete directly with MLWF and take away market share,²²⁰ although respondents have also argued that subject imports have taken substantial market share away from such products.²²¹ Contrary to respondents' assertion regarding the role of substitute products, record data show that MLWF maintained its share of the overall floor coverings market relative to other substitute products during the period examined in these investigations.²²²

Although the general economic downturn and declining demand for MLWF contributed to the domestic industry's deteriorating performance from 2008 to 2009, as respondents argue, we find that the decline in demand associated with the downturn worked hand in hand with the subject imports in contributing to the domestic industry's deteriorating performance. We note that the domestic industry's performance was poor throughout the period under examination, including prior to the fall in demand, as subject imports held a very substantial share of the U.S. market from the beginning. Moreover, the domestic industry's loss of market share to imports of MLWF from subject producers in China is clearly not a function of demand. Consequently, notwithstanding declines in apparent U.S. consumption between 2008 and 2009 and an overall decline in apparent U.S. consumption during the investigation period, imports of MLWF from subject producers in China had a material impact on the domestic industry.

Even the apparent improvements in the domestic industry's indicators between 2009 and 2010 generally lagged behind the U.S. market's general recovery. From 2009 to 2010, apparent U.S. consumption increased 7.8 percent.²²³ Although the domestic industry's production increased ***, much of its increased production was either exported or inventoried, with the domestic industry's exports rising *** percent from 2009 to 2010 and inventories increasing *** percent, whereas domestic shipments increased only *** percent during this period.²²⁴ Further, the domestic industry's net sales quantity rose only *** percent during this period, while its net sales value declined another *** percent.²²⁵ Even these modest improvements were not mirrored in domestic employment, which declined throughout the period from 2008 through interim 2011.²²⁶ These trends occurred while the domestic industry lost another ***

²¹⁶ Its operating ***. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²¹⁷ See, e.g., CR/PR at Table VI-5.

²¹⁸ The domestic industry's capital expenditures declined from \$*** in 2008 to \$*** in 2009, fell further to \$*** in 2010, and were \$*** in interim 2010 and \$*** in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors). R&D expenditures fell from \$*** in 2008 to \$*** in 2009 and \$*** in 2010, and were \$*** in interim 2010 and \$*** in interim 2011. See, e.g., CR/PR at Table VI-5.

²¹⁹ See, e.g., Importer Respondents' Postconf. Br. at 30-32; Home Legend/Lumber Liquidators' Prehearing Brief at 23-24; Hearing Tr. at 239 (Boltuck).

²²⁰ See, e.g., Importer Respondents' Postconf. Br. at 30-32. Information on floor covering sales in the U.S. market is found at CR/PR at Table II-3 and Table II-4.

²²¹ See, e.g., Hearing Tr. at 278-80, 288-89 (Boltuck); Importer Respondents' Prehearing Brief at 19-21.

²²² See, e.g., CR/PR at Table II-3.

²²³ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²²⁴ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²²⁵ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²²⁶ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

percentage points of market share.²²⁷ This dispels the notion that general market demand conditions explain fully the improvements in the indicators from 2009 to 2010.

We also reject respondents' related argument that the recent decline in the domestic industry's financial losses severs any causal connection between its condition and the increased volumes of subject imports.²²⁸ We note that the data on the domestic industry's financial performance are somewhat misleading because substantial costs were excluded from the data set, which in part reflects the ***.²²⁹ Because the benefit of those actions is reflected in the data as reported in Table C-1 but the corresponding cost of taking them is not, the Table C-1 financial data give the impression that the domestic industry's financial performance improved from 2009 to 2010, whereas a more complete accounting that includes those actions (presented as pro forma financial results) shows continued deterioration.²³⁰

Even if we disregard the pro forma financial results, it appears that the improvement largely reflects the domestic industry's decision to cut various costs. Thus, although the domestic industry's operating loss was reduced by *** percent, or \$***, from 2008 to 2010, net sales decreased by *** percent in terms of quantity and *** percent in terms of value during that period. At the same time, the industry's SG&A expenses fell by \$***.²³¹ Consequently, the industry's SG&A expenses decreased \$*** more than did the industry's "improved" operating levels from 2008 to 2010. We also note that total industry assets fell by \$*** from 2008 to 2010, in part reflecting the impact of the asset impairments noted above,²³² and that the industry also decreased its unit cost of goods sold ("COGS").²³³ In other words, the "improvement" in the domestic industry's losses between 2009 and 2010 is less due to enhanced sales related to a general economic recovery than it is to the severe measures the domestic industry undertook to remain competitive in the face of significant volumes of low-priced subject imports into the U.S. market from China, the cost of which is not fully reflected in the data.

We further note, as respondents do, that the domestic industry's operating losses improved by \$*** between interim 2010 and interim 2011.²³⁴ The great majority of this improvement, however, is due to the improved performance of ***. *** operating levels went from *** in interim 2010 to *** in interim 2011, an ***.²³⁵ That improvement is directly related to ***²³⁶ – and to lay off over *** production and related workers,²³⁷ which helped ***.²³⁸ Such closures significantly affected *** domestic

²²⁷ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²²⁸ See, e.g., CNFPPIA's Prehearing Brief at 12-18.

²²⁹ See, e.g., CR/PR at Table VI-2 n.4; CR at VI-14 n.18; PR at VI-7 n.18.

²³⁰ See, e.g., CR at VI-14 n.18; PR at VI-7 n.18. ***. See, e.g., CR/PR at Table VI-2 n. 4; CR at VI-14 nn.17-18; PR at VI-7 nn.17-18.

²³¹ See, e.g., CR/PR at Tables IV-4 and C-3.

²³² See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²³³ The domestic industry decreased its unit COGS from \$*** per square foot in 2008 and 2009 to \$*** per square foot in 2010; unit COGS were \$*** per square foot in interim 2010 and \$*** per square foot in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²³⁴ See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²³⁵ See, e.g., CR/PR at Table VI-2. The *** other domestic producers that experienced gains in operating income from interim 2010 to interim 2011, taken together, increased their operating income by approximately \$***. (Derived from CR/PR at Table VI-2).

²³⁶ *** U.S. Producer Questionnaire Response (Final Phase) at Answer to Question II-8 n.1.

²³⁷ *** U.S. Producer Questionnaire Response (Final Phase), at Answer to Question II-8.

²³⁸ See, e.g., CR at VI-12 at n.14; PR at VI-4 at n.14. Petitioners ask the Commission to discount the domestic industry's apparent improved performance during this time based on what they refer to as an example of "survivor bias." See, e.g., Petitioners' Prehearing Brief at 59-62; Petitioners' Posthearing Brief at Answers to Commissioners' (continued...)

production, which fell from *** square feet in 2009 to *** square feet in 2010, a drop of *** square feet.²³⁹ Meanwhile, *** increased its imports of subject MLWF by *** square feet from 2009 to 2010 and ***.²⁴⁰

Furthermore, any reduction in the domestic industry's financial losses since 2009 must be evaluated in light of the industry's cost structure. In the MLWF industry, as production volumes rise, the industry's average costs naturally benefit from spreading increased volumes over its fixed costs.²⁴¹ With the significant and growing presence in the U.S. market of unfairly traded MLWF imports from subject producers in China, however, the domestic industry did not operate at high capacity utilization levels. Thus, for example, between 2009 and 2010, while domestic capacity fell an additional *** percent and production rose *** percent, capacity utilization rose from *** percent to a still meager *** percent. Between interim 2010 and interim 2011, the domestic industry's capacity increased *** percent and production increased *** percent, but the domestic industry's capacity utilization was only *** percent in interim 2011 compared to *** percent in interim 2010.²⁴² During the period examined and in the context of poor current and projected market conditions, the domestic industry recognized impairments of both tangible and intangible assets and engaged in significant cost-cutting of SG&A expenses.²⁴³ With respect to the impairments of fixed assets specifically, on a prospective basis, these had the effect of reducing the domestic industry's manufacturing costs. Thus, notwithstanding the improvement in *** financial results noted above, had the domestic industry not lost *** percentage points of market share from 2009 to 2010 and another *** percentage points between interim 2010 and interim 2011, its financial condition would have improved to a much greater degree.²⁴⁴ In light of all of these facts, we do not find that the improvements in a few indicators of the domestic industry's performance are inconsistent with a finding of material injury by reason of subject imports.

We have also examined the impact of non-subject imports.²⁴⁵ On this issue, we disagree with respondents' reading of the Bratsk and Mittal court decisions and their progeny. Respondents argue that even in investigations such as this one which they concede does not involve a commodity, the

²³⁸ (...continued)

Question C. We agree with respondents that the label "survivor bias" does not fit circumstances such as this where ***. Nevertheless, we agree with petitioners that the *** are negative, and not positive, indicators of the domestic industry's condition.

²³⁹ In fact, *** whose U.S. production fell from 2009 to 2010. See, e.g., CR/PR at Table III-6.

²⁴⁰ See, e.g., CR/PR at Table III-6.

²⁴¹ See, e.g., CR at VI-6 at n.21; PR at VI-8 at n.21; Petitioners' Postconf. Br. at 25; Hearing Tr. at 144-45 (Natkin, Finkell).

²⁴² See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

²⁴³ See, e.g., CR at VI-13 at n.16, VI-14 at nn.17-18; PR at VI-6 at nn.16-17, VI-7 at n.18.

²⁴⁴ The Federal Homebuyer Tax Credit, which expired on April 30, 2010, likely helps to explain increased demand for MLWF during the first half of 2010, although the data do not show that the tax credit disproportionately helped sales of domestically produced MLWF any more than imports of MLWF from subject or non-subject sources. CR at II-8; PR at II-7.

²⁴⁵ Commissioner Pinkert does not join this paragraph. Based on the record evidence in these investigations, he finds that price-competitive, non-subject imports were a significant factor in the U.S. market for MLWF during the period of investigation. He also finds, however, that, given the large number of variations in MLWF products in terms of color, species, and "look," MLWF is not a commodity product. He further finds that, had the subject imports exited the U.S. market during the period, non-subject imports would not have replaced subject imports without benefit to the domestic industry. Non-subject imports did not constitute more than 16.1 percent of the U.S. market at any time during the period, and both the volume and market share of such imports declined. CR/PR at Table C-1. There is no information in the record of this investigation to indicate that they could have increased so as to replace the subject imports.

Commission needs to make a counterfactual showing – if subject imports from China were absent from the marketplace, would the domestic MLWF industry be in the same position today or would it have been better off.²⁴⁶ The statute and the case law, however, do not presume any such notion nor is there any requirement for the Commission to demonstrate an order would be effective.²⁴⁷

In any event, we have closely examined the role of non-subject imports in these investigations. There were a variety of sources for non-subject MLWF imports into the United States, of which the primary sources of imports of non-subject MLWF were ***.²⁴⁸ Unlike subject imports, non-subject imports declined overall during the investigation period, both in absolute and relative terms.²⁴⁹

Consequently, the picture emerges of a domestic industry (1) with a steadily declining market share due primarily to the significant volume of subject imports from China that is increasing significantly relative to domestic production and apparent U.S. consumption, (2) that faces significant underselling by MLWF imported from producers of subject merchandise in China and indications of depressed pricing, (3) that has disproportionately borne the burden of economic downturns while not sharing proportionately in improvements in market conditions, (4) that consistently ***, (5) that experienced steep declines in employment and wages, and (6) whose apparent recent financial improvements were driven in large part by *** partial abandonment of domestic production capacity in favor of low-cost subject imports and asset impairments. Based on all of the foregoing trends, we find that there is a causal nexus between subject imports and the poor condition of the domestic industry and that the domestic industry is materially injured by reason of subject imports.

CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing MLWF is materially injured by reason of subject imports from China that Commerce found were sold in the U.S. market at less-than-fair value and/or subsidized by the Government of China.

²⁴⁶ See, e.g., Importer Respondents' Posthearing Brief at 6-12, Answers to Commission Questions at 40-45.

²⁴⁷ See, e.g., Mittal, 543 F.3d at 876-77.

²⁴⁸ See, e.g., CR at I-4; PR at I-3.

²⁴⁹ The quantity of non-subject imports declined overall between 2008 and 2010, decreasing from 54.5 million square feet in 2008 to 43.0 million square feet in 2009 and increased somewhat to 47.9 million square feet in 2010. It was 23.3 million square feet in interim 2010 and 25.3 million square feet in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors). Non-subject imports' share of the U.S. market declined from 16.1 percent in 2008 to 15.1 percent in 2009 and increased somewhat to 15.6 percent in 2010. Their market share was 15.0 percent in interim 2010 and 15.6 percent in interim 2011. See, e.g., CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

DISSENTING VIEWS OF CHAIRMAN DEANNA TANNER OKUN AND COMMISSIONER DANIEL R. PEARSON

I. INTRODUCTION

Based on the record in the final phase of these investigations, we find that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of multilayered wood flooring (MLWF) from China that the U.S. Department of Commerce (“Commerce”) has found are sold at LTFV and subsidized by the Government of China.

We join the Commission’s Views with respect to background, domestic like product, domestic industry, legal standards, and conditions of competition (with the exception of substitutability). We write separately, however, with respect to our analysis of material injury and threat of material injury by reason of the subject imports. For the reasons discussed below, we find that an industry in the United States producing MLWF is neither materially injured nor threatened with material injury by reason of subject imports from China.

II. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

We preface our findings by highlighting the fact that the Commission received good cooperation and participation by the Chinese producers. Questionnaire responses were received from 52 Chinese producers/exporters that accounted for the majority of Chinese production in 2010 and the vast majority of exports to the United States from China.¹ Additionally, representatives of the China National Forest Products Industry Association appeared at the hearing.²

A. Conditions of Competition

Substitutability

Although we join the Commission’s Views with respect to conditions of competition, we do not join the majority’s analysis of substitutability. We instead find a significant degree of attenuated competition between the MLWF produced by the domestic industry and the subject imports from China that we believe explains the U.S. market share that subject imports hold. We find support for respondents’ argument that while the domestic industry was focused on the builder segment, a segment that consumed mostly traditional (i.e. oak) products that were intended to be professionally installed, the importers and their Chinese producers were finding an increasingly receptive market in the big box/home centers and independent retail stores that sold to individual consumers who were remodeling their homes, or were replacing other types of floor coverings, with MLWF. Thus, while the products may be substitutable in a broad sense,³ because of their different market orientation, importers of the subject products developed product features and characteristics that appealed primarily to consumers who are remodeling, “do-it-yourselfers,” such as click-lock installation technology. Clint Hubbard, chief executive officer of Home Legend (at that time, primarily an importer), stated in testimony that the

¹ CR/PR at VII-1. During the preliminary phase, the “Commission received responses from 31 firms accounting for a majority of 2009 production of MLWF and the vast majority of exports to the United States from China.” USITC, Multilayered Wood Flooring from China, Inv. Nos. 701-TA-476 and 731-TA-1179 (Preliminary), USITC Pub. 4206 (Dec. 2010), at VII-1.

² CR/PR at App. B.

³ CR at II-13, PR at II-10.

click-lock floating floor “targets the do-it-yourself consumer” because it “allows for easy, no-cost installation by the consumer or low-cost installations by professional installer” because it “does not need to be nailed or glued down.”⁴ Such click-lock designs have become popular with consumers, taking an estimated 40 percent of the do-it-yourself flooring market,⁵ and an estimated 20 percent of all hardwood flooring sales.⁶ He emphasized that “U.S. manufacturers have been slow to adopt these technologies which have taken market share from traditional products that require more extensive installation.”⁷ He included MLWF products “made with high-density fiberboard, or HDF core” among those that are increasingly popular with consumers but, while readily available “as a high-quality import,” are available from “[o]nly a few domestic producers.”⁸

Petitioners also testified to the existence of a similar dynamic in recent years. Don Finkell, of Shaw Hardwood, stated that until a “few years ago most of the Chinese competition was in I would say the simpler products, the things that represented the most base grade”⁹ Dan Natkin, of Mannington Mills, explained that China initially sold very basic, rather low quality flooring in the U.S. market.¹⁰ He noted that “[f]or the most part, the quality of the product we see from China is very good now.”¹¹ Mr. Natkin further explained that Chinese imports began as oak and hickory products but caught on to “the emergent trend of hand-scraped floors”¹² and later offered alternative species such as acacia.¹³

These higher value products such as hand-scraped MLWF and exotic wood species are favored by the remodeling market.¹⁴ As Don Finkell explained, the “general base grade for builders would be a three inch wide, three-eighths inch thick [o]ak surface layer,” and that while some builders have been using hand-scraped products recently, “trends in the builder market tend to lag the remodel market and they want to make sure that it’s something that a broad range of people are going to like”¹⁵ In other words, builders prefer a safe, traditional look.¹⁶ Confirming another major difference between the builders’ segment and the remodeling segment, petitioners testified that builders place a much higher priority on service because they are working to tight schedules and any delay in completion may result in

⁴ Prelim. Conf. Tr. at 139-40 (Mr. Hubbard); Hearing Tr. at 273-74 (Mr. Hubbard). Petitioners concur with the view that click-lock flooring is specific to the do-it-yourself market segment. Hearing Tr. at 103 (Mr. Finkell).

⁵ Prelim. Conf. Tr. at 206 (Mr. Hubbard).

⁶ Importers’ Postconference (Prelim.) Br., App. 2, at 7 (reprinting Floor Covering Weekly, Perspective, July 19-26, 2010, at 21).

⁷ Prelim. Conf. Tr. at 140 (Mr. Hubbard); see also Prelim. Conf. Tr. at 208 (Mr. Hubbard).

⁸ Prelim. Conf. Tr. at 142 and 215 (Mr. Hubbard).

⁹ Prelim. Conf. Tr. at 68 (Mr. Finkell).

¹⁰ Hearing Tr. at 25 (Mr. Natkin) (“When I started in this business [before 2006], China was a bit player who sold very little Chinese product in the U.S., and what we did see was very basic, rather low quality flooring.”).

¹¹ Hearing Tr. at 26 (Mr. Natkin).

¹² Hearing Tr. at 77 (Mr. Natkin).

¹³ Hearing Tr. at 78-79 (Mr. Natkin).

¹⁴ Prelim. Conf. Tr. at 68 (Mr. Finkell).

¹⁵ Prelim. Conf. Tr. at 72 (Mr. Finkell); see also Hearing Tr. at 338 (Mr. Hamar) (addressing style challenges for U.S. producers who have to market products nationally).

¹⁶ Hearing Tr. at 218 (Mr. Anderson) (“U.S. domestic production is very standardized and is often hard to see what differentiates one manufacturer from another”); Hearing Tr. at 226 (Mr. Hamar) (“The domestic material I have available to me is fairly standard.”); Hearing Tr. at 272 (Mr. Ervin) (stating that the domestic industry’s best products are “an oak product and a hickory product, and they’re smooth in nature,” but “they don’t do as well” in other products).

higher costs to the builders; they agree that the remodel segment does not place the same priority on service.¹⁷ This emphasis by builders on service favors producers located in the United States.

Along with this focus on features designed specifically for the do-it-yourself market, importers have also formed strong commercial alliances with the big box home centers, such as Home Depot, Lowe's, Floor and Decor Outlets, and Lumber Liquidators, that market directly to the do-it-yourself consumer.¹⁸ Domestic producers, in contrast, have continued their focus on builders and their independent retailers,¹⁹ and some even have an express policy of never selling to big box home centers in the interest of preserving their relationships with independent retailers.²⁰

Jeff Hamar, president of the Galleher Corp. (a distributor), testified that, for many years, they were a leading distributor of Mannington's (a petitioner) products. At the time, in the mid-1990s, the dominant model was for domestic manufacturers to have a limited number of exclusive distributors selling to thousands of independent retailers. Mr. Hamar stated that this business model was upset by the advent of the big box retail model that "opened new channels for consumers," who "began to consider the entire value proposition, product quality, style and color, warranty, and finally price."²¹ But Mr. Hamar believes that:

[m]any domestic flooring manufacturers were very slow to respond to consumer demand for new looks in wood flooring. . . . Today more than 20 species from around the world are used in flooring, yet U.S. manufacturers produce only a few of those species in the U.S. As American species like walnut, cherry, and hickory became popular, U.S. manufacturers responded slowly and priced these products at the very high end of their product range.²²

Kevin Bowen, president of BR Custom Surface (an importer), testified that before subject imports entered the market, "a small number of large domestic manufacturers . . . controlled the U.S. market," and these "mass producers were typically inflexible with product selection and their prices."²³ This dissatisfaction drove "the larger retail buyers to seek more control over the products they put on their shelves as taste and market trends change."²⁴ The sourcing of subject imports through "independent channels ha[s] allowed retailers to develop new products to quickly react to changing market conditions"

¹⁷ Prelim. Conf. Tr. at 83 (Mr. Finkell). Not surprisingly, then, a significant number, if not a majority, of purchasers rank the domestic industry as "superior" to the Chinese industry in such measures as "availability" (17 of 41), "delivery time" (29 of 41), "reliability of supply" (10 of 41), and "technical support/service" (24 of 41). CR/PR at Table II-9. See also Hearing Tr. at 341-42 (Mr. Hamar).

¹⁸ Prelim. Conf. Tr. at 202-04 (Mr. Dossche).

¹⁹ Prelim. Conf. Tr. at 198-200 (Mr. Hamar).

²⁰ Hearing Tr. at 94 (Mr. Holm) ("So I think the winning channels over the next couple of years in our industry are going to continue to be the large, mass merchants that can provide product to the consumer at more value, with more value than maybe some of the smaller, independent competitors that we traditionally have done a lot of business with."); Prelim. Conf. Tr. at 210-11 (Mr. Hamar and Mr. Himes); Prelim. Conf. Tr. at 109-10 (Mr. Finkell); Floor Covering Weekly, Industry Says Double-Digit Loss is No Surprise, July 19-26, 2010, at 2 ("We continue to maintain our promise to keep the Mannington brand out of the home centers.") (included at end of Hearing Tr. as attachment).

²¹ Prelim. Conf. Tr. at 172-73 (Mr. Hamar).

²² Prelim. Conf. Tr. at 174 (Mr. Hamar).

²³ Prelim. Conf. Tr. at 163-64 (Mr. Bowen).

²⁴ Prelim. Conf. Tr. at 164 (Mr. Bowen).

and “more control over their product offerings and their price points.”²⁵ Ken Ervin of Flooring Services testified to a similar dissatisfaction with the domestic industry in the late-1990s, stating that “[n]one of the domestic manufacturers were listening to the style and color changes that the flooring contractors and the design community were asking for.”²⁶

Jonathan Train, vice president of Swift Train Co. (a distributor), testified that they initially sought Chinese suppliers because of dissatisfaction with domestic suppliers, especially concerning marketing efforts and inconsistent supply. They discovered that using Chinese suppliers allowed them to “differentiate[] ourselves by giving the small retailer and their consumer more choice in fashion, style, product design, and function.”²⁷

Respondent importers list twelve product dimensions across which they believe that all MLWF products compete (e.g. species used in face ply, thickness of face ply, surface texture, plank dimensions, interlocking technology).²⁸ In addressing each factor, respondents highlight the distinctive aspects of subject import offerings.²⁹ While it is hard to evaluate the precise weight that should be attached to each of these features, the overall impression formed is that subject imports play an important role in stimulating design innovation and satisfying consumer desires.

Support for this is found in the purchasers’ comparisons of domestic and subject products. While most purchasers found the domestic and subject products “comparable” across a wide range of factors, a significant number of purchasers found domestic products “inferior” to subject imports from China when evaluating “product range,” (15 of 41 responses) “species,” (13 of 41 responses) and “product style” (14 of 40 responses).³⁰

We further note that at least *** domestic producers themselves found it beneficial to import subject products from China over the period of investigation, including ***.³¹ Some of the subject products imported by the domestic industry were imported to satisfy customer demand for species and visuals that are not available domestically.³²

²⁵ Prelim. Conf. Tr. at 164 (Mr. Bowen).

²⁶ Hearing Tr. at 230 (Mr. Ervin); see also Hearing Tr. at 307 (Mr. Ervin) (“[F]or a long time, . . . those [domestic] manufacturers moved at a snail’s pace. They weren’t really interested in making the products we wanted. They were interested in making the products that they wanted to make.”).

²⁷ Prelim. Conf. Tr. at 168 (Mr. Train); see Hearing Tr. at 296-97 (Mr. Savoie) (testifying that his only Chinese import offering in his small retail store is a unique 11-inch wide engineered plank that sells for as much as \$4 per square foot more than his most expensive domestic offering).

²⁸ Importers’ Posthearing Br. at 9. It was estimated that “there’s probably 20, 30 different product features somebody could discuss” Hearing Tr. at 258 (Mr. Train).

²⁹ Importers’ Posthearing Br. at 9-26; see also at Exhibit 4 (discussing sawing method); Exhibit 5 (discussing number of plies); Exhibit 6 (discussing face veneer thickness); Exhibits 7-14 (discussing finishes and textures); Exhibit 15 (discussing number and strength of plies); Exhibit 16 (discussing click-lock technology); Exhibit 17 (discussing medallions and borders); and Exhibit 19 (discussing 10 “trends” in flooring features).

³⁰ CR/PR at Table II-9.

³¹ CR/PR at Table III-6. The footnotes for ***. Id. at nn.1, 4, and 7. But see Prelim. Conf. Tr. at 171 (Mr. Train) (describing Mannington’s introduction of the “Earthly Elements” line).

³² Four domestic producers that *** explained that they import in order to satisfy customer demand for species and visuals that they cannot source domestically. CR/PR at Table III-6 nn.2, 3, 5, and 8. The *** imports because of a “***” CR/PR at Table III-6 n.2. We do, nevertheless, recognize that the domestic industry has made efforts over the period of investigation to better meet the needs of consumers seeking less traditional finishes and species. CR at VI-4 n.8, PR at VI-2 n.8 (mentioning *** new product line); Hearing Tr. at 339 (Mr. Ervin) (“[T]hey [the domestic industry] have become a little bit more accessible in some of the things that again physically they can accomplish.”).

We find that the domestic industry, until the advent of the recession of 2008-09, was focused on the builders' segment of the market; because of this focus, the domestic industry specialized in products best suited for the builders' segment—safer, more traditional looks (i.e. red oak finishes) intended to be professionally installed—and in providing superior service to their builder customers. Conversely, the big box home centers and other importers had spent years working with Chinese producers to incorporate several innovative features in their MLWF designed especially for remodeling consumers, including click-lock technologies, exotic wood species, HDF cores, and hand-scraped finishes, some of which were not available on domestically produced MLWF. The big box home centers also took advantage of their unique marketing formula to reach do-it-yourself consumers who would not previously have been interested in shopping for wood flooring. While the products offered by the domestic industry today may be directly competitive with subject imports, this was not true of the entire period of investigation, especially during the first half of the period, when we believe that conditions of attenuated competition existed.

B. Volume of the Subject Imports³³

In evaluating the volume of subject imports, section 771(7)(C)(I) of the Tariff 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.”³⁴

The volume of U.S. shipments of subject imports of MLWF decreased between 2008 and 2009, falling from 126.5 million square feet to 110.8 million square feet, before rising in 2010 to 125.4 million square feet, a level slightly less than their level at the beginning of the period.³⁵ Shipments of subject imports were 67.2 million square feet in interim 2011, compared with 62.5 million square feet in interim 2010.³⁶

As a share of apparent U.S. consumption, U.S. shipments of subject imports of MLWF gained just 1.5 percentage points from 2008 to 2009, and gained another 1.9 percentage points of market share in 2010, for an overall modest increase over the 3-year period of 3.4 percentage points.³⁷ Such imports held a 41.4-percent share of the market in interim 2011, compared with their 40.4-percent share of the market in interim 2010.

³³ In its final countervailing duty determination regarding imports of MLWF from China, Commerce calculated an ad valorem rate of 0.33 percent for Zhejiang Layo Wood Industry Co., Ltd. and Jiaying Brilliant Import & Export Co., Ltd.; 0.47 percent for Zhejiang Yuhua Timber Co., Ltd.; and 1.50 percent for Fine Furniture (Shanghai) Ltd., Great Wood (Tonghua) Ltd., and Fine Furniture Plantation (Shishou) Ltd. The ad valorem rate for the separate rate companies specifically named in Commerce's notice was 26.73 percent and the rate for all other firms was 1.50 percent. CR/PR at Table I-1.

Commerce also determined that certain producers in China were selling MLWF in the U.S. market at less than fair value. Commerce calculated final dumping margins ranging from 0.0 (de minimis) to 3.98 percent ad valorem for certain Chinese producers of MLWF, a final dumping margin of 3.31 percent ad valorem for separate rate companies, and a final dumping margin of 58.84 percent ad valorem for all others. CR/PR at Table I-2.

³⁴ 19 U.S.C. § 1677(7)(C)(i).

³⁵ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

³⁶ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

³⁷ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

As a ratio to U.S. production, subject imports from China increased steadily from 87.1 percent in 2008 to 90.7 percent in 2009, and to 109.3 percent in 2010, and was 101.1 percent in interim 2011 compared to 100.4 percent in interim 2010.³⁸

While the volume of subject imports throughout the period examined, both in absolute terms and relative to domestic production and consumption, arguably is significant, the modest increase in market share is not. While subject imports actually decreased in volume over the 3-year period, increases in subject imports' market share were the direct result of an asymmetric collapse in demand that impacted the domestic producers' priority market segments more heavily than it did the subject imports' priority market segments.³⁹ The domestic industry found itself positioned with a focus on the market segment most adversely affected, new housing starts, which declined by 47 percent over the period (at the same time that the new houses became smaller, on average).⁴⁰ The subject imports' focus, however, was on the remodeling segment, which declined by only 12 percent over the period.⁴¹ Petitioners themselves recognize the differential sectoral impact of the recession, acknowledging that their sales during the "peak boom" were "probably 60 percent new construction, 40 percent retail, and now it's sort of inversed. It's about 60 percent remodel and 40 percent new construction, 35 percent new construction."⁴² There is also evidence that even in the retail segment, trends have been shifting away from the channels favored by the domestic industry. Between 2008 and 2009, independent specialty retailers, which continue to maintain ties with the domestic industry, decreased their share of the flooring market from 54 to 47 percent (losing 8 percentage points of market share) whereas the home centers, to which some domestic producers refuse to sell, increased their share from 22 to 28 percent (gaining 6 percentage points).⁴³ To summarize, because demand for subject imports did not decrease as fast as did overall demand during the recession, subject imports' market share increased relatively in a declining market.⁴⁴

³⁸ CR/PR at Table IV-5 (data includes U.S. Floors).

³⁹ Importers' Prehearing Br., at 9-10 and 23 (quoting Jeff Hamar, President of Galleher Corp.); Importers' Posthearing Br., Exhibit 21, at ¶¶ 5 and 6; Lumber Liquidators' Prehearing Br., at 8-9, 11-12, and Exhibit A, ¶ 5 (affidavit of the ***); Lumber Liquidators' Posthearing Br., Responses to Commissioners' Questions, at 8-10 (noting statements by petitioners in the preliminary phase that the building segment represented 40 percent of their shipments); Chinese Producers' Prehearing Br., at 5; Chinese Producers' Posthearing Br., at 4; Hearing Tr. at 210 and 213 (Mr. Hubbard); at 222-23 (Mr. Hamar). This topic was the focus of much of the respondents' presentation at the preliminary conference held in November 2010. Prelim. Conf. Tr. at 139-41 (Mr. Hubbard); at 146 (Mr. Jakob); at 153-55 (Mr. Rogers); at 164-65 (Mr. Bowen); at 176 (Mr. Hamar); at 198-201 (Mr. Hamar, Mr. Hubbard, and Mr. Perry).

⁴⁰ CR/PR at II-6 and Figure II-1. The Chinese producers point out that this figure may actually understate the magnitude of the decline, because not only did new housing starts decline by 47 percent, but the new houses being built after the recession were, on average, smaller than those being built just prior to the recession. Chinese Producers' Prehearing Br., at 3-4. See also Lumber Liquidators/Home Legend Prehearing Br., Exhibit C (Floor Covering Weekly, marketWise: Light at the End of the Tunnel Still Far Off, July 18-25, 2011, at 6) ("And all the homes were, on average, about 6 percent smaller in size to those built in previous years – the real decrease in square footage available for new floors is closer to a decrease of 19 percent"); Importers' Postconference (Prelim.) Br., App. 2 (Floor Covering Weekly, Is Small the New Big?, July 19-26, 2010, at 34).

⁴¹ CR/PR at Figure II-2; CR at II-6, PR at II-5.

⁴² Prelim. Conf. Tr. at 61-62 (Mr. Natkin with Mr. Finkell then concurring). Respondents testified that the builder market declined from a 37 percent share in 2002 to 24 percent in 2010. Prelim. Conf. Tr. at 154 (Mr. Rogers).

⁴³ Prelim. Conf. Tr. at 212 (Mr. Dossche); see also Hearing Tr. at 212 (Mr. Hubbard) (stating that home centers have increased their market share by 5 percentage points since 2006, from 25 percent to 30 percent today).

⁴⁴ We concede that the data collected through the Commission's questionnaire does not clearly show such distinctions in the channels of distribution. CR/PR at Table II-1. Nevertheless, we find the anecdotal evidence, as presented below, to be persuasive. Further, petitioners themselves express the view that some producers were

(continued...)

We also note that subject imports of MLWF from China are largely imported as made-to-order products; that is, the products are generally designed in the United States and often marketed as private label brands.⁴⁵ There are no Chinese brands sold in the U.S. market.⁴⁶ As respondents argued, “[t]his isn’t a push from China, it’s a situation where the do-it-yourself companies, the Home Depots, the Lumber Liquidators, the Lowe[’]s, they’re moving into the replacement market. The demand is coming from the consumer, and that’s the difference here.”⁴⁷

In response to the respondents’ arguments that were presented at the preliminary conference about the focus of the domestic industry on the builders’ segment and their relatively smaller presence in the big box/home center segment, petitioners supplied a series of emails and presentations showing contacts between domestic producers *** and home center retailers, ***.⁴⁸ While intended to disprove the respondents’ allegations—by showing that these members of the petitioning coalition had tried to obtain business from the home centers, but were unsuccessful due to competition from low priced subject imports—the overall impression left by the record of correspondence instead supports the respondents’ interpretation. Respondents have explained the domestic industry’s loss of market share by pointing to the domestic industry’s focus on the new home construction segment prior to the 2008-09 recession;⁴⁹ the respondents do not deny that the domestic industry is now seeking to compete in the big box/home center market. A representative of the respondents testified that, “[w]hen the new home construction demand plummeted, only then did some of these suppliers turn their attention to the DIY and BIY markets, but they were kind of late to the game.”⁵⁰ And this is what the correspondence between petitioners and the home centers appears to reveal. Petitioners’ exhibits contain ten email exchanges between April 2008 and October 2010 and a presentation given by *** in August 2009.⁵¹ There are also emails that indicate that *** contacted *** in mid-2010, and a presentation made by *** that has no date (nor is one provided in

⁴⁴ (...continued)

confused over the questionnaire question that generated Table II-1, wondering whether certain customers belonged in the “Big box/home centers” or “Other retailers” categories. Hearing Tr. at 100 (Mr. Holm); at 151 (Mr. Natkin); Petitioners’ Post-hearing Br., Response to Question M, at 1 n.1.

⁴⁵ Hearing Tr. at 132-34 (Mr. Holm and Mr. Natkin); Prelim. Conf. Tr. at 209 (Mr. Jakob) (“[T]he products that [Lumber Liquidators] develop[s] are developed to meet our customers’ demands, what they ask for, what they want to see, what styles they want to have, and we spend the time painstakingly to develop and style these products for them.”).

⁴⁶ Hearing Tr. at 133 (Mr. Anderson).

⁴⁷ Prelim. Conf. Tr. at 196 (Mr. Perry). See also Hearing Tr. at 204 (Mr. Wu) (“Chinese manufacturers, unlike many of their U.S. counterparts, make only to order, so if there seems to [be] extra capacity in some months, but no orders, this is not meaningful because the Chinese factories will not produce stock hoping for orders.”); Hearing Tr. at 219 (Mr. Anderson) (“As necessary, we will source from other countries, dealing with manufacturers that do business on a made-to-order basis just like our current Chinese suppliers.”)

⁴⁸ Petitioners’ Postconference (Prelim.) Br. at Exhibits V-1 to V-5. Petitioners resubmitted the same emails in their prehearing brief in the final phase. Petitioners’ Prehearing Br. at Exhibit 17A to 17B. Although we joined the majority in the preliminary phase views, Preliminary Views at 25, in finding that the petitioners had provided evidence that they made efforts to sell MLWF through the home center stores and large chain stores throughout the period of investigation, upon closer examination, we find that most of the contacts were initiated late in the period of review.

⁴⁹ Hearing Tr. at 249 (Mr. Boltuck).

⁵⁰ Hearing Tr. at 208 (Mr. Jakob).

⁵¹ Petitioners’ Postconference (Prelim.) Br. at Exhibits V-1 and V-2; Petitioners’ Prehearing Br. at Exhibit 17A. There is one email exchange between *** in April 2008, three email exchanges between *** in July and August 2010, and six email exchanges between *** between August 2009 and October 2010.

the accompanying description in the brief).⁵² Finally, there is a presentation given by *** in November 2009.⁵³ With the exception of the single exchange between *** in April 2008, all of these contacts are dated in August 2009 or later, after the recession had ended. Of particular relevance is the first page of the presentation given by *** in August 2009. The first bullet on this first page reads “Who is ***?”⁵⁴ Likewise, the first page of the presentation given by *** in November 2009 shows the first agenda item to be “Introductions.”⁵⁵ This unfamiliarity speaks volumes about the state of relationships between the domestic industry and the home centers in mid-2009. Also, petitioners’ claim that these emails combine to show that the domestic industry has “been driven aside by insistent pricing pressure, usually a function of imports from China”⁵⁶ is not supported. Nowhere in these emails do the representatives of the home center purchasers ask the domestic industry representatives to lower a specific price and nowhere are imports mentioned by the home center purchasers.⁵⁷

Accordingly, based on the above analysis, while we find that the volume of subject imports was significant, both absolutely and relative to U.S. production and consumption, it has been a steady presence in the U.S. market and has not been responsible for significant price effects or had a significant impact on the domestic industry.

C. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether – (I) there has been significant price underselling by the imported merchandise as compared with the price of the 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.⁵⁸

In evaluating the price effects of subject imports, we consider the importance of price in purchasing decisions. Quality is the most frequently cited “number one” factor in purchasing decisions, followed by price and product style; quality is also the most frequently cited “number two” factor, followed by price, availability, and product style.⁵⁹ Among the 46 purchasers who responded to the questionnaire question asking about the importance of factors used in purchasing decisions, 45 responded that “product consistency” was very important, while the same was said by 43 purchasers about “reliability of supply,” by 42 purchasers about “quality meets industry standards,” by 41 purchasers about “availability,” and by 36 purchasers about “price.”⁶⁰ Also, the vast majority of purchasers responded that

⁵² Petitioners’ Postconference (Prelim.) Br. at Exhibits V-3 and V-4; Petitioners’ Prehearing Br. at Exhibit 17B. No date for the presentation is provided in the brief. Petitioners’ Postconference (Prelim.) Br. at 22.

⁵³ Petitioners’ Postconference (Prelim.) Br. at Exhibits V-5.

⁵⁴ Petitioners’ Postconference (Prelim.) Br. at Exhibits V-2.

⁵⁵ Petitioners’ Postconference (Prelim.) Br. at Exhibits V-5.

⁵⁶ Petitioners’ Postconference (Prelim.) Br. at 21.

⁵⁷ The one email that does mention China is discussed in the petitioners’ brief, but we note that this email is a recounting of another conversation. Petitioners’ Postconference (Prelim.) Br. at 21. An affidavit from ***, was submitted posthearing by petitioners. Mondial Trade Compliance, letter to Secretary Holbein, October 31, 2011. We acknowledge that this affidavit ***.

⁵⁸ 19 U.S.C. § 1677(7)(C)(ii).

⁵⁹ CR/PR at Table II-5.

⁶⁰ CR/PR at Table II-6.

the lowest priced product only “sometimes” or “never” wins a sale.⁶¹ So while price may be an important factor in purchasing decisions, it is likely not the most important in most purchasing contexts.

Underselling

The Commission collected quarterly pricing data for eight MLWF products.⁶² Usable pricing data were provided by *** domestic producers and *** importers of subject MLWF from China.⁶³ The data accounted for about *** percent of the value of domestic producers’ U.S. shipments and *** percent of the value of the U.S. importers’ U.S. shipments during the period examined.⁶⁴ Although disputed by petitioners, we find that the pricing data provide a representative basis to evaluate the prevalence of underselling by subject imports.⁶⁵

There was mixed underselling and overselling by subject imports. Subject imports undersold the domestic like product in 60 quarterly pricing comparisons, by margins averaging 19.2 percent and ranging from 1.5 percent to 36.4 percent.⁶⁶ Subject imports oversold the domestic product in 50 quarterly pricing comparisons, by margins averaging 17.8 percent and ranging from 0.1 to 39.4 percent.⁶⁷ Of special note however, is the fact that in pricing products 2, 3, and 5 (all “red oak” products), which together made up about 38 percent of the domestic industry’s U.S. shipments, there was overselling by subject imports in 39 of 40 quarterly comparisons.⁶⁸ Conversely, most of the underselling by subject imports (53 of the 60 instances of underselling) is found in products 4, 6, 7, and 8, which together accounted for less than 3 percent of the domestic industry’s U.S. shipments.⁶⁹ This pattern of subject import overselling in those products in which the domestic industry is most specialized, and subject import underselling in those products in which the domestic industry is less specialized, supports our finding of attenuated competition discussed in the conditions of competition section above. These observations accord with segmentation in the market characterized by (a) traditional high volume products that are price sensitive and (b) higher value, lower volume products that are less price sensitive; in this case, the higher volume products are the traditional red oak products (e.g. products 1, 2, 3, and 5) that the domestic industry specializes in, whereas the higher value products are those with a face ply of other species and with special finishes (e.g. products 4, 6, 7, and 8). Testimony from petitioners concurs with this basic dichotomy.⁷⁰

Although we find mixed underselling and overselling by subject imports, we conclude that there has not been significant price underselling by the imported merchandise as compared with the price of the domestic like product.

⁶¹ CR/PR at Table II-7 (showing that 33 of 45 responding purchasers indicated that the lowest priced product will “sometimes” or “never” win the sale, whereas only one respondent indicated that the lowest priced product will “always” win the sale).

⁶² CR at V-3 to V-4, PR at V-2 to V-3.

⁶³ CR at V-4, PR at V-3.

⁶⁴ CR at V-4, PR at V-3.

⁶⁵ Petitioners’ Posthearing Br., Responses to Commissioners’ Questions, at E-1 to E-12.

⁶⁶ CR/PR at Table V-10.

⁶⁷ CR/PR at Table V-10.

⁶⁸ CR/PR at Tables V-2, V-3, and V-5.

⁶⁹ CR/PR at Tables V-4, V-6, V-7, V-8 and C-1 (adjusted to exclude U.S. Floors).

⁷⁰ Prelim. Conf. Tr. at 71 (Mr. Finkell) (“the builder market is more price sensitive than the remodel market”).

Price Depression and Price Suppression

In evaluating whether subject imports depressed prices for the domestic like product, we examine price trends during the period examined. Prices for all eight domestic products decreased from the first quarter of 2008 through mid- 2011, but the declines were mostly modest, with prices for four of the products declining by 1.5 percent or less, and another two products by 8.5 percent or less; only two products, 5 and 7, showed significant declines of 27.1 and 23.4 percent, respectively.⁷¹ It is worth noting that for product 5, which showed the largest decline in price over the period, there was overselling by subject imports in 11 of 12 quarterly comparisons.⁷² Thus, for product 5, subject import underselling was likely not the cause of the price decline.

We conclude that the modest declines in prices over the period were not the result of subject imports, and that the decline was also enabled to at least some extent by a modest decline in raw material costs.⁷³ The record does not establish that subject imports caused price depression to a significant extent, as there was only mixed underselling and overselling by subject imports, and prices were generally flat.⁷⁴

Nor do we find evidence that subject imports prevented increases in the price of the domestic product that otherwise would have occurred. As noted, prices for the domestic product declined only modestly over the period. There is no evidence that subject merchandise prevented the domestic industry from achieving price increases, as the ratio of the domestic industry's cost of goods sold to net sales was lower at the end of the period than at the beginning. The ratio of COGS to net sales increased initially, from 88.1 percent in 2008 to 90.2 percent in 2009, but then decreased to 86.7 percent in 2010 and was 82.1 percent in interim 2011.⁷⁵ Demand for MLWF fell sharply in the depth of the recession, with apparent U.S. consumption falling by 15.7 percent from 2008 to 2009, but then recovered somewhat, rising 7.8 percent between 2009 and 2010.⁷⁶ Given that a sharp fall in demand usually places downward pressure on prices, the record does not support the notion that domestic producers were poised to increase prices in 2009, but were prevented from doing so by subject imports. While the domestic industry experienced a higher COGS to net sales ratio in 2009 than in 2008, we find no evidence that subject imports prevented the domestic industry from increasing prices to a significant degree, for the reasons given above.

Data Used in Underselling Analysis

The merits of using average unit value ("AUV") data in evaluating underselling has been a topic thoroughly explored by the Commission and its reviewing courts. Use of AUV data becomes problematic in investigations in which the subject merchandise and domestic product are sold in a variety of forms at

⁷¹ CR/PR at Table V-9.

⁷² CR/PR at Table V-5. Also, most of the decrease in the U.S. producers' price for product 7 for took place between the fourth quarter of 2008 and the first quarter of 2009, concurrent with the worst of the recession, suggesting again that subject imports were not the cause of this decline. CR/PR at Table V-7.

⁷³ Raw material costs made up roughly 45 percent of total cost of goods sold for U.S. producers over the period. One of the major inputs for the domestic industry, oak sawtimber, declined by 3 percent over the period. CR/PR at V-1. Hardwood sawtimber experienced a 3 percent increase over the period. CR/PR at V-1. Prices for both raw materials declined generally during early 2009, when the recessionary pressures were strongest, but then recovered to pre-recession levels. CR/PR at Figure V-1.

⁷⁴ We note respondents' calculations showing that, after declining in the aggregate through the second quarter of 2009, the bottom of the recession, prices were stable in the aggregate through the end of the period. Importers' Posthearing Br. at 3-4.

⁷⁵ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁷⁶ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

varying prices. As held by our reviewing courts, differences in AUVs may reflect differences in product mix rather than differences in price.⁷⁷ Not only can differences in product mix undermine comparisons between subject imports and the domestic product, but also comparisons of the data from year to year, as product mix may shift over time. Given the great variety of MLWF products,⁷⁸ and their variance in price, we determine that AUVs do not constitute a reliable proxy for actual prices in these investigations. Accordingly, we decline petitioners' invitation to rely on AUVs in evaluating the extent of underselling in these investigations.⁷⁹

Having examined the record and the arguments of the parties, we find that subject imports did not have significant price depressing or price suppressing effects during the period examined.

Alleged Lost Sales and Revenues

Petitioners filed 35 lost sales allegations covering the period of the investigation, involving 1.2 million square feet of MLWF and totaling \$4.5 million.⁸⁰ Of these, the *** largest lost sales allegations make up the ***, of the total value of lost sales alleged; *** of these largest lost sales allegations were confirmed by the customer.⁸¹ In fact, of all the allegations, *** were confirmed by the customer, for a total of \$***, or *** percent of the total lost sales allegations.

Petitioners also filed 11 lost revenue allegations covering the period of the investigation, involving 2.4 million square feet of MLWF and totaling \$1.0 million. Of these, the *** largest lost revenue allegations make up a ***, of the total value of lost revenue alleged; *** of these largest lost revenue allegations were confirmed by the customer.⁸² In fact, of all the allegations, *** confirmed by the customer, for a total of \$***, or *** percent of the total lost revenue allegations.

In response to questions about the relatively low level of lost sales, petitioners stated that they are often not made aware of lost sales because it is their distributors who have the best information about lost sales.⁸³ Respondents pointed out, however, that although ***.⁸⁴

⁷⁷ See Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1373-74 (Fed. Cir. 2002), Nucor Corp. v. United States, 594 F. Supp. 2d 1320 (Ct. Int'l Trade 2008) and Oil Country Tubular Goods from Austria, Brazil, China, France, Germany, India, Indonesia, Romania, South Africa, Spain, Turkey, Ukraine, and Venezuela, Inv. Nos. 701-TA-428 and 731-TA-992-994 and 996-1005 (Preliminary), USITC Pub. 3511 (May 2002) at 23 n.137.

⁷⁸ Petitioners' Posthearing Br., Responses to Commissioners' Questions, at E-4 (noting that one of the larger domestic producers has "500 different products, SKU's").

⁷⁹ We note that all parties were invited to comment on the draft questionnaires and that petitioners filed comments on the draft questionnaires, but did not address the pricing product definitions or the use of average unit value data. Mondial Trade Compliance, Comments on Draft Questionnaires, June 8, 2011.

⁸⁰ As a point of comparison, it should be noted that total net sales by the domestic industry over this period was \$***; thus, the total value of all lost sales allegations is *** percent of the domestic industry's net sales. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁸¹ CR/PR at Table V-11.

⁸² CR/PR at Table V-12.

⁸³ Hearing Tr. at 117-23. Petitioners alleged that part of the reason there are few lost sales allegations is that it is not in the distributors' interest to report lost sales because many do not support these investigations. Hearing Tr. at 118 (Mr. Finkell) and 120 (Mr. Levin). Yet, the incentives of purchasers are similarly oriented in most, if not all, investigations by the Commission.

⁸⁴ Fine Furniture/J. Michael Posthearing Br. at 4-6.

Commerce's Final AD/CVD Margins

As noted above in the section on conditions of competition, Commerce's final AD/CVD margins were unusually low for the Chinese industry as a whole,⁸⁵ with the exception of some non-cooperating firms that were responsible for an insignificant share of Chinese exports of MLWF to the United States. While not dispositive, we find that these generally low margins accord with the pricing data collected by the Commission that shows mostly Chinese overselling in the domestic industry's highest volume products

Because we find only mixed underselling and overselling, with mostly subject import overselling in the domestic industry's highest volume products; because we find no price suppression or price depression caused by subject imports; because we find only a thin record of lost sales and lost revenue allegations; and because we find the generally low margins calculated by Commerce to be consistent with other pricing data collected by the Commission; we do not find that subject imports have adversely affected domestic prices during the period of investigation.

D. Impact of the Subject Imports

In examining the impact of subject imports, section 771(7)(C)(iii) of the Tariff Act provides that the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."⁸⁶ These factors include output, sales, inventories, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is 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."⁸⁷

The business cycle for MLWF is closely tied to U.S. residential housing construction and remodeling.⁸⁸ Seasonally adjusted housing starts decreased by 47 percent over the period, but most of that decrease occurred over the course of 2008, with housing starts relatively stable since early 2009.⁸⁹ The "Leading Indicator of Remodeling Activity" (LIRA) also decreased, but by only 12 percent over the period; most of this decrease occurred throughout 2008 and into mid-2009, with levels more or less stable since then.⁹⁰ Reflecting these recessionary pressures, demand for MLWF declined by 15.7 percent between 2008 and 2009, but then recovered somewhat between 2009 and 2010, rising 7.8 percent.⁹¹ Petitioners attributed some of the increase in demand in 2010 to the Federal Homebuyer tax credit, which

⁸⁵ CR/PR at Tables I-1 and I-2.

⁸⁶ 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.").

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

⁸⁸ CR at II-6, PR at II-5. See also CR at II-9, PR at II-7 (discussing business cycles in the MLWF market).

⁸⁹ CR at II-6, PR at II-5; CR/PR at Figure II-1. As mentioned above, this decrease in the new units being built was magnified by the 19 percent decrease in space for new floors within those homes, now smaller on average. Lumber Liquidators/Home Legend Prehearing Br., Exhibit C (Floor Covering Weekly, marketWise: Light at the End of the Tunnel Still Far Off, July 18-25, 2011, at 6).

⁹⁰ CR at II-6, PR at II-5; CR/PR at Figure II-2.

⁹¹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

expired on April 30, 2010.⁹² Demand trends continued to show some improvement in interim 2011, with demand 4.8 percent higher than in interim 2010.⁹³

At the same time, measures of the domestic industry's trade and financial performance fluctuated during the period examined. Production of MLWF declined by *** percent from 2008 to 2010⁹⁴ while capacity utilization declined by *** percentage points.⁹⁵ The quantity of net sales decreased by *** percent,⁹⁶ and the quantity of U.S. shipments declined by *** percent.⁹⁷ The number of production related workers (PRWs) employed by the MLWF industry was reduced by *** percent from 2008 to 2010,⁹⁸ while labor productivity increased from *** square feet per hour to *** square feet per hour.⁹⁹ In 2008, the domestic industry's operating loss was \$*** and was a negative *** percent as a ratio to sales. In 2009, the operating loss was \$*** and the operating margin was a negative *** percent. In 2010, the operating loss was \$*** and the operating margin was a negative *** percent. In interim 2011, the operating loss was \$*** and the operating margin was a negative *** percent, as compared with an operating loss of \$*** and an operating margin of negative *** percent in interim 2010.¹⁰⁰ Characterizing these trends, it can be stated that the domestic industry's worst year—in terms of both operating losses and operating margins—was 2009, after which the domestic industry saw some improvement, although not enough to achieve positive operating results.

We do not view this as a healthy industry; nor do we assert that, given the rapid onset and the magnitude of the collapse in the U.S. housing sector, management within the domestic industry ignored obvious problems or failed to take appropriate remedial actions. Yet, based on these trends, we do not find that the domestic industry's degraded performance during the period was due in any significant degree to the presence of subject imports. Instead, we find that (1) subject imports predominantly oversold the domestic like product in the domestic industry's highest volume pricing products; (2) for the most part, prices of the pricing products were flat, with most of the price decreases having taken place by mid-2009 (contemporaneous with raw material cost decreases); (3) there was a lack of a meaningful record of lost sales and lost revenues; and (4) when comparing trends in subject imports' volume and market share, the record evidence fails to demonstrate that trends in the domestic industry's performance were by reason of the subject imports.

The performance trends of the domestic industry do not correlate to the subject import volumes in any meaningful way. The financial performance of the domestic MLWF producers was strongest in 2010

⁹² CR at II-8, PR at II-7.

⁹³ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁴ Domestic production declined from *** square feet in 2008 to *** square feet in 2009, and then increased somewhat to *** square feet in 2011. Production was *** square feet in interim 2010 and *** square feet in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁵ Capacity utilization declined from *** percent in 2008 to *** percent in 2009, but recovered to *** percent in 2010, and was *** percent in interim 2010 compared with *** percent in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁶ Net sales decreased from *** square feet in 2008 to *** square feet in 2009, but then increased somewhat to *** square feet in 2010, and were *** square feet in interim 2010 compared with *** square feet in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁷ U.S. shipments decreased from *** square feet in 2008 to *** square feet in 2009, but then increased somewhat to *** square feet in 2010, and were *** square feet in interim 2010 compared with *** square feet in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁸ Between 2008 and 2010, hours worked by PRWs fell by *** percent, productivity increased by *** percent, and wages paid to PRWs declined by *** percent. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

⁹⁹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁰⁰ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

and interim 2011, when subject imports reached their peak market share. The ratio of operating loss to net sales improved slightly from negative *** percent in 2009 to negative *** percent in 2010 at the same time that the volume of subject import shipments increased by 13.2 percent and subject imports increased their market share by 1.9 percentage points.¹⁰¹ Likewise, the operating loss ratio improved from negative *** percent in interim 2010 to negative *** percent in interim 2011 at the same time that the volume of subject imports increased by 7.6 percent and subject imports increased their market share by 1.1 percentage points.¹⁰² Nor do the trends at the beginning of the period show the necessary causality between the performance of the domestic industry and presence of subject imports. Between 2008 and 2009, the domestic industry's operating margin worsened from negative *** to negative ***, at the same time that the volume of subject import shipments decreased by 12.4 percent; the subject import market share did, however, increase by 1.5 percentage points over this same period, but, as we explained in the section on volume, we believe that this increase in market share was due to asymmetrical impacts on demand within segments of the market for MLWF.¹⁰³

We find that the better explanation for the financial condition of the domestic industry lies in the conclusion of the Commission's staff report, which states that "[t]o the extent that U.S. producers collectively generated gross profit throughout the period, the industry's pattern of consistent operating losses can in general be attributed to its inability to recover corresponding SG&A expenses."¹⁰⁴ One of the largest domestic producers, ***, explained its *** by pointing to *** in anticipation of ***.¹⁰⁵ With respect to yet another of the largest domestic producers, ***, the staff report relates that "[t]he company's ***"¹⁰⁶ On the record in front of us, we cannot conclude that it was subject imports that were responsible for the lower-than-expected demand; instead, we conclude that it was the recession, with its negative effects centered in the housing industry, that was responsible for the lower demand and, therefore, higher unit costs.

Accordingly, although some indicators of the industry's condition worsened during the period examined, the factors described above indicate that subject imports are not contributing significantly to the domestic industry's condition. Therefore, we find that the record does not demonstrate the requisite causal nexus between the subject imports and the condition of the domestic industry. For these reasons, we find that subject imports are not having a significant adverse impact on the domestic industry.

We have considered whether there are other factors that adversely affected the domestic industry. As described above, demand for MLWF is closely tied to U.S. residential housing construction and remodeling, which account for the vast majority of sales.¹⁰⁷ Seasonally adjusted housing starts decreased by 47 percent between January 2008 and August 2011.¹⁰⁸ MLWF demand declined by 15.7 percent from 2008 to 2009 and was 9.2 percent lower overall from 2008 to 2010; as demand declined, subject imports retreated from the market and were lower in both 2009 and 2010 as compared with 2008.¹⁰⁹ The industry's production, shipments, and employment levels all declined significantly as demand for these

¹⁰¹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁰² CR/PR at Table C-1 (adjusted to exclude U.S. Floors); Hearing Tr. at 234 (Mr. Boltuck).

¹⁰³ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁰⁴ CR at VI-15, PR at VI-7.

¹⁰⁵ CR at VI-16 n.21, PR at VI-8 n.21; see also Hearing Tr. at 112 (Mr. Natkin).

¹⁰⁶ CR at VI-16 n.21, PR at VI-8 n.21.

¹⁰⁷ CR at II-6, PR at II-5.

¹⁰⁸ CR at II-6, PR at II-5.

¹⁰⁹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

MLWF products collapsed.¹¹⁰ The trade and financial performance of the domestic industry mirrored trends in apparent U.S. consumption. Coincident with a 15.7 percent decline in demand between 2008 and 2009, the domestic industry's gross profit declined by *** percent. The following year, as demand improved by 7.8 percent, the domestic industry's gross profit increased by *** percent. The correlation was exhibited in the interim periods as well. Demand was 4.8 percent higher in interim 2011 compared with interim 2010 and the domestic industry's gross profits were *** percent higher in interim 2011 as compared with interim 2010.¹¹¹

We have also considered the role of nonsubject imports in the market. Nonsubject imports were present in the market throughout the period examined and were a substantial source of supply. Nonsubject imports include imports of MLWF produced by Yuhua in China. Commerce found in the final phase of its investigations that imports manufactured and exported by Yuhua received de minimis countervailable subsidies and that its exports had not been sold at LTFV. This firm accounted for *** percent of reported Chinese production and *** percent of reported Chinese exports (both subject and nonsubject) to the United States during 2010.¹¹²

Nonsubject imports were responsive to changes in demand, decreasing in quantity in 2009, and then recovering somewhat in 2010, and were slightly higher in interim 2011 as compared with interim 2010.¹¹³ Nonsubject import prices were generally competitively priced and were sometimes priced lower than similar subject merchandise from China.¹¹⁴ Nonsubject import prices were higher than prices for U.S. produced products in 103 instances and lower in 85 instances.¹¹⁵

No domestic producers are related to nonsubject producers of MLWF. However, a portion of nonsubject MLWF imports were controlled by *** domestic producers with ***, accounting for the largest share of such imports.¹¹⁶ These domestic producers imported MLWF from nonsubject sources in *** of the period of investigation. The quantity of domestic producer controlled nonsubject imports was highest in *** and declined slowly in the following ***, but was *** in interim 2011 as compared with interim 2010.¹¹⁷

¹¹⁰ From 2008 to 2010, production of MLWF declined by *** percent, U.S. shipments declined by *** percent, and the number of PRWs declined by *** percent. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹¹¹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors). These trends were also evident in changes in the domestic industry's unit operating income and ratio of operating income to sales. Unit operating income declined by *** percent in 2009, increased by *** percent in 2010, and was *** percent higher in interim 2011 as compared with interim 2010. The ratio of operating income to sales was *** percent lower in 2009, *** percent higher in 2010, and *** percent higher in interim 2011 as compared with interim 2010.

¹¹² CR/PR at IV-1 n.2.

¹¹³ Nonsubject MLWF imports totaled 54.5 million square feet in 2008, 43.0 million square feet in 2009, and 47.9 million square feet in 2010 and held 16.1, 15.1, and 15.6 percentage points of market share, by quantity, during the full years 2008-10. Nonsubject MLWF imports totaled 23.3 million square feet in interim 2010 and 25.3 million square feet in interim 2011, and held 15.0 percentage points of market share in interim 2010 and 15.6 percentage points of market share in interim 2011. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹¹⁴ CR/PR at Tables E-1 to E-8 and Figure E-1.

¹¹⁵ CR/PR at E-3.

¹¹⁶ Domestic producer *** imports of MLWF from nonsubject sources totaled *** square feet in 2008, *** square feet in 2009, and *** square feet in 2010, and accounted for *** percent of such imports in 2010. CR/PR at Tables III-6 and IV-2. Domestic producers *** also imported MLWF from nonsubject sources in every year of the period of investigation. CR/PR at Table III-6.

¹¹⁷ U.S. producers' imports from nonsubject sources totaled *** square feet in 2008, *** square feet in 2009, and *** square feet in 2010, and they totaled *** square feet in interim 2011 as compared with *** square feet in interim 2010.

We find that the record does not show a correlation between subject imports and the domestic industry's declining performance indicia during the period of investigation. The deterioration in the domestic industry's performance indicators coincided with the global economic downturn and the fall in residential housing construction and appears to be demand driven, occurring while subject imports were decreasing overall during the period examined on an absolute basis. For the above reasons, we find that subject imports have not had a significant adverse impact on the domestic industry.

III. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

Likely Volume Considerations

For purposes of threat, we consider whether, among other factors, there will be a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports. The Commission received questionnaire responses from 52 Chinese producers/exporters that accounted for the majority of Chinese production in 2010 and the vast majority of exports to the United States from China.¹¹⁸ Chinese data on exports of MLWF to the United States contained in these responses were equivalent to slightly more than 100 percent of reported U.S. imports from China throughout this period.¹¹⁹ Given that reported U.S. imports from China are estimated to account for about 75 percent of U.S. imports of MLWF for each period for which data were collected, we find that we have comprehensive coverage of the foreign industry producing the subject products.¹²⁰

Based on these data, Chinese capacity increased overall during the period examined, with capacity utilization fluctuating, so that reported excess capacity is extensive.¹²¹ Reported excess capacity in 2010, at 213.9 million square feet, was about 70 percent of U.S. consumption in that year.¹²² Based on projections of capacity, the Chinese MLWF producers intend to slightly increase existing capacity in 2012 (by less than 2 percent).¹²³ On balance, we find that Chinese MLWF producers have the ability to increase shipments to the United States significantly.

The issue before us, however, is not simply the amount of excess capacity that currently exists in China but rather whether, given the conditions of competition in the U.S. market, the Chinese industry is likely to use that excess capacity to increase shipments to the U.S. market significantly in the imminent future. For the following reasons, we conclude that such an outcome is unlikely.

First, the trends in exports to the U.S. market reported by responding Chinese firms generally followed U.S. demand trends during the period examined. Between 2008 and 2009, exports to the United States of MLWF actually decreased by 6.6 percent, in line with declining U.S. demand (which declined by 15.7 percent); then, between 2009 and 2010, when U.S. demand rebounded by 7.8 percent, Chinese

¹¹⁸ CR/PR at VII-1.

¹¹⁹ Compare CR/PR at Table IV-2 with CR/PR at Table VII-3.

¹²⁰ CR/PR at Table IV-2.

¹²¹ CR/PR at Table VII-3. Reported capacity in China to produce finished products was 494.2 million square feet in 2008, 510.1 million square feet in 2009, and 587.5 million square feet in 2010; reported capacity was 310.7 million square feet in interim 2010, as compared with 307.6 million square feet in interim 2011. Capacity utilization was 58.8 percent in 2008, 51.1 percent in 2009, and 63.6 percent in 2010; capacity utilization was 55.4 percent in interim 2010, as compared to 58.0 percent in interim 2011.

¹²² CR/PR at Table C-1 (adjusted to exclude U.S. Floors). Apparent U.S. consumption in 2010 was 306.8 million square feet.

¹²³ CR/PR at Table VII-3.

exports increased by 43.6 percent.¹²⁴ In interim 2011, when demand was higher by 4.8 percent when compared to interim 2010, Chinese exports to the U.S. market were 7.4 percent higher.¹²⁵ There is no reason to expect a surge in subject import volume and market share in the imminent future, inasmuch as forecasted demand in the U.S. market remains steady.¹²⁶ Consequently, given the trends observed during the period examined, we do not find a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports in the imminent future.

Second, although the Chinese industry can be characterized as export-oriented, the Chinese industry sent between 41.6–48.2 percent of its exports to markets other than the U.S. market during the period examined.¹²⁷ There are no known trade remedy actions in place or being contemplated in third-country markets.¹²⁸ Thus, we do not consider that the existing unused production capacity in China, or the export orientation of Chinese producers, indicates a likelihood of substantially increased imports of the subject merchandise into the United States in the imminent future, given the demonstrated ability of other export markets to absorb additional exports from China. In addition, China has a sizeable and growing home market demand.¹²⁹ Responding producers in China reported that the quantity of the home market shipments increased from 2008 to 2010 by 43 percent.¹³⁰ The share of total shipments to the home market remained above 20 percent throughout the period examined and is projected to exceed 26 percent

¹²⁴ CR/PR at Tables VII-3 and C-1 (adjusted to exclude U.S. Floors). Reported exports of finished products decreased from 118.5 million square feet in 2008 to 110.5 million square feet in 2009, before increasing to 158.7 million square feet in 2010. Respondents argued that “the volume of imports has been artificially inflated over the past year” due to the fact that “importers have advanced their planned imports ahead of . . . preliminary determinations” by Commerce and the Commission. Hearing Tr. at 241 (Mr. Boltuck).

¹²⁵ CR/PR at Tables VII-3 and C-1 (adjusted to exclude U.S. Floors). Reported exports were 72.7 million square feet in interim 2010, as compared with 78.2 million square feet in interim 2011.

¹²⁶ Post-hearing, three of the largest domestic producers offered their assessment of future demand. ***. Petitioners Posthearing Br., Responses to Commissioners’ Questions, at D-1. A distributor testifying for the petitioners at the hearing stated that he did not expect much change in demand in either 2011 or 2012. Hearing Tr. at 96 (Mr. Anderson). As explained below, we find no evidence that importers used underselling to increase the volume of sales in the U.S. market, a fact that further supports our finding as to likely volume.

¹²⁷ The share of Chinese exports going to “all other markets” was 48.2 percent in 2008, 44.8 percent in 2009, 44.7 percent in 2010, and 41.6 percent in interim 2011. CR/PR at Table VII-3. The Chinese producers made an argument that they are not as export-oriented as would appear, noting that there are many other producers of MLWF in China; these other, less-sophisticated producers, however, do not export. Chinese Producers’ Posthearing Br., Responses to Commissioners’ Questions, at 2-3; CR/PR at VII-1; Prelim. Conf. Tr. at 178 and 191-92 (Mr. Neeley).

¹²⁸ CR at VII-10, PR at VII-5.

¹²⁹ Although our information on Chinese home market demand is limited, it indicates that Chinese consumption of MLWF will continue to grow. CR/PR at VII-1; Prelim. Conf. Tr. at 165 (Mr. Bowen) (“The domestic flooring market in China is exploding, nobody disputes that.”). This is given at least circumstantial confirmation by the fact that two U.S. producers, Anderson and Mannington, have recently begun marketing their products in China. Chinese Producers’ Prehearing Br. at 19-20; Hearing Tr. at 126-28 (Mr. Natkin and Mr. Finkell). Petitioners testified that “there is certainly demand for this product in China. The China market is very strong. There are a lot more people there. They have more housing starts than we do, but – and we saw it as a potential as you have consumers in China moving up the income scale.” Hearing Tr. at 128 (Mr. Finkell).

¹³⁰ CR/PR at Table VII-3.

in 2012.¹³¹ Chinese producers submitted evidence that Chinese home market prices were higher for some MLWF products than the prices in the U.S. market.¹³²

Other factors that the statute compels us to examine do not alter our conclusion. With regard to inventories of the subject merchandise, there was no significant increase in inventories of subject product held by Chinese producers or U.S. importers over the period examined. While inventories of MLWF held by importers initially decreased by about 18 percent from 2008 to 2009 as demand declined, inventories of subject imports subsequently recovered in 2010 to a level slightly higher than in 2008.¹³³ The ratio of inventories held by Chinese producers to Chinese production was lower in 2010 than in 2008.¹³⁴ It should also be noted that inventory levels in this industry are likely to be higher than average due to the sheer number of MLWF products manufactured and the need to maintain sufficient inventories for all product varieties.¹³⁵ Half of the responding importers indicated that at least 80 percent of their sales are from U.S. inventory.¹³⁶ Thus, in this market there is no overhang of inventories from subject sources waiting to be sold into the U.S. market in the imminent future.

With regard to the potential for product shifting, we note that 24 of the 52 responding Chinese producers reported production of other similar products using the same workers and/or on the same machinery; these products included solid hardwood flooring, laminate flooring, and bamboo flooring. These 24 diversified Chinese producers accounted for slightly less than one-half of total reported Chinese production of the subject products.¹³⁷ As a share of these producers' total flooring production, non-subject products accounted for about a 30 percent share; in 2010, production of non-subject products by

¹³¹ CR/PR at Table VII-3. This projection is consistent with China's continual high annual GDP growth rates (9.2 percent in 2009, 10.3 percent in 2010, and a projected 9.5 percent in 2011). Chinese Producers' Prehearing Br. at 4. The representative of the Chinese producers testified that "[t]he economy in China has not been significantly affected by the global recession. The building industry in China has been booming and strong growth is expected to continue for the foreseeable future as millions of people achieve middle class lifestyles." Hearing Tr. at 202 (Mr. Wu).

¹³² A sampling of pricing information for seven large Chinese producers/exporters indicates that prices for MLWF are highest in the Chinese home market, followed by the European market. Pricing in the U.S. market is generally lower or comparable to pricing in Europe. Chinese Producers Posthearing Br., Responses to Commissioners' Questions, at 7 and Exhibit 2.

¹³³ CR/PR at Table VII-4. Inventories of MLWF from China held by importers initially declined from 38.3 million square feet in 2008 to 31.2 million square feet in 2009, and then increased to 38.7 million square feet in 2010; inventories were 33.8 million square feet in interim 2010, as compared to 41.4 million square feet in interim 2011. As a percentage of U.S. shipments of imports, inventories were fairly steady, initially decreasing from 30.3 percent in 2008 to 28.2 percent in 2009, but then increasing to 30.9 percent in 2010. The ratio was 27.0 percent in interim 2010, as compared to 30.8 percent in interim 2011.

¹³⁴ CR/PR at Table VII-3. Inventories held by Chinese producers steadily increased from 25.2 million square feet in 2008, to 30.5 million square feet in 2009, to 31.5 million square feet in 2010; such inventories were 32.6 million square feet in interim 2011, as compared to 33.6 million square feet in interim 2010. As a ratio to Chinese production, inventories initially increased from 8.7 percent in 2008 to 11.7 percent in 2009, but then declined to 8.4 percent in 2010. The ratio was 9.1 percent in interim 2011, as compared to 9.7 percent in interim 2010.

¹³⁵ Petitioners' Posthearing Br., Responses to Commissioners' Questions, at E-4 (noting that one of the larger domestic producers has "500 different products, SKU's"); see also Hearing Tr. at 215 (Mr. Train) ("Ten years ago, we sold less than 100 total items in wood. Now we stock over 300 in order to achieve a similar sales volume.").

¹³⁶ CR at V-2, PR at V-2; see also Hearing Tr. at 341-42 (Mr. Hamar) ("A huge disadvantage from China is three and four month lead times which requires significantly higher inventory investments . . ."); Hearing Tr. at 342 (Mr. Hubbard) ("[Home centers] require a service level that is very difficult for some domestic manufacturers to achieve. It does require a significant amount of inventory and lower turn to meet a minimum of a 98.5 percent fill rate at all times.")

¹³⁷ CR/PR at Table VII-2.

subject producers was only 18 percent, by quantity, of the total Chinese production of subject products.¹³⁸ Furthermore, only three of these producers stated that they were able to switch production between MLWF and other products in response to changes in relative prices.¹³⁹ While product shifting by Chinese producers may be possible, we note that U.S. demand for the various types of floor covering has not altered appreciably over the period of investigation.¹⁴⁰ Thus, it is unlikely that producers of subject merchandise in China would shift to the production of subject merchandise given the lack of motivation to do so in the imminent future. Another consideration that makes product shifting unlikely is that subject imports of MLWF from China are largely produced and imported as made-to-order products; that is, the products are generally designed in the United States and often marketed as private label brands.¹⁴¹

Accordingly, based on the above analysis, we cannot conclude that subject import volume is likely to increase significantly in the imminent future, either in absolute terms or relative to consumption and production in the United States.

Likely Price Considerations

For purposes of a threat analysis, we consider whether “imports of subject imports are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports.”¹⁴² Because the prices of subject imports did not have significant price depressing or suppressing effects during the period examined, we consider whether changes are likely to occur that would lead us to expect adverse price effects in the imminent future.

We consider the evidence in the context of likely demand in the imminent future, because of its potential to affect prices. Because demand for MLWF is a derived demand, we look to trends in housing construction activity, and observe that trends have been flat for the past two years.¹⁴³ As mentioned above, *** offered post-hearing assessments of demand in 2011 and 2012. ***.¹⁴⁴ We observe that there is no consensus view with respect to demand in the near future, but conclude that it is unlikely to change significantly. We also note that the divergent trends between demand in the builders and remodeling segment that characterized the early part of the period, and which resulted in asymmetrical demand pressures on the domestic industry and the subject imports, are no longer evident.¹⁴⁵

We also examined whether subject imports are likely to undersell the domestic like product to a significant extent in the imminent future. There were no particular trends observable in the magnitudes of the margins of underselling and overselling late in the period.¹⁴⁶ We do not consider the mixed

¹³⁸ CR/PR at Tables VII-2 and VII-3.

¹³⁹ CR at II-5, PR at II-4.

¹⁴⁰ CR/PR at Table II-3. The largest change in relative demand for a type of floor covering was the 1.1 percent decrease in market share held by carpeting over 2008–10.

¹⁴¹ Hearing Tr. at 132-34 (Mr. Holm and Mr. Natkin); at 219 (Anderson); Prelim. Conf. Tr. at 209 (Mr. Jakob).

¹⁴² 19 U.S.C. § 1677(7)(F)(I).

¹⁴³ CR/PR at Figures II-1 and II-2.

¹⁴⁴ Petitioners’ Posthearing Br., Responses to Commissioners’ Questions, at D-1.

¹⁴⁵ CR/PR at Figures II-1 and II-2 (trends are flat in the latter part of the period); Hearing Tr. at 233, 249-50, and 261 (Mr. Boltuck).

¹⁴⁶ CR/PR at Tables V-1 to V-8. Of the 8 pricing products, 3 products (4, 6, and 7) showed underselling by subject imports in all 14 quarterly comparison and 2 products (2 and 3) showed overselling in all 14 quarterly comparisons; no particular pattern in the magnitudes of the margins is observable late in the period for these 5 pricing products. For pricing product 5, the one quarterly comparison that shows underselling by subject imports appears in the second quarter of 2010, and no pattern in the magnitudes of the margins is observable late in the

(continued...)

underselling and overselling observed during the most recent six month period to constitute evidence that significant underselling is likely in the imminent future. We reiterate our previous finding that, among those products most heavily produced by the domestic industry, we find predominant overselling by subject imports.

With regard to whether the subject merchandise is entering at prices likely to have significant price depressing or suppressing effects, we note the importers' posthearing observation that, in the aggregate, prices for the 8 pricing products increased slightly since the second quarter of 2009.¹⁴⁷ Although prices for all 8 pricing products fell over the full period, most of the declines were small (6 of the 8 were less than 8.5 percent).¹⁴⁸ Most of what little decline there was in prices took place in late 2008 and early 2009 when recessionary pressures were strongest and when raw material costs were falling as well. As noted above, we do not expect substantially increased volumes of subject merchandise in the imminent future nor do we expect that the subject merchandise will undersell the domestic like product to a significant extent. Given the absence of adverse price effects during the period examined, and in the absence of any changes in the market likely to bring about such effects in the imminent future, we do not expect subject imports to depress or suppress prices for the domestic product to a significant degree in the imminent future.

Likely Impact Considerations

As discussed above, because we find neither an imminent threat of significantly increased volumes of subject imports nor an imminent threat that subject imports will enter at significantly price-depressing or price-suppressing prices, we find that there is no imminent threat of a negative impact by reason of subject imports on the domestic industry producing MLWF.

In considering whether there are any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports of the subject merchandise, we note that this is an industry heavily dependent on building construction and, as a result, it was impacted directly by the economic recession that began in the housing sector.¹⁴⁹ The domestic industry found itself positioned with a focus on the market segment most adversely affected, new home construction, which declined by 47 percent over the period.¹⁵⁰ Yet, overall demand for MLWF only declined by 15.7 percent

¹⁴⁶ (...continued)

period. For pricing product 8, the three quarters that show overselling by subject imports are spaced such that one is found in each year, 2008, 2009, and 2010, and no pattern in the magnitudes of the margins is observable late in the period. For pricing product 1, among the 14 quarters of comparison, we find 3 quarters of overselling in 2008, 2 quarters of overselling in 2009, 2 quarters of overselling in 2010, and 1 quarter of overselling in 2011; thus, no pattern in the magnitudes of the margins is discernible late in the period.

¹⁴⁷ Importers' Posthearing Br. at 3-4.

¹⁴⁸ CR/PR at Table V-9.

¹⁴⁹ See Lumber Liquidators/Home Legend Prehearing Br., Exhibit C (reprinting Floor Covering Weekly, Perspective, July 18-25, 2011, at 16). In response to the question posed by the weekly, "What are your expectations for the wood market in the next year?" Dan Natkin, of petitioner Mannington, directly linked the domestic industry's fortunes to growth in the housing market, stating that "There will be a slow recovery for the market, as it is always going to be tied into the housing market. As long as housing is slow the overall flooring market will be slow."

¹⁵⁰ CR/PR at Figure II-1, CR at II-6, PR at II-5. Also recall that, as mentioned above, new homes have as much as 19 percent less flooring space, on average, than homes built at the peak of the building boom. Lumber Liquidators/Home Legend Prehearing Br., Exhibit C (Floor Covering Weekly, marketWise: Light at the End of the Tunnel Still Far Off, July 18-25, 2011, at 6) ("And all the homes were, on average, about 6 percent smaller in size to those built in previous years – the real decrease in square footage available for new floors is closer to a decrease of

(continued...)

between 2008 and 2009, at the worst of the downturn, and demand recovered somewhat in 2010, increasing 7.8 percent.¹⁵¹ That demand for MLWF did not decrease by as much as new housing construction did is because a significant portion of the demand for MLWF comes from the remodeling segment that, in contrast, declined by only 12 percent over the period.¹⁵² Improving operating margins in 2010 and in interim 2011 show that the domestic industry has been making the necessary adjustments to be able to compete going forward.¹⁵³ In particular, we note the adjustments made ***¹⁵⁴***¹⁵⁵***.¹⁵⁶ Other domestic producers made adjustments to their product lines to better compete in the design-sensitive segment.¹⁵⁷ ***.¹⁵⁸ We recognize that, in part, these results were achieved through a steady shedding of workers,¹⁵⁹ but this reduction in employment coincided with strong gains in labor productivity, reducing unit labor costs.¹⁶⁰ Also, as mentioned above, divergent trends in the builder and remodeling segments, that were present in the early part of the period, have stabilized.

Given our conclusion that subject imports will not imminently increase significantly and will not likely have significant adverse price effects, we find that subject imports will not likely have a significant adverse impact on the performance of the domestic industry. Therefore, we find that material injury by reason of subject imports will not occur absent issuance of an antidumping duty order or countervailing duty order against subject imports. Accordingly, we conclude that the domestic MLWF industry is not threatened with material injury by reason of subject imports from China.

IV. CONCLUSION

For the reasons stated above, we find that the domestic industry producing MLWF is neither materially injured nor threatened with material injury by reason of subject imports from China.

¹⁵⁰ (...continued)
19 percent”).

¹⁵¹ CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵² CR/PR at Figure II-2, CR at II-6, PR at II-5.

¹⁵³ Hearing Tr. at 233 (Mr. Boltuck) (“The industry’s performance improved sharply as the industry successfully adapted to the shock it encountered in 2007 and 2008 by right sizing and rationalizing its cost structure . . .”).

¹⁵⁴ CR at VI-12 n.14, PR at VI-4 n.14. The production capacity of U.S. producers overall declined by *** percent between 2008 and 2010. CR/PR at Table C-1 (adjusted to exclude U.S. Floors).

¹⁵⁵ CR at VI-14 n.18, PR at VI-7 n.18.

¹⁵⁶ CR/PR at Table VI-2.

¹⁵⁷ Hearing Tr. at 339 (Mr. Ervin) (“[T]hey [the domestic industry] have become a little bit more accessible in some of the things that again physically they can accomplish.”); Prelim. Conf. Tr. at 217 (Mr. Hamar) (“U.S. products have improved their quality in recent years.”).

¹⁵⁸ CR at VI-4 n.8, PR at VI-2 n.8.

¹⁵⁹ CR/PR at Tables III-7 and C-1 (adjusted to exclude U.S. Floors).

¹⁶⁰ Labor productivity of U.S. producers improved from *** square feet produced per hour in 2008 to *** square feet per hour in 2010, and was *** square feet per hour in interim 2011. Unit labor costs per square foot declined over the period, falling from \$*** per square foot in 2008 to \$*** per square foot in 2010, and were \$*** per square foot in interim 2011.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) on behalf of the Coalition for American Hardwood Parity (“CAHP”), an *ad hoc* association of U.S. manufacturers of multilayered wood flooring, on October 21, 2010, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of multilayered wood flooring (“MLWF”)¹ from China. The following companies are members of the CAHP:² Anderson Hardwood Floors, LLC (“Anderson”), Fountain Inn, SC; Award Hardwood Floors (“Award”), Wausau, WI; From the Forest, Weston, WI; Howell Hardwood Flooring, (“Howell”), Dothan, AL; Mannington Mills, Inc. (“Mannington”), Salem, NJ; Nydree Flooring (“Nydree”) Forest, VA; and Shaw Industries Group, Inc. (“Shaw”), Dalton, GA. Information relating to the background of the investigations is provided on the following page.³

Effective date	Action
October 21, 2010	Petitions filed with Commerce and the Commission; institution of Commission investigations
November 18, 2010	Commerce's notice of initiation of antidumping duty investigation
November 18, 2010	Commerce's notice of initiation of countervailing duty investigation
December 13, 2010	Commission's preliminary determinations
April 6, 2011	Commerce's preliminary CVD determination
May 26, 2011	Commerce's preliminary AD determination
June 6, 2011	Scheduling of final phase of Commission investigations (76 FR 33782, June 9, 2011)
October 12, 2011	Commission's hearing ¹
October 18, 2011	Commerce's final determinations (CVD, 76 FR 64313; AD, 76 FR 64318)
November 9, 2011	Commission's vote
November 21, 2011	Commission's determinations to Commerce

¹ App. B lists witnesses that appeared at the hearing.

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

² Bakers Creek a petitioner *** is no longer a petitioner.

³ *Federal Register* notices cited in the tabulation are presented in app. A.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and . . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, 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.

. . .

In evaluating the effect of imports of such merchandise on prices, 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.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

. . .

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Part I of this report presents information on the subject merchandise, subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

MLWF is used for flooring in residential and non-residential construction. The leading U.S. producers of MLWF are ***, while leading producers of subject MLWF in China include ***. The leading U.S. importers of subject MLWF from China are ***. Leading importers of MLWF from nonsubject countries (primarily ***) include ***.

Apparent U.S. consumption of MLWF totaled approximately 307.2 million square feet (\$783.8 million) in 2010. Currently, 13 firms are known to produce MLWF in the United States.⁴ U.S. producers' U.S. shipments of MLWF totaled 133.8 million square feet (\$341.1 million) in 2010, and accounted for 43.6 percent of apparent U.S. consumption by quantity and 43.5 percent by value. U.S. shipments of subject imports totaled 125.4 million square feet (\$327.0 million) in 2010 and accounted for 40.8 percent of apparent U.S. consumption by quantity and 41.7 percent by value. U.S. imports from nonsubject sources totaled 47.9 million square feet (\$115.8 million) in 2010 and accounted for 15.6 percent of apparent U.S. consumption by quantity and 14.8 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C. Tables C-1 and C-2 present collected producer data and import statistics⁵ compiled from data submitted in response to Commission questionnaires. Except as noted, U.S. industry data are based on questionnaire responses of 12 firms that accounted for nearly all known U.S. production of MLWF during 2010.⁶

PREVIOUS AND RELATED INVESTIGATIONS

Multilayered wood flooring has not been the subject of prior countervailing or antidumping duty investigations in the United States.

⁴ Twelve firms responded to the Commission's producer questionnaire (***)

⁵ Import data are compiled from the responses to the Commission's importer questionnaires. Commerce found in the final phase of its investigations that imports manufactured and exported by Zhejiang Yuhua Timber Co., Ltd. ("Yuhau") had received *de minimis* countervailable subsidies and had not been sold at less than fair value. This firm accounted for *** percent of reported Chinese production and *** percent of reported exports to the United States and is presented as nonsubject.

⁶ Table C-2 presents data with *** and *** excluded from the U.S. producers' data.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On October 18, 2011, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of MLWF from China.⁷ Table I-1 presents Commerce’s findings of subsidization of MLWF in China.

**Table I-1
MLWF: Commerce’s final subsidy determination with respect to imports from China**

Entity	Final countervailable subsidy margin (<i>percent</i>)
Zhejiang Layo Wood Industry Co., Ltd.; Jiaxing Brilliant Import & Export Co., Ltd.	0.33
Zhejiang Yuhua Timber Co., Ltd	0.47
Fine Furniture (Shanghai) Ltd.; Great Wood (Tonghua) Ltd.; Fine Furniture Plantation (Shishou) Ltd.	1.50
Separate rate companies specifically named in Commerce’s notice	26.73
All others	1.50
Source: 76 FR 64313, October 18, 2011.	

Sales at LTFV

On October 18, 2011, Commerce published a notice in the *Federal Register* of its final determination of sales at LTFV with respect to imports from China.⁸ Table I-2 presents Commerce’s dumping margins with respect to imports of MLWF from China.

⁷ *Multilayered Wood Flooring From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 64313, October 18, 2011.

⁸ *Multilayered Wood Flooring From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318, October 18, 2011.

Table I-2**MLWF: Commerce’s final weighted-average LTFV margins with respect to imports from China**

Exporter	Producer	Final dumping margin (percent)
Zhejiang Layo Wood Industry Co., Ltd	Zhejiang Layo Wood Industry Co., Ltd	3.98
The Samling Group ¹	The Samling Group	2.63
Zhejiang Yuhua Timber Co., Ltd	Zhejiang Yuhua Timber Co., Ltd	0.00
Separate rate companies		3.31
All others		58.84
¹ The Samling Group consists of the following companies: Baroque Timber Industries (Zhongshan) Co., Ltd., Riverside Plywood Corporation, Samling Elegant Living Trading (Labuan) Limited, Samling Riverside Co., Ltd., and Suzhou Times Flooring Co., Ltd. Note.--The zero rate firm accounted for *** percent of reported Chinese production and *** percent of reported exports to the United States in 2010. Source: 76 FR 64318, October 18, 2011.		

THE SUBJECT MERCHANDISE**Commerce’s Scope**

Commerce has defined the scope of these investigations as follows:

Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s)⁹ in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, e.g., “engineered wood flooring” or “plywood flooring.” Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (i.e., without a finally finished surface to protect the face veneer from wear and tear) or “prefinished” (i.e., a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes.) The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the

⁹ A “veneer” is a thin slice of wood, rotary cut, sliced, or sawed from a log, bolt, or flitch. Veneer is referred to as a ply when assembled.

definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard (MDF), high-density fiberboard (HDF), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (e.g., circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product. Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of high-density fiberboard, and a stabilizing bottom layer.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS):

4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520;
4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5125;
4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.3175; 4412.31.6000;
4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510;
4412.32.2520; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165;
4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000;
4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032;
4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061;
4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050;
4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121;
4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100;
4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000;
4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040;
4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150;
4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5710;
4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500;
4418.71.2000; 4418.71.9000; 4418.72.2000; and 4418.72.9500.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise as set forth herein is dispositive.¹⁰

Tariff Treatment¹¹

Imports of multilayered wood flooring are classified within several subheadings within Chapter 44 of the Harmonized Tariff Schedule of the United States (HTSUS). The predominant classifications are subheadings 4412.31 and 4412.32, HTSUS, which provide as follows:

- 4412.31 Plywood, veneered panels and similar laminated wood. Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness; with at least one outer ply of tropical wood.
- 4412.32 Plywood, veneered panels and similar laminated wood. Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness; with at least one outer ply of nonconiferous wood.

To a lesser degree, and depending on the particular composition and construction of the product (particularly the composition of the face veneer and the core), imports of multilayered wood flooring may be classified under other subheadings encompassed within heading 4412, HTSUS, including subheadings 4412.39, 4412.94, and 4412.99, HTSUS. These subheadings provide as follows:

- 4412.39 Plywood, veneered panels and similar laminated wood. Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness; with both outer plies of coniferous wood.
- 4412.94 Plywood, veneered panels and similar laminated wood. Blockboard, laminboard and battenboard.
- 4412.99 Plywood, veneered panels and similar laminated wood. Other.

THE PRODUCT

Description and Applications

MLWF is a type of wood flooring product fabricated by using multiple layers of wood veneer or other kinds of wood materials. It is typically composed of 2 to 10 laminated wood layers or plies that include a core sandwiched between a back or bottom veneer layer and a face veneer surface of a desired wood species and finish. While the core is typically composed of wood veneers, it may also be made of solid wood pieces or a composite wood such as medium- or high-density fiberboard (MDF or HDF).

¹⁰ *Multilayered Wood Flooring From the People's Republic of China: Initiation of Antidumping Duty Investigation*, 75 FR 70714, November 18, 2010. *Multilayered Wood Flooring From the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 76 FR 64313, October 18, 2011. *Multilayered Wood Flooring From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 76 FR 64318, October 18, 2011.

¹¹ Appendix D presents the relevant HTS portions related to these investigations.

There is a wide range in what is produced both domestically and abroad in terms of thicknesses, widths, species, and finishes.

Thicknesses of MLWF typically range from ¼ inch to ¾ inch with the most common thicknesses being ⅜ inch and ½ inch. The number of plies in domestically produced as well as imported MLWF vary. The majority of U.S. manufactured MLWF is made using five plies because the automated manufacturing processes, the sizes of trees, and species used in the United States allows the use of thicker veneers.¹² However, MLWF constructed with seven plies of thinner veneers is also common, particularly with respect to subject imports.¹³ Irrespective of the number of plies, veneer layers are glued with their grain in alternating directions to provide strength and durability to the product. The surface or face veneer is referred to as the “wear” layer and can vary from paper thin (as low as 0.1 mm or 0.004 inches) to several millimeters (up to 0.25 inches) in thickness.¹⁴ The thicker the face veneer, the greater the surface durability. However, the technology has advanced to enable production of MLWF using a very thin face veneer or wear layer whose durability is enhanced through the use of impregnated resins and finishes. MLWF is generally produced and sold in strips, planks, or geometric patterns such as parquet flooring. Typically, MLWF is sold in lengths of 42-58 inches with widths ranging from 2¼ inches to 8 inches, but it is also available in longer lengths and wider dimensions.¹⁵

The residential market accounts for the vast majority of the total market, but MLWF is also used in commercial applications. In 2010, the residential sector accounted for an estimated 77 percent of wood flooring end-use markets and non-residential end-uses represented 23 percent.¹⁶ Within the residential market, the product has historically been used in roughly equal volumes in new building construction and for remodeling, although the actual market share of each fluctuates with the strength of activity in each market.¹⁷ During the current economic downturn, with housing starts depressed, the proportion of MLWF sold and used for remodeling or renovations has been higher.¹⁸ Industry data indicate that replacements accounted for 76 percent of total hardwood flooring sales (solid flooring and MLWF) while new construction accounted for 24 percent of the residential market in 2010.¹⁹

MLWF is sold most often as a pre-finished product. This lends itself for use in remodeling projects where consumers may not want to deal with dust and finishing odors, and where a thinner wood flooring product may be more suitable because, for example, doors might otherwise have to be trimmed to

¹² U.S. manufacturers also produce seven-ply and MLWF of other compositions. Hearing transcript, p. 85 (Natkin) and p. 86 (Finkell).

¹³ Petitioners submit that Chinese manufacturers use thinner veneers and more plies because they use smaller diameter logs of species that must be pressed at lower temperatures (hearing transcript, pp. 85-86 Natkin and Finkell). Respondents note that more plies require additional handling and processing (Sandler, Travis, & Rosenberg, P.A., on behalf of Lumber Liquidators and Home Legend, prehearing brief, pp. 6-7). Petitioners refute respondents’ claim (Dorsey & Whitney LLP on behalf of 9 U.S. importers and one Chinese producer, prehearing brief, p. 14) that the number of plies affects product performance (hearing transcript, p. 27 Natkin).

¹⁴ Petition, p. 7.

¹⁵ Testimony at the Conference in these investigations noted that lengths need to be less than 48 inches to fit into storage bays at home centers or less than the 8 feet to fit sideways into a trailer. Conference transcript, p. 109 (Finkell).

¹⁶ Sandler, Travis, & Rosenberg, P.A. (on behalf of Lumber Liquidators and Home Legend) prehearing brief, Exhibit C, *Floor Covering Weekly*, “Statistical Report ‘10,” July 18/25, 2011, Chart 15, p. 16.

¹⁷ Conference transcript, pp. 61-61 (Finkell).

¹⁸ Conference transcript, pp. 61-62 (Natkin).

¹⁹ Sandler, Travis, & Rosenberg, P.A. (on behalf of Lumber Liquidators and Home Legend), prehearing brief, Exhibit C, *Floor Covering Weekly*, “Statistical Report ‘10,” July 18/25, 2011, Chart 15, p. 16. Calculation is based on proportions of total end-uses represented within residential market only.

fit thicker flooring.²⁰ Unlike solid wood flooring, which typically can only be installed by nailing over a wood underlayment, certain types of MLWF can be glued directly onto a concrete substrate or installed using a glueless click and lock system. MLWF tends to be more stable than solid wood flooring so it can be installed below grade or in areas with high humidity where solid wood flooring is not typically suitable.²¹

Manufacturing Processes

The production of MLWF typically begins with veneers that have been peeled or sliced from debarked logs, flitches, or lumber, sorted and graded for quality, and dried. MLWF is highly resource-efficient. On average, peeling a log for MLWF results in an 80 percent yield for flooring. In contrast, solid wood flooring yields only 20 percent from each log.²² The balance of the log not used for flooring is utilized for other products, including wood chips for pulp and energy.

Once peeled or sliced, the veneers are stacked with the grain of each layer perpendicular to the next and glued under high pressure.²³ To ensure stability, core layers must be uniform in moisture content, and must be of a species and quality that allows for even expansion and contraction. Some MLWF uses a core layer of composite wood material or strips of lumber instead of veneer. U.S. producers either purchase raw logs and peel veneer for use in the MLWF core and/or wear layer, or they purchase the core hardwood plywood and/or veneer from other unrelated manufacturers and produce the finished product from those materials. The face veneer for MLWF is selected based upon marketing considerations and consumer preferences. Face veneers are typically of high quality with few or no defects, but grades of flooring can vary depending on the quality of the veneer. During several stages of the manufacturing process, defects in the veneers and/or core plywood are removed or repaired.²⁴ The glues used to make MLWF are usually urea-formaldehyde based.²⁵ Once glue is applied, the wood layers are made into a panel using a heated press. The panels are sanded and cut to the desired strip or plank width.

The planks or strips are then shaped with a tongue and groove on the edges of each strip or plank to facilitate installation. The tongue and groove profile allows for expansion and contraction of the wood flooring once installed. Some manufacturers incorporate a click and lock system so that the MLWF can be installed without glue or nails as a “floating” floor. If the MLWF flooring is to be finished prior to installation (as most is), the edges of the surface are slightly beveled to hide any differences in thicknesses between planks where the planks connect to each other.

²⁰ Conference transcript, pp. 61-62 (Bowen).

²¹ Conference transcript, p. 16 (Holm).

²² Staff field trip report, Mannington Industries, High Point, North Carolina, September 20, 2011.

²³ This requires a press that most U.S. producers of MLWF employ. This press is used in conjunction with additional steps in producing MLWF and is called a press line. Most press lines require additional components, such as layup stations and glue spreaders. Installation of the press line is an additional, major expense (and can be a greater cost than the press itself). The cost for the purchase of a new press could range between \$***. An example of an “all-in” cost, *** (the press plus installation plus components). E-mail from ***, October 25, 2011.

²⁴ Ibid.

²⁵ Petitioners note that because California regulations, enacted by the California Air Resource Board, require lower formaldehyde emissions, the industry has been driven to use lower emitting glues in the last three years. Lower formaldehyde-emitting glues are typically more expensive than higher formaldehyde-emitting glues. Conference transcript, pp. 111-113 (Natkin and Finkell).

The final stage of the manufacturing process involves finishing. Unless the natural color of the face veneer is preferred, a stain is applied. Flooring with a hand-scraped or distressed appearance that emulates the texture of an older, worn hardwood floor has increased in popularity over the past several years. To achieve this look, the flooring is scraped by hand with a metal scraper prior to finishing. Some manufacturers have designed machines to apply the hand-scraped or similar texture.²⁶ Whether smooth or hand-scraped, a high-durability finish is applied to the face veneer of pre-finished flooring. Most manufacturers use aluminum oxide finishes that result in a durable, abrasion-resistant surface.²⁷ Impregnated acrylic resin or other hard-surface preparations are also used by some manufacturers. In the final step, the product is packaged (boxed) and sold. The basic manufacturing process for MLWF is similar for both imported and domestic MLWF.

DOMESTIC LIKE PRODUCT ISSUES

The petitioner proposes that the Commission define the domestic like product co-extensive with the scope of the petitions.²⁸ For purposes of the preliminary investigations, respondent Chinese Producers' Association, and respondents Lumber Liquidators, Home Legend, and U.S. Floors, did not challenge the like product as defined by petitioners.²⁹ However, other respondents argued that there were no clear dividing lines between different wood flooring products, and therefore asked the Commission to define the domestic like product broader than the scope to include solid wood, vinyl, and laminate wood-look flooring.³⁰ In its preliminary determinations, the Commission found clear dividing lines between the MLWF and both solid wood flooring and laminates. The Commission defined a single domestic like product, MLWF.³¹ In their comments on the draft questionnaires for the final phase of these investigations, no party asked the Commission to revisit the domestic like product issue or to collect data on a more broadly defined product than MLWF. In their prehearing briefs, certain respondents asked the Commission to define the domestic like product broader than the scope and include solid wood, vinyl, and laminate wood-looking flooring products in addition to products described in the scope. They incorporated by reference the arguments made in the preliminary phase of the investigations.³²

The Commission's decision regarding the appropriate domestic product(s) that are "like" the subject imported product 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 (6) price. Information regarding these factors is discussed below.

²⁶ Hearing transcript, p. 180 (Natkin), p. 204 (Wu), and p. 323 (Ervin); Petitioner's posthearing brief, Exhibit I-4, Response to Commissioners' Questions: K.

²⁷ Staff field trip report, Mannington Industries, High Point, North Carolina, September 20, 2011.

²⁸ Petition, p. 24 and Petitioners' postconference brief, p. 2.

²⁹ Sandler, Travis, & Rosenberg, P.A. (on behalf of two U.S. importers and one domestic producer), postconference brief, p. 8; and Chinese Producers' Association, postconference brief, p. 3.

³⁰ Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer), postconference brief, p. 6.

³¹ Publication 4206, *Multilayered Wood Flooring from China: Investigation Nos. 701-TA-476 and 731-TA-1179 (Preliminary)*, pp. 4-9.

³² Dorsey & Whitney, LLC (on behalf of 9 importers and one Chinese producer), prehearing brief, p. 2.

Physical Characteristics and Uses

Solid wood flooring is made by sawing logs directly into lumber that is then sized, graded, profiled with tongue and groove edges, and that may or may not be finished prior to installation. The standard thickness for solid wood flooring is $\frac{3}{4}$ inch and flooring boards are generally produced in various lengths (from 12 inches up to 8 feet). Historically, $2\frac{1}{4}$ inch wide strips were fairly standard, but wider planks of 3 to 6 inches are now more common. Solid wood flooring is available in a wide assortment of species, with oak being the most prevalent in the United States. How the log is sawed can determine the particular look of the wood grain, so solid wood flooring is available as plain sawn, quarter sawn, or rift sawn. The latter two types of solid wood flooring offer greater stability (less expansion and contraction) so are more typically used for wider planks, but are also more expensive. Solid wood flooring is mainly used in new construction or for housing additions. It is usually not recommended for use in basements or in areas of high humidity, and cannot be installed directly over concrete because it will absorb moisture causing it to expand and warp.

Laminate flooring is typically made from a MDF or HDF onto which a melamine-impregnated printed paper or plastic overlay is pressed. The panels are cut to size and profiled with a tongue and groove or click and lock system for installation. Unlike MLWF that utilizes a wood face veneer, laminates utilize a printed surface with photographically reproduced images of wood of a particular species. Manufacturers also often imprint a texture that emulates the wood look and feel. Laminate flooring is available in a wide variety of wood-like designs and thicknesses. Unlike wood flooring that has a separate finishing process, laminates incorporate the finishing directly into the manufacturing of the material.

Vinyl wood-look plank flooring is produced using polyvinyl chloride resins along with various solvents, pigments, and other additives adhered to a carrier sheet or backing.³³ Designs give an appearance of wood flooring but share characteristics of sheet vinyl or vinyl tile. The product is typically less than $\frac{1}{4}$ inch thick, sold in strips, and can be installed over any kind of subfloor.³⁴

Manufacturing Facilities and Production Employees

Some producers of MLWF also produce one or more of the domestic like product additions proposed by respondent U.S. importers, but they generally produce the products using different manufacturing techniques and equipment.³⁵ Solid wood flooring, MLWF, and laminates are all made from wood that originates in log form, but the type of wood material produced from the raw logs and used in the manufacture of each product is markedly different. Solid wood flooring uses sawed solid lumber; MLWF uses veneer peeled from a log and/or sliced from lumber; and wood laminates use manufacturing residues to make the MDF or HDF base onto which the printed overlay is adhered. The types of logs (or residues) needed for each product and the basic forms in which the wood material is supplied are usually quite different. However, as noted by petitioners and respondents, some MLWF uses MDF or HDF as a core material onto which a wood veneer is glued.³⁶ Unlike solid wood flooring, MLWF, and wood laminate flooring, vinyl plank flooring is not manufactured using any form of wood fiber. Instead, it is manufactured at plants that make vinyl flooring. As noted above, vinyl flooring is made using various

³³ See <http://www.madehow.com/Volume-4/Vinyl-Floorcovering.html> (Accessed November 18, 2010).

³⁴ Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer), postconference brief, p. 8.

³⁵ Five of 10 responding U.S. producers produce these alternative products. See Part II, p. II-4 and p. II-5. However, petitioners note that, while some U.S. manufacturers produce both solid wood flooring and MLWF, only one U.S. manufacturing facility is involved in both. See Petition, p. 25.

³⁶ Conference transcript, p. 35 (Finkell) and p. 142 (Hubbard).

resins and additives to form sheets that are imprinted or imbued with decorative patterns that give the appearance of wood strips or boards.

Interchangeability

Petitioners submit that MLWF products are generally interchangeable in the market and in their end uses, distinguished mainly by appearance and “look.”³⁷ Respondents disagree and argue that substitutability between U.S. produced MLWF and subject imports is limited.³⁸ They further assert that MLWF is interchangeable as well with other flooring products because consumers are looking for a particular look and are not as concerned about the material itself.³⁹ Respondents contend that all of the proposed domestic like product additions can be used in the same applications, over any type of existing subfloor, and all are equally suited to do-it-yourself consumers, builders, and remodelers. Respondents further argue that as long as they provide a wood “look” and ambience, each of the products is interchangeable with MLWF.⁴⁰ Petitioners disagree, saying that providing a “wood look” is not always acceptable.⁴¹

Channels of Distribution

MLWF manufacturers sell the product to specialty flooring distributors, installers and/or home centers. The share of wood flooring sales by “big box” stores and home centers such as Lowe’s and Home Depot has increased over the past decade, as have sales represented by national specialty wood flooring retailers such as Lumber Liquidators.⁴² Further details regarding the channels of distribution of MLWF are presented in *Part II* of this report.

Price

Petitioners indicate that the most expensive laminate will have a price at or about that of the lowest priced MLWF.⁴³ However, respondents indicate that MLWF and other substitute products are all sold at a variety of prices that overlap one another. They indicate that although vinyl is usually inexpensive, laminates may be just as or more expensive than MLWF or solid wood flooring and that solid wood flooring can be less or more expensive than MLWF.⁴⁴ Respondents submit that consumers

³⁷ Petitioners’ posthearing brief, p. 4. Based on data collected for these investigations, over 80 percent of U.S. producers, almost one-half of responding importers, and over two-thirds of responding purchasers reported that MLWF produced in the United States and MLWF imported from China are at least “frequently” used interchangeably. See Part II, p. II-18.

³⁸ Hearing transcript, p. 235 (Boltuck).

³⁹ Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer), postconference brief, p. 9.

⁴⁰ *Ibid.*, p. 11. This is discussed further in Part II, *Conditions of Competition in the U.S. Market*.

⁴¹ Petitioners’ postconference brief, pp. 6-7.

⁴² Hearing transcript, p. 212 (Hubbard) and p. 208 (Jakob). Flooring sales by home centers and other retailers have increased from 25.1 percent in 2002 to 40.2 percent in 2010, according to industry statistics (Sandler, Travis & Rosenberg, P.A., on behalf of Lumber Liquidators and Home Legend, prehearing brief, Exhibit C, p. 4).

⁴³ Petitioners’ postconference brief, pp. 6-7.

⁴⁴ Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer) postconference brief, pp. 12-13.

can choose among MLWF, laminates, and vinyl plank flooring products, all of which can have the same look and texture.⁴⁵

Detailed information regarding pricing practices and prices reported for MLWF in response to the Commission's questionnaires is presented in *Part V* of this report.

⁴⁵ Hearing transcript, pp. 215-216 (Train).

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

U.S. MARKET CHARACTERISTICS

U.S.-produced MLWF made up 43.6 percent of the market in terms of volume in 2010, down from 46.4 percent in 2008. In 2010, subject imports from China made up 40.8 percent of the U.S. market compared to 37.4 percent in 2008.

The two largest U.S. producers (***) represented just under two-thirds of U.S. production in 2010. Imports of subject merchandise from China was not as concentrated among importers as non-subject imports of MLWF from non-subject countries. No importer represented more than 10 percent of imports from subject producers in China (***) was the largest importer with just under a 10 percent share) and three importers (***) represent about three quarters of imports of MLWF from other sources.

All 12 responding U.S. producers and 27 of 61 responding importers reported selling MLWF nationally. At least 36 importers sold to each specified region.

CHANNELS OF DISTRIBUTION

Over one-half of U.S.-produced MLWF and more than 40 percent of MLWF imported from subject producers China was sold to distributors; both have experienced declines in sales to distributors since 2008. As shown in table II-1, in each full-year period, 51.2 to 59.7 percent of shipments of U.S.-produced MLWF were to distributors, with the remainder to big box/home centers, builders, and other retailers. The share of reported U.S. shipments of U.S. imports from subject producers in China sold to distributors decreased from 47.1 percent in 2008 to 41.8 percent in 2010. U.S. producers made about 15 to 20 percent of their shipments to big box/home centers, while importers from China made about 25 to 28 percent of their sales to this channel.

Petitioners report that 60 percent of their sales go to the remodeling market, while the remaining 40 percent are for new homes.¹ Respondents claim that imports from China have responded to an increase in demand in the do-it-yourself segment of the market primarily supplied by big box stores and that U.S. producers have focused on supplying home builders and their independent floor covering stores.²

¹ Conference transcript, pp. 63-64 (Natkin, Finkell).

² Conference transcript, pp. 196-97 (Perry), pp. 198-200 (Hamar); Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer) postconference brief, pp. 19-30; and Sandler, Travis, & Rosenberg, P.A. (on behalf of two U.S. importers and one domestic producer) postconference brief, pp. 21-25.

Table II-1
MLWF: U.S. producers' and importers' U.S. shipments of MLWF, by sources and channels of distribution, 2008-10, and January-June 2011

Item	Period			
	2008	2009	2010	Jan.-June 2011
Share of reported shipments (percent)				
Domestic producers' U.S. shipments of MLWF to:				
Distributors	59.7	53.6	51.2	48.3
Big box/home centers	17.3	19.3	14.4	15.0
Builders	3.4	5.7	9.0	9.5
Other retailers	19.6	21.4	25.4	27.2
U.S. importers' U.S. shipments of MLWF from subject producers in China:				
Distributors	47.1	43.0	41.8	41.2
Big box/home centers	24.7	27.5	26.6	23.4
Builders	3.4	1.0	1.7	2.1
Other retailers	27.2	28.5	29.9	33.2
U.S. importers' U.S. shipments of MLWF from all other sources to:¹				
Distributors	54.5	48.4	38.0	35.4
Big box/home centers	0.2	0.1	0.1	0.1
Builders	0.0	0.0	2.1	1.1
Other retailers	45.3	51.4	59.8	63.4
<p>Note.—Data for domestic producers include only U.S. commercial shipments.</p> <p>¹ This includes shipments of MLWF imported from the Chinese producer that received final <i>de minimis</i> antidumping and countervailing duty margins from the DOC.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>				

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. Supply

Based on available information, U.S. MLWF producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced MLWF to the U.S. market. The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity, the ability to use inventories to increase shipments, the ability to produce alternate products, and the lack of supply constraints; supply responsiveness is constrained somewhat by a limited ability to ship to alternate markets.

Industry capacity

U.S. producers have unused capacity with which they could increase production of MLWF in the event of a price change. U.S. producers' capacity utilization decreased from 62.2 percent in 2008 to 59.4 percent in 2010. The decrease in capacity utilization resulted from production decreasing by a greater percentage than production capacity.³

Alternative markets

U.S. producers have a limited ability to divert shipments to or from alternative markets in response to changes in the price of MLWF. Exports by U.S. producers, as a share of total shipments, increased from *** percent in 2008 to *** percent in 2010.

Inventory levels

U.S. producers are able to use inventories as a means of increasing shipments of MLWF to the U.S. market. The ratio of end-of-period inventories to total shipments for U.S. producers decreased from 17.9 percent in 2008 to 16.9 percent in 2010.

Production alternatives

Four of 11 responding U.S. producers indicated that they produce products other than MLWF on the equipment and machinery that is used to produce MLWF. Specifically, these producers indicated that they produce solid wood floors, hardwood plywood, and finger joint moldings.

Supply constraints

Only one of 11 responding U.S. producers (***) indicated that it had refused, declined, or had been unable to supply MLWF since January 2008. It indicated that during 2009 to 2011 it delayed and declined orders and was unable to supply some purchasers as a result of holding less inventory, having longer lead times, and reducing product offerings.

³ Production decreased by 13.1 percent between 2008 and 2010 while production capacity decreased by 8.9 percent between 2008 and 2010.

Subject Imports from China

Based on available information, Chinese producers have the ability to respond to changes in demand with large changes in the quantity of shipments of MLWF to the U.S. market.⁴ The main contributing factors to the high degree of responsiveness of supply are the availability of unused capacity, the existence of alternate markets, the ability to use inventories, and the fact that most that importers are not facing supply constraints. Supply responsiveness is constrained by an inability to switch production between MLWF and other products in response to a price change.

Industry capacity

Chinese producers have unused capacity with which they could increase production of MLWF in the event of a price change. Chinese producers' capacity utilization increased from 58.8 percent in 2008 to 63.6 percent in 2010. The increase in capacity utilization resulted from production increasing by a greater percentage than production capacity.⁵

Alternative markets

Chinese producers have the ability to divert shipments to or from their home market and alternative markets in response to changes in the price of MLWF. Shipments of MLWF from China to markets other than the United States (both exports to alternative markets and shipments to the home market) decreased slightly from approximately 58.6 percent of total shipments in 2008 to 56.7 percent in 2010.

Inventory levels

Chinese producers have the ability to use inventories as a means of increasing shipments of MLWF to the U.S. market. The ratio of end-of-period inventories to total shipments for the Chinese producers decreased from 8.8 percent in 2008 to 8.5 percent in 2010.

Production alternatives

Twenty-four of 51 responding Chinese producers indicated that they produce products other than MLWF on the same equipment and machinery and/or the same workers that is used to produce MLWF. These producers manufacture products such as solid wood flooring, HDF laminate flooring, and bamboo flooring on the same equipment. However, three of these producers, representing only about 3 percent of Chinese production and 4 percent of Chinese capacity of MLWF, indicated that they are able to switch production between MLWF and other products in response to a relative change in relative price.

Supply constraints

Fourteen of 63 importers of Chinese-produced MLWF indicated that they had refused, declined, or been unable to supply MLWF since 2008. They cited various reasons including limited container space on steam vessels, a raw material shortage in 2009 and 2010, quality and availability issues,

⁴ Forty-nine Chinese producers responded to the foreign producers' questionnaire. These responses are believed to account for the vast majority of Chinese export shipments to the United States.

⁵ Production increased by 28.6 percent between 2008 and 2010 while production capacity increased by 18.8 percent.

occasional inability to supply specific widths or colors in a time frame acceptable to the customer, limited availability of certain species, and the level and uncertainty of the preliminary antidumping and countervailing duties.

Demand

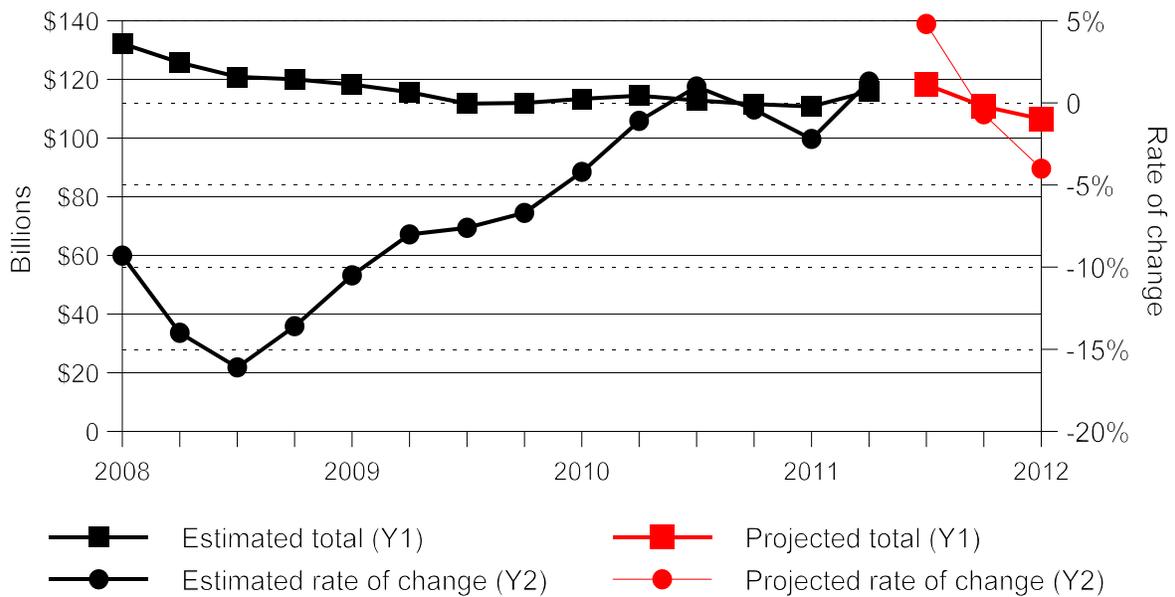
Based on available information, it is likely that any change in the price level of MLWF will result in a moderate change in the quantity of MLWF demanded. The main contributing factors are existence of substitute products and the small cost share of MLWF in final cost of home construction.

Demand Characteristics

U.S. demand for wood flooring is closely tied to U.S. residential housing construction and remodeling, which account for the vast majority of sales. In particular, demand for MLWF depends on housing starts, mortgage rates, disposable income, and remodeling activity.⁶

Seasonally adjusted housing starts decreased by 47 percent between January 2008 and August 2011 (see figure II-1).⁷ The “Leading Indicator of Remodeling Activity” (LIRA) (see figure II-2), which measures the value of homeowner improvements, decreased by 12 percent between the first quarter of 2008 and the first quarter of 2011. The value of the LIRA is projected to decrease by 4 percent between the first quarter of 2011 and the first quarter of 2012.

Figure II-1
Housing starts: Seasonally adjusted housing starts, monthly, January 2008-August 2011

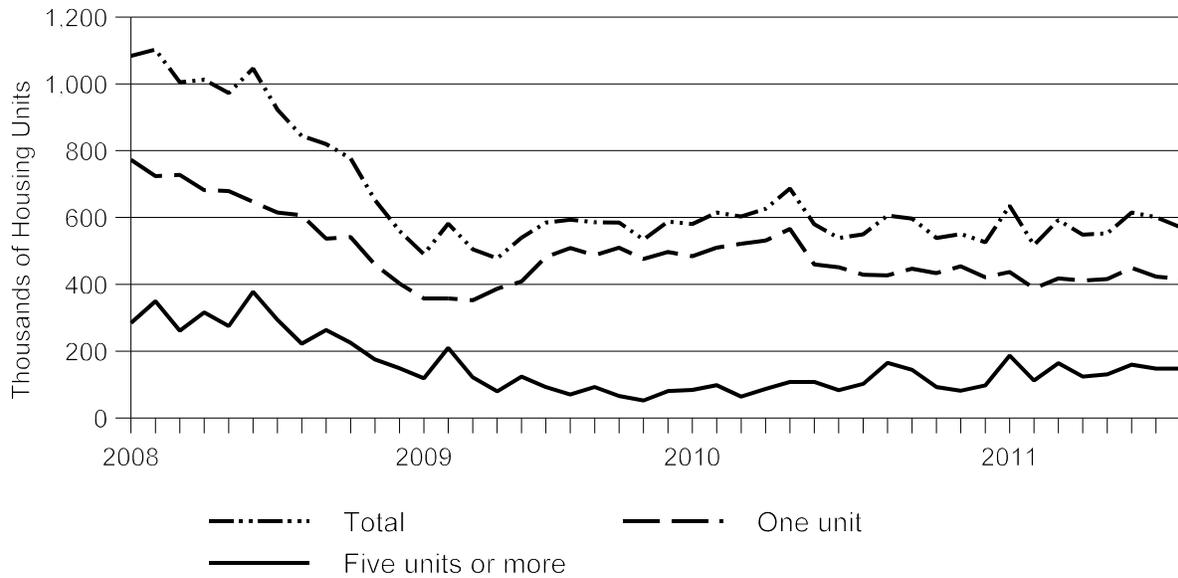


Source: U.S. Census Bureau, Manufacturing, Mining and Construction Statistics, Construction Spending. <http://www.census.gov/const/startssa.pdf> (retrieved September 26, 2011).

⁶ Conference transcript, p. 19 (Holm) and p. 63 (Dougan).

⁷ Similarly, seasonally adjusted starts for single-unit housing structures fell by 46 percent during the same period, while starts for housing structures with 5 or more units fell by 48 percent.

Figure II-2
Homeowner improvements: Leading indicator of remodeling activity, four quarter moving total and rate of change, estimated and projected: quarterly, January 2008-March 2012



Source: Joint Center for Housing Studies of Harvard University. <http://www.jchs.harvard.edu/media/lira/> (retrieved September 8, 2011).

Table II-2
MLWF: Changes in demand for MLWF in the U.S. and non-U.S. markets, and end-use products, since 2008

	Number of firms reporting			
	Increased	Decreased	Fluctuated	No change
U.S. market:				
U.S. producers	3	9	0	0
U.S. importers	17	31	13	2
U.S. purchasers	6	22	14	5
Non-U.S. markets:				
U.S. producers	2	2	1	0
U.S. importers	14	6	2	8
U.S. purchasers	5	3	4	5
Final end use products:				
U.S. purchasers	1	4	1	1

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

Three-fourths of responding producers (nine of 12) and about one-half of responding importers (31 of 63) and purchasers (22 of 47) indicated that U.S. demand for MLWF has decreased since 2008 (see table II-2). Most of these firms attributed decreased demand to declines in the economy and the housing market. A smaller number of responding firms (three U.S. producers, 17 importers, and six purchasers) reported that U.S. demand for MLWF has increased since 2008. Most of these firms cited a shift to MLWF from substitutes such as solid wood flooring and laminates because of improvements in quality, ease of installation, stability, styling, and environmental friendliness, in addition to changes in price. Also, petitioners indicated the Federal Homebuyer tax credit (which expired on April 30th 2010), drove significant incremental demand in both remodeling and new home construction in the first half of 2010, but that demand fell in the second half of 2010.⁸ Petitioners also indicate that increased shipments by U.S. producers in 2010 were driven by the increase in demand in the first half of 2010.⁹

Almost one-half of responding producers and importers and about 30 percent of responding purchasers indicated that demand for MLWF outside the United States has increased since 2008. Many firms cited increased demand in Asian markets. On the other hand, two of five U.S. producers, six of 30 responding importers, and three of 17 purchasers indicated that demand for MLWF has decreased outside the United States since 2008. One importer cited the recession and another importer cited the financial crisis as reasons for the decreased demand.

Business Cycles

Six of 12 U.S. producers and 18 of 62 responding importers indicated that the MLWF market is subject to business cycles other than the general U.S. economy and ten of 12 responding producers and 35 of 59 responding importers indicated that the MLWF market is subject to distinctive conditions of competition. Six producers and 11 importers indicated that the MLWF market is subject to the general U.S. economic cycle. Twenty-seven of 41 responding purchasers indicated that the MLWF market is subject to business cycles or conditions of competition other than the changes in the overall economy. Of the firms that indicated that the MLWF market is subject to business cycles, many indicated that sales depend on the housing market; several firms indicated that sales are typically greater in late spring and summer and typically slower in the fall and winter months.

Ten of 12 U.S. producers and 42 of 60 responding importers indicated that business cycles that affect the MLWF market have changed since 2008, and ten of 12 responding producers and 34 of 59 responding importers indicated that distinctive conditions of competition for the MLWF market have changed since 2008. Thirty-two of 41 responding purchasers indicated that business cycles or conditions of competition have changed since 2008. Many firms cited the decline in housing market and poor economic conditions.

Substitute Products

Most responding firms (Nine of 11 U.S. producers, 30 of 50 importers, and 16 of 26 purchasers) indicated that there are substitutes for MLWF. The most frequently cited substitutes were other types of flooring, in particular solid wood flooring and laminate flooring. About one-half of responding firms indicated that changes in the prices of substitutes have affected the price of MLWF.

Petitioners indicate that some sales of solid wood flooring have shifted to MLWF due to increased cost consciousness, ease of installation, and environmental benefits of getting more flooring for the same amount of wood. Petitioners also indicate that demand for both MLWF and laminate flooring

⁸ Hearing transcript, p. 90 (Natkin), pp. 90-91 (Levin), p. 91 (Holm) and “First-Time Homebuyer Credit,” IRS, Updated June 21, 2011. <http://www.irs.gov/newsroom/article/0,,id=204671,00.html>

⁹ Hearing transcript, pp. 91-92 (Levin).

have increased due to increased cost consciousness.¹⁰ In the preliminary phase of these investigations, respondents indicated that sales have shifted from MLWF toward bamboo, laminates, and luxury tile.¹¹ In the final phase of these investigations, these respondents indicated that increased imports of MLWF from China has come at the expense of other floor coverings such as solid hardwood flooring and laminate flooring.¹²

According to data reported by Floor Covering Weekly and responses from Commission questionnaires, the share sales of MLWF in the U.S. market increased by 0.1 percentage points between 2008 and 2010 (table II-3). This change was smaller than the increase in share of ceramic and wall tile; laminate, and vinyl sheet and floor tile, each of which increased by 0.4 to 0.5 percentage points. The share of non-MLWF hardwood increased by less than 0.1 percentage points between 2008 and 2010.

The volume of sales of all major flooring coverings types declined overall between 2008 and 2010, decreasing in 2009 and then somewhat increasing in 2010 (see table II-4). The AUVs of most of these floor coverings followed a similar pattern (decreasing 2009 and increasing 2010), with the exception of MLWF and laminate flooring where AUVs declined in both years and vinyl sheet and floor tile where AUVs increased in both years. The volume of apparent consumption of MLWF increased by 7.8 percent from 2009 to 2010, similar to the 5.9 increase in housing starts and despite the 1.2 decrease in the LIRA.

Table II-3
Floor coverings: Share of quantity of sales in U.S. market, 2008-2010

Item	Calendar year			Period changes		
	2008	2009	2010	2008-10	2008-09	2009-10
Carpet	61.0	60.6	59.9	-1.1	-0.5	-0.7
Ceramic & wall tile	10.8	10.6	11.2	0.4	-0.2	0.6
Laminate	4.9	5.2	5.4	0.4	0.3	0.2
MLWF	1.6	1.6	1.7	0.1	0.0	0.1
Non-MLWF Hardwood ¹	2.9	3.0	2.9	0.0	0.1	-0.0
Rubber	0.3	0.3	0.3	0.0	0.0	-0.0
Stone	1.7	1.5	1.5	-0.2	-0.1	-0.1
Vinyl sheet & floor tile	15.5	15.9	16.0	0.5	0.4	0.1
Other ²	1.3	1.3	1.1	-0.2	-0.0	-0.2

¹Calculated as difference between the quantity for hardwood flooring reported by Floor Covering Weekly and apparent consumption for MLWF from Commission questionnaire responses.

²Includes cork, linoleum and other resilient flooring.

Source: Compiled from data submitted in response to Commission questionnaires and U.S. Department of Commerce data compiled by Catalina Research and reported by Floor Covering Weekly.

¹⁰ Staff phone interview with ***.

¹¹ Dorsey & Whitney LLP (on behalf of 12 U.S. importers and one Chinese producer) postconference brief, pp. 30-32.

¹² Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) prehearing brief, p. 18.

Table II-4
MLWF: Apparent consumption, other major floor coverings, and housing market indicators, 2008-10

Item	Calendar year			Period changes (percent)		
	2008	2009	2010	2008-10	2008-09	2009-10
Quantity (1,000 square feet)						
MLWF apparent U.S. consumption	337,884	284,861	307,152	-9.1	-15.7	7.8
U.S. producers' shipments	156,909	131,071	133,839	-14.7	-16.5	2.1
U.S. shipments of imports from--						
China	126,460	110,781	125,366	-0.9	-12.4	13.2
All other sources	54,514	43,009	47,948	-12.0	-21.1	11.5
U.S. floor covering sales	20,992,000	17,499,000	17,836,000	-15.0	-16.6	1.9
Other selected flooring products-						
Carpet	12,814,000	10,601,000	10,687,000	-16.6	-17.3	0.8
Ceramic & wall tile	2,258,000	1,848,000	1,992,000	-11.8	-18.2	7.8
Laminate	1,039,000	912,000	957,500	-7.8	-12.2	5.0
Non-MLWF Hardwood ¹	606,616	518,539	521,848	-14.0	-14.5	0.6
Vinyl sheet & floor tile	3,254,000	2,784,000	2,860,000	-12.1	-14.4	2.7
Housing Starts (number)	906	554	587	-35.2	-38.8	5.9
LIRA ² (billions of \$)	125	114	113	-9.4	-8.3	-1.2
Unit Value (dollars per square foot)						
Apparent U.S. consumption	\$2.68	\$2.60	\$2.55	-4.8	-3.0	-1.8
U.S. producers' shipments	2.68	2.61	2.55	-4.7	-2.5	-2.3
U.S. shipments of imports from--						
China	2.68	2.60	2.61	-2.8	-3.0	0.2
All other sources	2.69	2.57	2.41	-10.3	-4.7	-5.9
Other flooring products:						
Carpet	0.92	0.87	0.88	-5.2	-5.4	0.3
Ceramic & wall tile	1.10	1.00	1.01	-7.9	-9.1	1.3
Laminate	1.01	0.99	0.92	-8.7	-2.0	-6.9
Non-MLWF Hardwood	1.90	1.42	1.57	-17.7	-25.6	10.6
Vinyl sheet & floor tile	0.64	0.64	0.68	6.3	0.8	5.5
¹ Calculated as difference between the quantity for hardwood flooring reported by Floor Covering Weekly and apparent consumption for MLWF from Commission questionnaire responses. ² Calculated as annual average of quarterly four-quarter moving totals.						
Source: Compiled from data submitted in response to Commission questionnaires, U.S. Department of Commerce data compiled by Catalina Research and reported by Floor Covering Weekly, U.S. Census Bureau, and Joint Center for Housing Studies of Harvard University.						

Cost Share

MLWF generally makes up a very small share of the final cost of home construction, although it may make up a larger share of floor installation for remodeling. Petitioners estimated that an average installation of MLWF flooring is about 1 to 2 percent of the cost of a new home.¹³ At least three-quarters of responding U.S. producers and importers estimated that MLWF makes up at least 60 percent of the final cost of a remodeling flooring project.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported MLWF depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a moderate to high degree of substitutability between domestically produced MLWF and MLWF imported from China.

Factors Affecting Purchasing Decisions

Almost all responding purchasers reported either quality or price among the top three factors they consider when making a purchase and about two-thirds listed both of these factors among the top three factors.

As indicated in table II-5, quality was named by 20 of 45 of responding purchasers as the number one factor in their purchase decisions for MLWF, as the number two factor by 13 purchasers, and by two purchasers as the number three factor. As indicated in table II-6, 42 of 46 responding purchasers indicated that quality meeting industry standards was a very important factor and 28 of 46 purchasers reported that quality exceeding industry standards was a very important factor. Characteristics that purchasers consider when determining the quality of MLWF include finish, appearance, structural soundness, stability, consistency, and ease of installation.

Thirty-five of 45 responding purchasers reported that price was one of the top three factors they considered when making a purchase. Specifically, eight purchasers named price as the number one factor, 11 named it as the number two factor, and 16 named it as the number three factor. Also, 36 of 46 responding purchasers indicated that price was a "very important" factor in their purchase decisions for MLWF. While firms indicated that price is a very important factor in their purchases, only about a quarter of responding purchasers (12 of 45) reported that the lowest priced product "always" or "usually" wins the sale (table II-7).

Twenty-five of 46 responding purchasers reported that they require their suppliers to become certified or pre-qualified for all, or nearly all, of their purchases of MLWF. Most purchasers reported that it can take from 30 to 120 days to qualify a new supplier; the most frequently reported time was 90 days. Twelve of 40 responding purchasers indicated that they require Forest Stewardship Council (FSC) certification for at least some of their purchases. Eight of 43 responding purchasers indicated that since 2008 certain domestic or foreign producers failed in their attempts to certify or qualify their MLWF or have lost their approved status. These producers included ***.

All or almost all purchasers reported that availability, product consistency, and reliability of supply are very important factors in their MLWF purchasing decisions. About one-third of responding purchasers reported that either availability or product style were one of the top three factors in purchasing decisions.

¹³ Conference transcript, p. 86 (Holm) and p. 87 (Levin).

Table II-5

MLWF: Ranking of factors used in purchasing decisions, as reported by unrelated U.S. purchasers

Factor	Number of firms reporting			
	Number one factor	Number two factor	Number three factor	Total
Availability	0	6	9	15
Capacity	0	1	0	1
Contracts	1	0	0	1
Delivery/lead times	0	0	2	2
Extension of credit	0	1	1	2
Integrity of supplier	1	0	0	1
Price	8	11	16	35
Product consistency	0	0	1	1
Product specifications	1	1	1	3
Product style	7	5	1	13
Quality	20	13	2	35
Range of product line	0	2	2	4
Relationship with supplier	1	0	0	1
Reliability of supply	1	1	2	4
Service	0	1	0	1
Wood species	0	0	1	1
Other ¹	5	3	4	12

¹ Includes responses for “value,” “quality and price,” “ability to adequately assist in managing the category within our stores,” “experience/price,” and “legal sourcing of species,” for the number one factor; “product appeal and reliability,” “quality and availability, and “product style and quality” for the number two factor; and “stateside presence for customer credit, “consistency in support,” “wood special,” and “communication” for the number three factor.

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

Table II-6**MLWF: Importance of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	41	5	0
Delivery terms	25	19	2
Delivery time	34	12	0
Discounts offered	19	20	6
Extension of credit	17	16	12
Price	36	10	0
Minimum quantity requirements	12	26	8
Packaging	13	25	9
Product consistency	45	1	0
Quality meets industry standards	42	4	0
Quality exceeds industry standards	28	16	2
Product range	21	21	4
Reliability of supply	43	3	0
Technical support/service	18	21	7
U.S. transportation costs	15	20	9
Ease of installation	30	14	2
Species	24	19	3
Product style (e.g. handscraped)	33	12	1
Other ¹	4	0	0

¹ Includes on "compliance with sourcing laws," "CARB compliance," "made in USA," and "exclusivity by region or design."

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

Table II-7**MLWF: Frequency at which lowest price product wins a sale, as reported by U.S. purchasers**

	Number of U.S. producers reporting			
	Always	Usually	Sometimes	Never
Will the lowest priced product win the sale?	1	11	25	8

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

Twenty-eight of 45 responding purchasers indicated that MLWF with essentially the same species and dimensions specifications except for minor differences in face thickness (ex. 1.6 to 2 mm) is interchangeable. Several purchasers responded that a thicker face adds value to the product. One purchaser (***) indicated that MLWF with a 1.6 mm to 2.0 mm face thickness could be interchangeable, but that MLWF with 1.8mm to 2.2mm face thickness would not be interchangeable. Thirty-three of 46 responding purchasers indicated that MLWF with essentially the same species and dimensions except for differences in the number of plies (ex. 5 to 7 plies) is interchangeable. Several purchasers indicated that additional plies makes MLWF more structurally sound.

Petitioners indicated that while MLWF is not a commodity product, it has become more like a commodity over the past several years and the importance of price has increased. They indicate that more and more competition is based solely on price, assuming that the quality of competitive products is at least good enough.¹⁴ U.S. producer Mannington indicated that visual appearance was historically the driver with the end consumer, however price has now become the driver in the market.¹⁵ Purchaser *** indicated that purchasing decisions for MLWF are based primarily, if not exclusively, on price. It indicated that the large volume and low price of MLWF imported from China over the past few years has rendered MLWF primarily into a commodity product.¹⁶ Shaw indicated that demand is more price sensitive in the builder market than the remodeling market where consumers want higher quality products.¹⁷

Respondents indicated that, although price is a factor in sales of MLWF, consumer trends, taste, quality, durability, craftsmanship, product consistency, ease of installation, wood species, and service all play a significant role in the purchasing decisions of consumers.¹⁸

Lead Times

U.S. producers reported lead times from inventory of up to one week and lead times for sales of product-to-order of five days to six weeks. Lead times for delivery for most responding U.S. importers ranged up to 30 days on sales from U.S. inventory,¹⁹ 45 to 90 days on sales from foreign inventory, and 30 to 120 days on sales of product produced-to-order. Six of 12 responding U.S. producers and 47 of 59 responding importers reported that they generally arrange for the transportation to their customers' locations. Eight of 12 responding U.S. producers and 25 of 58 responding importers reported making at least 50 percent of their sales within 101 to 1,000 miles from their point of shipment. No U.S. producers and 20 responding importers reported making at least 68 percent of their sales within 100 miles from their point of shipment. Five producers and eight importers reported making at least 50 percent of their sales over 1,000 miles from their point of shipment. Forty-one of 60 responding importers reported shipping from their storage facility and the remaining importers reported shipping from their point of importation.

¹⁴ Hearing transcript, pp. 114-15 (Levin).

¹⁵ Conference transcript, p. 25 (Natkin).

¹⁶ Petition, exhibit I-13, p. 3.

¹⁷ Conference transcript, p. 71 (Finkell).

¹⁸ Sandler, Travis, & Rosenberg, P.A. (On behalf of two U.S. importers and one domestic producer) postconference brief, pp. 30-31 and hearing transcript, (Hamer), pp. 222-223, (Train), pp. 214-15.

¹⁹ One exception was U.S. importer *** which reported lead times ranging from 7 to 60 days.

Comparison of U.S.-Produced and Imported MLWF

Based on data in table II-8, 55 percent of responding U.S. producers, 34 percent of responding importers, and 37 percent of responding purchasers indicated that MLWF produced in the United States and imported from China are “always” used interchangeably. Over 80 percent of U.S. producers, almost one-half of responding importers, and over two-thirds of responding purchasers reported that they are at least “frequently” used interchangeably. Some importers and purchasers indicated that although MLWF produced in one country can be physically interchanged with MLWF from another country, many purchasers may not consider the product interchangeable since design options available from producers in different countries vary. Several importers indicated that substitutability is limited by certain species of wood that are available to Chinese producers but not from U.S. producers. Some importers also indicated that substitutability is limited because imports of MLWF from China generally can be installed using a “click and lock” technology that U.S. producers have been slower to adopt.²⁰ Importer and purchaser *** indicated most U.S. produced MLWF has a rotary-peel face, whereas most Chinese and Taiwanese produced MLWF has a sawn face that offers an authentic visual appearance.

At least 49 percent of responding purchasers reported that U.S.-produced MLWF was ranked comparable with imports from China for all factors except for delivery time, price, and technical support/service (table II-9). At least 59 percent of responding purchasers indicated that U.S. product was ranked superior to imports from China with regard to delivery time, and that the U.S. product was ranked inferior to imports from China with regard to price.

At least 60 percent of responding U.S. producers, 29 percent of responding importers, and 23 percent of responding purchasers reported that MLWF produced in the United States and imported from nonsubject countries is “always” used interchangeably. At least 71 percent of U.S. producers, 25 percent of importers, and 32 percent of purchasers reported that MLWF imports from China and imports from nonsubject countries are “always” used interchangeably.

As indicated in table II-10, 83 percent of U.S. responding producers, 33 percent of responding importers, and 39 percent of responding purchasers indicated that differences other than price between MLWF produced in the United States and imported from China were at most “sometimes” a significant factor in their sales. At least 70 percent of U.S. producers, 35 percent of responding importers, and 41 percent of purchasers indicated that differences other than price between MLWF produced in the United States and imported from nonsubject countries were at most “sometimes” a significant factor in their sales. Non-price factors frequently cited by producers, importers, and purchasers were that some species of wood are only available in certain countries, that imported product often has longer lead times, and that style and design of MLWF vary by country.

At the Commission’s request, parties submitted information on their shipments of MLWF made from different species or wood, MLWF that had been hand scraped, and U.S. producers provided information about the various price points at which they sell MLWF.²¹

²⁰ Conference transcript, p. 140 (Hubbard).

²¹ Responses filed in the posthearing briefs included Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) posthearing brief, pp. 18-19, exhibit 2; Mowry & Grimson (on behalf of Fine Furniture (Shanghai) Limited and J. Michael & Co. LLC) posthearing brief, exhibits 1 and 2; China National Forest Products Industry Association respondents posthearing brief, Commissioners’ post-hearing questions for all parties.

Table II-8

MLWF: Perceived interchangeability between MLWF produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	6	3	1	1	14	9	21	3	13	13	11	1
U.S. vs. nonsubject countries: U.S. vs. Brazil	6	3	0	1	8	7	7	5	6	6	10	4
U.S. vs. Canada	6	2	0	1	12	5	8	1	11	6	5	1
U.S. vs. Indonesia	6	2	0	1	9	6	9	2	9	7	7	0
U.S. vs. other nonsubject	5	1	1	1	5	6	5	1	6	5	6	1
China vs. nonsubject countries: China vs. Brazil	5	1	0	1	7	10	5	2	7	9	5	1
China vs. Canada	6	0	0	0	8	7	7	1	9	7	3	0
China vs. Indonesia	5	0	0	1	8	9	5	2	8	8	6	0
China vs. other nonsubject	5	0	0	1	4	8	3	1	6	8	3	0
Nonsubject countries comparisons: Brazil vs. Canada	5	0	0	1	8	5	7	1	7	5	5	1
Brazil vs. Indonesia	5	0	0	1	9	4	6	3	7	6	7	1
Brazil vs. other nonsubject	5	0	0	1	4	6	3	2	6	6	2	1
Canada vs. Indonesia	5	0	0	1	7	6	6	2	7	4	3	1
Canada vs. other nonsubject	5	0	0	1	5	5	3	1	7	5	2	0
Indonesia vs. other nonsubject	5	0	0	1	4	7	2	1	6	5	1	0
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

Table II-9

MLWF: Purchasers' comparisons of domestic and subject and nonsubject products

Factor	U.S. vs. China			U.S. vs. Brazil			US vs. Canada			US vs. Indonesia			US vs. other		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	17	20	4	16	5	3	3	17	1	15	9	1	11	5	1
Delivery terms	14	26	1	8	14	0	1	19	0	12	12	0	11	5	0
Delivery time	29	11	1	17	5	2	5	16	0	18	6	1	12	5	0
Discounts offered	9	27	4	5	17	0	1	17	2	5	19	0	1	14	1
Extension of credit	15	23	3	10	14	0	0	20	1	8	16	1	7	11	0
Price	1	16	24	4	13	7	3	14	4	1	10	14	2	10	5
Minimum quantity reqs.	15	23	3	6	17	1	2	17	2	9	12	4	7	8	2
Packaging	5	34	2	1	23	0	1	20	0	1	24	0	2	15	0
Product consistency	8	27	6	4	19	1	4	14	3	2	21	2	3	12	2
Quality meets ind. standards	4	35	2	1	23	0	4	15	2	2	23	0	3	13	1
Quality exceeds ind. standards	4	31	5	1	21	2	4	13	2	1	21	1	3	10	3
Product range	5	21	15	8	10	7	1	18	3	5	15	5	3	11	3
Reliability of supply	10	27	4	12	9	2	2	19	0	11	13	0	6	7	3
Technical support/service	24	16	1	14	9	1	4	16	1	12	11	1	11	5	1
U.S. transportation costs	10	27	3	7	15	2	3	16	2	6	17	2	7	10	0
Ease of installation	2	35	4	2	22	0	1	18	2	1	22	1	3	13	1
Species	3	25	13	4	6	14	1	19	1	2	17	5	4	8	5
Product style	3	23	14	2	16	4	0	18	2	1	19	4	1	11	3

Note.—S = domestic product superior, C = domestic product comparable, I = domestic product inferior.

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

Table II-10

MLWF: Perceived differences other than price between MLWF produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	1	1	8	2	15	17	12	4	13	10	11	4
U.S. vs. nonsubject countries: U.S. vs. Brazil	2	1	7	0	6	8	11	1	5	5	10	5
U.S. vs. Canada	0	0	5	4	5	5	13	4	6	4	3	6
U.S. vs. Indonesia	0	0	7	1	3	10	9	3	6	5	7	4
U.S. vs. other nonsubject	0	0	4	1	2	9	4	2	5	5	3	4
China vs. nonsubject countries: China vs. Brazil	1	1	4	0	4	7	8	2	4	3	8	5
China vs. Canada	1	0	3	2	4	8	8	3	4	3	4	5
China vs. Indonesia	0	0	4	1	3	9	8	3	5	3	7	4
China vs. other nonsubject	0	0	3	1	1	7	7	2	3	3	5	4
Nonsubject countries comparisons: Brazil vs. Canada	0	2	3	1	2	7	9	1	3	3	3	5
Brazil vs. Indonesia	0	1	3	1	2	9	7	2	4	3	8	4
Brazil vs. other nonsubject	0	0	3	1	1	7	5	2	3	3	4	4
Canada vs. Indonesia	0	1	3	1	4	8	6	2	3	3	3	4
Canada vs. other nonsubject	0	0	3	1	1	8	3	2	3	3	2	4
Indonesia vs. other nonsubject	0	0	3	1	1	6	5	2	3	2	2	4
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

ELASTICITY ESTIMATES

This section discusses suggested elasticity estimates based on the conditions of competition. Petitioners commented on staff's prehearing estimate of substitution elasticity, and respondents commented on the demand and substitution elasticities, as discussed below.

U.S. Supply Elasticity

The domestic supply elasticity for MLWF measures the sensitivity of the quantity supplied by U.S. producers to a change in the U.S. market price of MLWF. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to the production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced MLWF.²² Earlier analysis of these factors indicates that the U.S. industry has the ability to respond to changes in demand with large changes in shipments of MLWF to the U.S. market. Staff estimates that the supply elasticity for MLWF is between 5 and 10.

U.S. Demand Elasticity

The U.S. demand elasticity for MLWF measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of MLWF. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of MLWF in the production of downstream products.

Respondents indicate demand is very elastic because of the high degree of substitutability between specific MLWF products and specific hardwood or laminate products and suggest that the aggregate demand elasticity is greater than -10 (in magnitude).²³ They indicate that subject imports and the domestic product are gross complements since shipments of both increased simultaneously without prices decreasing.²⁴

While the substitutability between MLWF and other flooring products makes demand responsive to price, much of the increase in apparent consumption since 2009 can be explained by a shift in demand due to factors other than price. The eight percent increase in housing starts between 2009 and interim 2011 shown in figure II-2 may explain much of the 13 percent increase in apparent consumption that the respondents' cite in their prehearing brief.²⁵ As noted earlier, more than one-fourth of responding producers and importers (including several respondents such as *** and ***) and one-eighth of responding purchasers reported an increase in demand since 2008. The response of many of these firms cited a shift from substitutes due to factors other than price such as ease of installation, stability, styling, and environmental friendliness. Given the effects of the recession in 2008, it is likely that more firms would report an increase in demand since 2009. The degree to which MLWF was substituted for other floor coverings, however appears to be limited given that the market shares of the other floor coverings that are competitive with MLWF also increased by greater or similar amounts between 2009 and 2010 as shown in tables II-3 and II-4. Respondents' suggested demand elasticity value of -10 or larger (in

²² Domestic supply response is assumed to be symmetrical for both an increase and a decrease in demand for the domestic product. Therefore, factors affecting increased quantity supplied to the U.S. market also affect decreased quantity supplied to the same extent.

²³ Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) prehearing brief, pp. 18-19 and hearing transcript (Boltuck), pp. 333-334.

²⁴ Hearing transcript (Boltuck), p. 335.

²⁵ Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) prehearing brief, p. 18.

magnitude) implies that, holding other factors constant, a ten percent increase in the average market price of MLWF would eliminate all demand for MLWF in the U.S. market.

As discussed earlier, it is likely that any change in the price level of MLWF will result in a moderate change in the quantity of MLWF demanded. The main contributing factors are existence of substitute products and the small cost share of MLWF in final cost of home construction. Based on available information, the demand elasticity for MLWF is likely to be in the range of -0.75 to -1.25.

Substitution Elasticity

The substitution elasticity measures how easily purchasers switch from the U.S. product to the subject product (or vice versa) when prices change. This elasticity depends upon the extent of product differentiation between the domestic and imported products and therefore such factors as quality and conditions of sale (e.g., service, availability, delivery). Petitioners indicate that the characterization of “moderate to high” degree of substitutability is likely understated and that the elasticity of substitution is likely to be at the high end of the range of 3 to 5.²⁶ Respondents indicated that the substitution elasticity is between 1 and 2.²⁷ As discussed earlier, 80 percent of U.S. producers, almost one-half of responding importers, and over two-thirds of responding purchasers reported that domestic MLWF and that imported from China are at least “frequently” used interchangeably. Based on this and other available information, the substitution elasticity between U.S.-produced MLWF and subject imported MLWF is likely to be in the range of 3 to 5.

Respondents indicate that their assumed demand elasticity of -10 and the substitution elasticity of 3 to 5 suggested in the prehearing report would imply that U.S.-produced MLWF and MLWF imported from China are gross complements.²⁸ This means that a decrease in the price of MLWF imported from China would increase demand for U.S. produced MLWF. These respondents indicate that a COMPAS model analysis using these elasticities will not show a reduction in the price of the like product as a result of dumped or subsidized imports. They also note that the “extraordinary small” AD and CVD rates assure only negligible effects on the U.S. industry at most, even if different elasticity assumptions are used.²⁹

²⁶ Petitioners’ prehearing brief, p. 21.

²⁷ Hearing transcript, (Boltuck) p. 335.

²⁸ Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) posthearing brief, responses to questions from the Commission, p. 2, fn 1.

²⁹ Ibid.

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other specified factors is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 12 firms that accounted for nearly all known U.S. production of MLWF during 2010.¹

U.S. PRODUCERS

The Commission sent producer questionnaires to 13 firms identified in the preliminary phase of these investigations as producers of MLWF; 12 provided completed responses that they produced MLWF during the period of investigation, and 1 did not respond. No tolling or production in foreign trade zones was reported.

Table III-1 presents a list of current domestic producers of MLWF and each company's position on the petitions, production location(s), related and/or affiliated firms, and share of reported production of MLWF in 2010. Changes in MLWF production operations since 2008 are also presented in table III-1. Those in support of the petition accounted for over 60 percent of reported 2010 MLWF production.

Table III-1
MLWF: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of reported 2010 production (percent)
Anderson Hardwood Floors, LLC ¹	Petitioner	Clinton, SC	***	***
Armstrong World Industries, Inc. ²	***	Lancaster, PA; Center, TX; Somerset, KY; Statesville, NC; Vicksburg, MS	***	***
Award Hardwood Floors ³	Petitioner	Wausau, WI	None	***
Colonial Craft ⁴	***	Shawano, WI	***	***
From the Forest ⁵	Petitioner	Weston, WI	None	***
Home Legend Manufacturing ⁷	***	Edwards, MS	***	***
Howell Hardwood Flooring ⁸	Petitioner	Dothan, AL	None	***
Mannington Mills, Inc. ⁹	Petitioner	Epes, AL; High Point, NC	None	***

Table continued on next page.

¹ ***.

Table III-1--Continued

MLWF: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Mohawk Industries, Inc. ¹⁰	***	Dallas, TX	None	***
Nydree Flooring ¹¹	Petitioner	Karthus, PA; Forest, VA	None	***
QEP Comp., Inc. ¹²	***	Boca Raton, FL; Johnson City, TN; Montpelier, IN	None	***
Shaw Industries Group, Inc. ¹³	Petitioner	Dalton, GA	***	***
US Floors, Inc. ¹⁴	***	Dalton, GA	***	***

1 "**** "
 2 ***
 3 ***
 4 ***
 5 ***
 6 ***
 7 ***
 8 "**** "
 9 "**** "
 10 ***
 11 "**** "
 12 "**** "
 13 ***
 14 ***

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

Table III-2 presents data on whether U.S. producers produced other products on the same equipment and machinery used in the production of MLWF and/or using the same production and related workers employed to produce MLWF since 2008.

Table III-2

MLWF: U.S. producers' reported use of machinery, equipment, and workers used for MLWF and other nonsubject products, 2008-10, January-June 2010, and January-June 2011

* * * * *

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for MLWF are presented in table III-3.

Table III-3**MLWF: U.S. capacity, production, and capacity utilization, 2008-10, January-June 2010, and January-June 2011¹**

Item	Calendar year			January-June--	
	2008	2009	2010	2010	2011
Capacity (1,000 square feet)	252,642	252,256	230,124	114,703	117,097
Production (1,000 square feet)	157,217	125,283	136,639	71,499	74,453
Capacity utilization (percent)	62.2	49.7	59.4	62.3	63.6

¹ ***.

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

Over the period of investigations, two producers, ***, reported line (***) closings in 2007. In addition to the plant closures, three producers experienced prolonged shutdowns or production curtailments during the period examined. *** described shutdowns lasting one to five months. *** detailed shift eliminations in its two locations, with the work week shortened to 4 days, as well as one week shutdowns “multiple times a year.” *** has also had one week shutdowns on five different occasions. Also, *** consolidated its production to one location. Four producers, ***, opened new facilities. In addition, ***.

U.S. PRODUCERS' SHIPMENTS

Over the period examined, U.S. commercial shipments (table III-4) accounted for the vast majority of U.S. producers' shipments. U.S. producers generally supplied the domestic U.S. market but not foreign markets. Between 2008 and 2010, the quantity and value of U.S. producers' U.S. shipments declined by 14.7 percent and 18.7 percent, respectively, with most of this decline occurring between 2008 and 2009. Unit values for shipments of all U.S.-produced MLWF decreased steadily between 2008 and 2010.

No transfers were reported. *** reported exports to ***.

Table III-4

MLWF: U.S. producers' shipments, by types, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	156,909	131,071	133,839	69,194	69,867
Export shipments	3,116	1,580	2,680	1,467	1,165
Total shipments	160,025	132,651	136,519	70,661	71,032
Value (1,000 dollars)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	419,763	342,020	341,130	177,426	176,599
Export shipments	10,659	5,840	10,509	5,575	4,604
Total shipments	430,422	347,860	351,639	183,001	181,203
Unit value (per square foot)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	\$2.68	\$2.61	\$2.55	\$2.56	\$2.53
Export shipments	3.42	3.70	3.92	3.80	3.95
Total shipments	2.69	2.62	2.58	2.59	2.55
Share of quantity (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	98.1	98.8	98.0	97.9	98.4
Export shipments	1.9	1.2	2.0	2.1	1.6
Total shipments	100.0	100.0	100.0	100.0	100.0
¹ Not applicable. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from data submitted in response to Commission questionnaires.					

U.S. PRODUCERS' INVENTORIES

Table III-5, which presents end-of-period inventories for MLWF, shows that inventories fell irregularly between 2008 and 2010 and rose between the interim periods.

Table III-5
MLWF: U.S. producers' end-of-period inventories, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Inventories (<i>1,000 square feet</i>)	28,702	20,819	23,058	22,405	26,870
Ratio to production (<i>percent</i>)	18.3	16.6	16.9	15.7	18.0
Ratio to U.S. shipments (<i>percent</i>)	18.3	15.9	17.2	16.2	19.2
Ratio to total shipments (<i>percent</i>)	17.9	15.7	16.9	15.9	18.9

Note.—Partial-year ratios are based on annualized production and shipments.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Eight of the 12 U.S. responding producers imported MLWF directly from China and nonsubject sources (no nonsubject Chinese imports were reported by U.S. producers) during the period for which data were collected. Nonsubject sources include Brazil, Indonesia, Paraguay, and Sweden. In 2010, U.S. producers that imported MLWF directly represented *** percent of the total reported quantity of U.S. imports, *** percent of U.S. imports from China and *** percent of U.S. imports from all other sources. Reasons for importing MLWF include: (1) to obtain exotic species not produced in the United States, (2) lower prices, and (3) to remain competitive in the U.S. market. U.S. producers' imports (no purchases were reported) of MLWF (as well as reasons for importing) are presented in table III-6.

Table III-6
MLWF: U.S. producers' imports, 2008-10, January-June 2010, and January-June 2011

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for MLWF are presented in table III-7. *** did not supply employment data.

Table III-7

MLWF: U.S. producers' employment-related data, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Production and related workers (PRWs)	2,507	2,031	1,915	2,036	1,826
Hours worked by PRWs (<i>1,000 hours</i>)	5,125	3,999	3,825	2,019	1,848
Hours worked per PRW	2,044	1,969	1,997	992	1,013
Wages paid to PRWs (<i>1,000 dollars</i>)	72,852	58,528	58,298	30,352	27,883
Hourly wages	\$14.22	\$14.64	\$15.24	\$15.03	\$15.08
Productivity (<i>square feet produced per hour</i>)	29.2	29.5	33.7	33.5	37.7
Unit labor costs (<i>per square foot</i>)	\$0.49	\$0.50	\$0.45	\$0.45	\$0.40
Note.-***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

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

U.S. IMPORTERS

In the final phase of these investigations Importer questionnaires were sent to 150 firms believed to be importers of subject MLWF, as well as to all U.S. producers of MLWF.¹ Usable questionnaire responses were received from 65 companies, representing the majority of U.S. imports from China between January 2008 and June 2011, as defined in Part I.² Table IV-1 lists all responding U.S. importers of MLWF from China and other sources, their locations, and their shares of U.S. imports in 2010. Of the 65 responding importers, 36 reported imports solely from China and 28 reported imports from China and the following nonsubject countries: Austria, Belgium, Brazil, Canada, Chile, nonsubject China, France, Germany, Indonesia, Malaysia, Paraguay, Taiwan, and Sweden. ***.

**Table IV-1
MLWF: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010**

Firm	Headquarters/ operation locations	Source of reported imports	Share of reported imports (percent)		
			Subject China	All other	Total
A&W Group, Inc.	El Monte, CA	***	***	***	***
Allwood Import, LLC	Portland, OR	***	***	***	***
Alston Inc.	Chino, CA	***	***	***	***
Anderson Hardwood Floors, LLC	Clinton, SC	***	***	***	***
Armstrong	Lancaster, PA	***	***	***	***
B&M Noble Co.	San Diego, CA	***	***	***	***
BR Custom Surface	Baton Rouge, LA	***	***	***	***
CFA Industrial Corp.	Chino, CA	***	***	***	***
CFS Corp.	Suwanee, GA	***	***	***	***

Table continued on next page.

¹ In the preliminary phase of these investigations the Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have imported at least \$500,000 of MLWF since 2007 (as identified in the preliminary phase). In the preliminary phase of these investigations 39 of those firms identified as importers reported that they did not import MLWF. The total value of imports of products in the 10 six-digit subheadings under which MLWF may have been imported was \$2.7 billion in 2010 (of this total China accounted for 1.1 billion). Those receiving questionnaires during the preliminary phase of these investigations accounted for \$634.3 million in 2010. Those submitting questionnaires identifying themselves as importers of either subject or nonsubject MLWF accounted for \$194.6 million in 2010.

² Import data are compiled from the responses to the Commission's importer questionnaires. Commerce found in the final phase of its investigations that imports manufactured and exported by Yuhua received *de minimis* countervailable subsidies and that its exports had not been sold at LTFV. This firm accounted for *** percent of reported Chinese production and *** percent of reported exports to the United States during 2010.

Table IV-1--Continued

MLWF: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters/ operation locations	Source of reported imports	Share of reported imports (percent)		
			Subject China	All other	Total
Cintek System	Compton, CA	***	***	***	***
CLBY dba D&M Flooring	Los Angeles, CA	***	***	***	***
Costco Wholesale Corporation	Issaquah, WA	***	***	***	***
Courey International USA, Inc.	Miami, FL	***	***	***	***
Creative at Home Inc.	Buraby, BC Canada	***	***	***	***
Crescent Hardwood Supply	Harahan, LA	***	***	***	***
Custom Wholesale Floors Inc.	Jacksonville, FL	***	***	***	***
DPR International	Elizabethtown, PA	***	***	***	***
Easoon USA, LLC {Dasso}	Atlanta, GA	***	***	***	***
Elegance Exotic Wood Flooring	Fontana, CA	***	***	***	***
Eternity Floor/LAHardwood Floors	San Fernando, CA	***	***	***	***
Floorindo Inc.	S. El Monte, CA	***	***	***	***
Galleher	Santa Fe Springs, CA	***	***	***	***
Golden State Flooring	Livermore, CA	***	***	***	***
Guoya Bamboo USA, Inc.	Oswego, IL	***	***	***	***
Home Depot USA Inc.	Atlanta, GA	***	***	***	***
Home Legend LLC	Adairsville, GA; Calhoun, CA	***	***	***	***
Intech Sourcing, Inc.	Hutto, TX	***	***	***	***
J. J. Haines	Glen Burnie, MD	***	***	***	***
J. Michael & Co. LLC	Carrollton, TX	***	***	***	***
Johnson Premium Hardwood Flooring	City of Industry, CA	***	***	***	***
Kahrs International	Altamonte Springs, FL	***	***	***	***
Leadman Flooring LLC	Norcross, GA	***	***	***	***
Lucky Step Inc.	City of Industry, CA	***	***	***	***
Lumber Liquidators Holdings, Inc.	Toano, VA	***	***	***	***

Table continued on next page.

Table IV-1--Continued

MLWF: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters/ operation locations	Source of reported imports	Share of reported imports (percent)		
			Subject China	All other	Total
Mannington Mills, Inc.	Salem, NJ	***	***	***	***
Max Windsor Floors	Rancho Cucamonga, CA	***	***	***	***
Metropolitan Hardwood Floors	Delta, BC and Kent, WA	***	***	***	***
Mohawk Industries	Calhoun, GA	***	***	***	***
Mullican Flooring, L.P.	Johnson City, TN	***	***	***	***
Nature Flooring Industries, Inc.	Exton, PA	***	***	***	***
Nikzad Import Inc.	Los Angeles, CA	***	***	***	***
Old Master Products	Van Nuys, CA	***	***	***	***
Pinnacle Interior Elements, Ltd.	Carrollton, TX	***	***	***	***
Primavera Distributing	Chattanooga, TN	***	***	***	***
Prime Supply Co	Kent, WA	***	***	***	***
Provenza Floors, Inc.	Santa Ana, CA	***	***	***	***
Q.E.P Co., Inc.	Boca Raton, FL	***	***	***	***
Real Wood Floors	West Plains, MO	***	***	***	***
Regal Hardwoods, Inc.	Farmers Branch, TX	***	***	***	***
Robina Wood, Inc.	Kennesaw, GA	***	***	***	***
Royalty Intl. Group, Inc.	San Gabriel, CA	***	***	***	***
Sea-Pac Sales Co.	Kent, WA	***	***	***	***
Shamrock Wood Industries, Inc.	Horn Lake, MS	***	***	***	***
Shaw Industries Group, Inc.	Dalton, GA	***	***	***	***
Somerset Hardwood Flooring, Inc.	Somerset, KY	***	***	***	***
Sunny Industry LLC	Edison, NJ	***	***	***	***
Swift-Train Co., LLC	Houston, TX	***	***	***	***
The Wood Cellar, Ltd.	Melbourne, FL	***	***	***	***
Urban Global LLC	City of Industry, CA	***	***	***	***
US Floors, Inc.	Dalton, GA	***	***	***	***

Table continued on next page.

Table IV-1--Continued

MLWF: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

Firm	Headquarters/ operation locations	Source of reported imports	Share of reported imports (percent)		
			Subject China	All other	Total
VAL Floors, Inc.	Carlstadt, NJ	***	***	***	***
Verde Floors, LLC	Advance, NC	***	***	***	***
WEGO Chemical & Mineral Corp.	Great Neck, NY	***	***	***	***
Weyerhaeuser Co.	Federal Way, WA	***	***	***	***
World Data & Media, Inc.	City of Industry, CA	***	***	***	***

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of MLWF from China and all other sources as reported by the 65 responding U.S. importers. China has increased its share of total imports over the period of investigation.

Table IV-2
MLWF: U.S. imports, by sources, 2008-10, January-June 2010, and January-June 2011

Source	Calendar year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
China	136,884	113,582	149,339	71,789	75,271
Nonsubject	51,118	40,026	47,392	22,149	24,837
Total	188,002	153,608	196,731	93,939	100,108
Value (1,000 dollars)					
China	315,109	250,670	310,059	150,775	159,154
Nonsubject	126,168	95,143	100,949	46,968	49,127
Total	441,277	345,813	411,008	197,743	208,280
Unit value (per square foot)					
China	\$2.30	\$2.21	\$2.08	\$2.10	\$2.11
Nonsubject	2.47	2.38	2.13	2.12	1.98
Average	2.35	2.25	2.09	2.11	2.08
Share of quantity (percent)					
China	72.8	73.9	75.9	76.4	75.2
Nonsubject	27.2	26.1	24.1	23.6	24.8
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	71.4	72.5	75.4	76.2	76.4
Nonsubject	28.6	27.5	24.6	23.8	23.6
Total	100.0	100.0	100.0	100.0	100.0
Note.--Nonsubject Chinese imports are grouped with <i>Nonsubject</i> imports.					
Source: Compiled from responses to Commission's questionnaires.					

NEGLECTIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible unless the Commission finds those imports will imminently exceed the negligibility threshold.³ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a subject country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that

³ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁴ Subject imports from China accounted for 75.9 percent of total imports of MLWF by quantity during 2010 and 86.6 percent of total imports between October 1, 2009 and September 30, 2010.

APPARENT U.S. CONSUMPTION

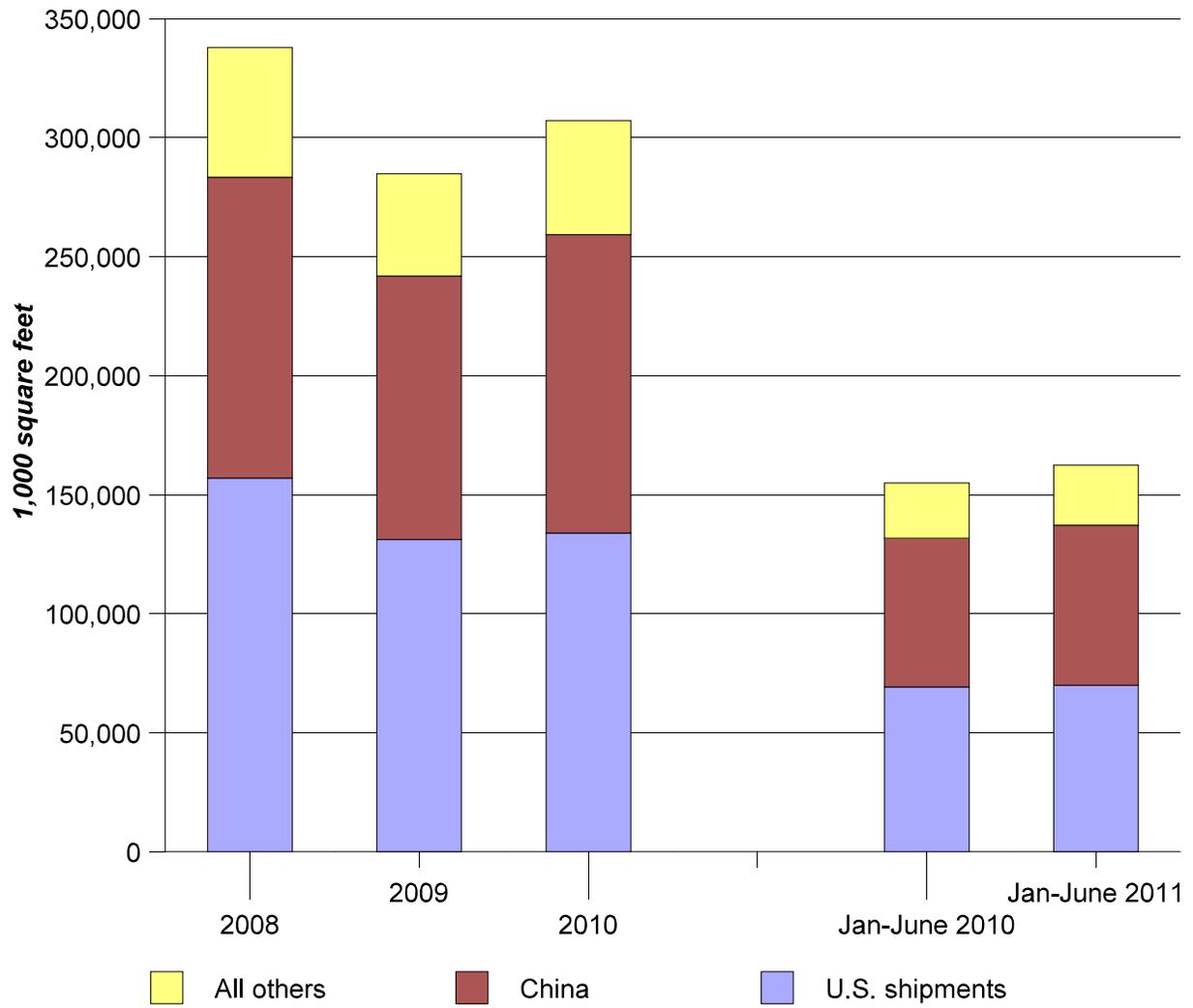
Data concerning apparent U.S. consumption of MLWF during the period of investigation are shown in table IV-3 and figure IV-1.

Table IV-3
MLWF: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
U.S. producers' U.S. shipments	156,909	131,071	133,839	69,194	69,867
U.S. shipments of imports from-- China	126,460	110,781	125,366	62,476	67,227
Nonsubject countries	54,514	43,009	47,948	23,250	25,345
Total U.S. imports	180,974	153,790	173,314	85,726	92,572
Apparent U.S. consumption	337,884	284,861	307,152	154,920	162,439
Value (1,000 dollars)					
U.S. producers' U.S. shipments	419,763	342,020	341,130	177,426	176,599
U.S. shipments of imports from-- China	339,175	288,330	326,981	164,532	170,535
Nonsubject countries	146,770	110,359	115,785	54,793	56,813
Total U.S. imports	485,945	398,690	442,766	219,325	227,348
Apparent U.S. consumption	905,708	740,709	783,896	396,751	403,947
Note.--Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

⁴ Section 771(24) of the Act (19 U.S.C. § 1677(24)).

Figure IV-1
MLWF: Apparent U.S. consumption, by sources, 2008-10, January-June 2010, and January-June 2011



Source: Table IV-3.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-4. U.S. and nonsubject shares have declined over the period of investigation.

Table IV-4

MLWF: U.S. consumption and market shares, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
Apparent U.S. consumption	337,884	284,861	307,152	154,920	162,439
Value (1,000 dollars)					
Apparent U.S. consumption	905,708	740,709	783,896	396,751	403,947
Share of quantity (percent)					
U.S. producers' U.S. shipments	46.4	46.0	43.6	44.7	43.0
U.S. imports from-- China	37.4	38.9	40.8	40.3	41.4
Nonsubject countries	16.1	15.1	15.6	15.0	15.6
All countries	53.6	54.0	56.4	55.3	57.0
Share of value (percent)					
U.S. producers' U.S. shipments	46.3	46.2	43.5	44.7	43.7
U.S. imports from-- China	37.4	38.9	41.7	41.5	42.2
Nonsubject countries	16.2	14.9	14.8	13.8	14.1
All countries	53.7	53.8	56.5	55.3	56.3
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of MLWF is presented in table IV-5. The ratio of U.S. imports to U.S. production rose throughout the period of investigation.

Table IV-5
MLWF: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
U.S. production	157,217	125,283	136,639	71,499	74,453
Imports from:					
China	136,884	113,582	149,339	71,789	75,271
Nonsubject countries	51,118	40,026	47,392	22,149	24,837
Total imports	188,002	153,608	196,731	93,939	100,108
Ratio of U.S. imports to production (percent)					
Imports from:					
China	87.1	90.7	109.3	100.4	101.1
Nonsubject countries	32.5	31.9	34.7	31.0	33.4
Total imports	119.6	122.6	144.0	131.4	134.5
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

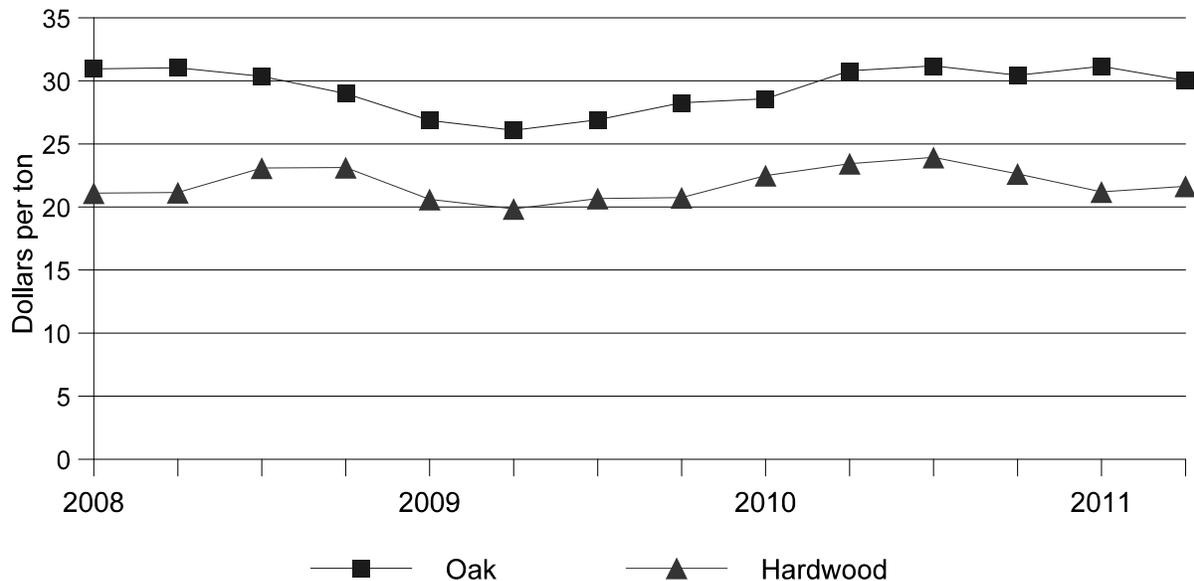
PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs accounted for 45 to 47 percent of the total cost of goods sold for U.S. producers during 2008 to 2010. Sawtimber is the main raw material used to produce MLWF. The average Timber Mart-South prices for oak and hardwood sawtimber has fluctuated since 2008, with the price of oak sawtimber falling by 3 percent and the price of hardwood sawtimber increasing by 3 percent (see figure V-1).

Figure V-1
Sawtimber: Average Timber Mart-South sawtimber prices, by quarter, January 2008-June 2011



Source: Timber Mart-South.

U.S. Inland Transportation Costs

Transportation costs for U.S. inland shipments of MLWF generally account for a small-to-moderate share of the delivered price of these products. Most U.S. producers reported that the costs ranged from less than 2 percent to 7 percent of the delivered price for MLWF. Most responding U.S. importers reported that such costs ranged from 3 percent to 15 percent.

PRICING PRACTICES

Pricing Methods

Most U.S. producers and importers reported making sales of MLWF on a spot basis. Six of ten responding U.S. producers and 40 of 60 responding importers reported making at least 80 percent of their sales on a spot basis. Three producers and 14 importers reported making at least 80 percent of their sales on a short-term contract basis of one year or less. One producer and three importers reported making at least 80 percent of their sales on a long-term contract basis of two to five years.

Most firms reported setting prices using a price list, although some firms set price on a transaction-by-transaction basis or use contracts for multiple shipments. Nine of 12 responding producers and 41 of 62 responding importers reported using a price list. Six producers and 20 importers reported setting prices on a transaction-by-transaction basis.¹ Four producers and nine importers reported using contracts for multiple shipments.

Nine of 12 responding U.S. producers and 38 of 60 responding importers reported making their sales on a f.o.b. basis only, and the remaining firms sell only on a delivered basis. Seven of 11 responding U.S. producers and 31 of 62 importers reported that at least 80 percent of their sales of MLWF are from U.S. inventory and an additional five importers reported making at least 80 percent of their sales from foreign inventory. Three responding producers (***) and 15 importers reported that at least 80 percent of their sales are made to order. One of the respondents claimed that all imports of MLWF are made to order to distinguish them from U.S.-produced MLWF.²

Sales Terms and Discounts

Eight of 11 responding producers and 32 of 61 responding importers reported the use of quantity discounts and two U.S. producers and nine importers reported using annual volume discounts. Six responding U.S. producers and 11 responding importers indicated they offered other discounts such as quarterly sales discounts, discounts for payment terms, and rebates. One U.S. producer and 25 importers reported having no discount policy.

PRICE DATA

The Commission requested U.S. producers and importers of MLWF to provide quarterly data for the total quantity and f.o.b. value of MLWF that was shipped to unrelated customers in the U.S. market during January 2008-June 2011. The products for which pricing data were requested are as follows:

Product 1.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, red oak-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 2.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

¹ Some firms reported multiple methods of setting prices.

² Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer), posthearing brief, p. 9.

Product 3.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 4.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, maple-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 5.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red-oak face product, prefinished (MDF, HDF or similar core), 125 mm (5 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 6.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, unscraped/plain, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 7.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, hand scraped, prefinished, "Rustic" or "Country" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Product 8.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, American walnut faced, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length

Nine U.S. producers and 38 importers of MLWF from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 40 percent of U.S. producers' shipments of MLWF and 14 percent of U.S. shipments of imports from subject producers in China in 2010.

Price Trends

Price data are shown in tables V-1 to V-8 and figure V-2. Price data for nonsubject countries and the nonsubject Chinese producer are presented in appendix E. Price trend summary data are presented in table V-9. Prices for all U.S.-produced products decreased to some extent between the first quarter of 2008 and the second quarter of 2011. Weighted-average sales prices for U.S.-produced products 2, 3, 4, and 8 decreased by less than two percent, while prices for the other four products decreased by *** to *** percent. For subject imports from China, weighted average sales prices of products 2, 4, and 6 increased by about 14 percent each while prices for the other products decreased by *** to *** percent.³

³ Because no data were reported for the first two quarters of 2008 for product 5 imported from China, the percentage change in the price for this product is based on the change between the third quarter of 2008 and the second quarter of 2011.

Table V-1

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 of square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$***	***	***
Apr.-June	***	***	3.63	309	***
July-Sept.	***	***	3.42	404	***
Oct.-Dec.	***	***	3.39	287	***
2009:					
Jan.-Mar.	***	***	3.15	424	***
Apr.-June	***	***	3.22	421	***
July-Sept.	***	***	3.24	464	***
Oct.-Dec.	***	***	3.13	369	***
2010:					
Jan.-Mar.	***	***	2.82	1,262	***
Apr.-June	***	***	2.84	1,650	***
July-Sept.	***	***	3.14	1,649	***
Oct.-Dec.	***	***	***	***	***
2011:					
Jan.-Mar.	***	***	2.67	1,600	***
Apr.-June	***	***	2.74	1,582	***
<p>¹ Product 1.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, red oak-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-2

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 2¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$1.88	9,518	\$2.10	757	(11.5)
Apr.-June	1.83	11,500	2.24	499	(22.1)
July-Sept.	1.89	10,754	2.08	403	(9.7)
Oct.-Dec.	1.86	8,440	2.35	239	(26.2)
2009:					
Jan.-Mar.	1.85	6,219	2.03	299	(9.9)
Apr.-June	1.82	6,613	2.19	274	(20.5)
July-Sept.	1.80	7,344	2.32	301	(28.5)
Oct.-Dec.	1.82	7,770	1.99	247	(9.0)
2010:					
Jan.-Mar.	1.86	6,993	2.10	179	(13.2)
Apr.-June	1.91	8,200	2.19	177	(15.1)
July-Sept.	1.91	7,346	2.43	105	(27.0)
Oct.-Dec.	1.91	6,863	2.62	120	(36.9)
2011:					
Jan.-Mar.	1.79	6,802	2.14	195	(19.7)
Apr.-June	1.85	7,625	2.40	148	(29.2)
<p>¹ Product 2.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-3

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 3¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2009:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2010:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2011:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***

¹ Product 3.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Table V-4

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$2.24	631	***
Apr.-June	***	***	2.47	711	***
July-Sept.	3.46	362	2.59	600	25.2
Oct.-Dec.	3.31	350	2.81	530	15.0
2009:					
Jan.-Mar.	***	***	2.53	542	***
Apr.-June	***	***	2.56	803	***
July-Sept.	***	***	2.59	842	***
Oct.-Dec.	***	***	2.63	756	***
2010:					
Jan.-Mar.	2.89	209	2.48	836	14.2
Apr.-June	***	***	2.43	998	***
July-Sept.	3.25	141	2.65	643	18.5
Oct.-Dec.	***	***	2.63	686	***
2011:					
Jan.-Mar.	***	***	2.57	630	***
Apr.-June	3.20	249	2.55	732	20.4
<p>¹ Product 4.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, maple-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-5

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 5¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	--	0	--
Apr.-June	***	***	--	0	--
July-Sept.	***	***	\$***	***	***
Oct.-Dec.	***	***	***	***	***
2009:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2010:					
Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	2.36	368	***
Oct.-Dec.	***	***	2.20	172	***
2011:					
Jan.-Mar.	***	***	2.35	122	***
Apr.-June	***	***	2.27	199	***
<p>¹ Product 5.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red-oak face product, prefinished (MDF, HDF or similar core), 125 mm (5 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table V-6

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 6¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$2.51	143	***
Apr.-June	***	***	2.42	59	***
July-Sept.	***	***	2.72	77	***
Oct.-Dec.	***	***	2.69	54	***
2009:					
Jan.-Mar.	***	***	2.47	48	***
Apr.-June	***	***	2.86	50	***
July-Sept.	***	***	2.90	49	***
Oct.-Dec.	3.20	153	2.74	71	14.5
2010:					
Jan.-Mar.	3.04	127	2.48	65	18.5
Apr.-June	2.78	122	2.38	62	14.1
July-Sept.	***	***	2.18	59	***
Oct.-Dec.	***	***	2.24	67	***
2011:					
Jan.-Mar.	3.15	69	2.00	73	36.4
Apr.-June	3.08	97	2.87	101	7.0
<p>¹ Product 6.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, unscrapped/plain, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-7

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 7¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$3.36	1,461	***
Apr.-June	***	***	3.50	1,549	***
July-Sept.	***	***	3.32	1,890	***
Oct.-Dec.	***	***	3.46	1,423	***
2009:					
Jan.-Mar.	***	***	3.30	1,258	***
Apr.-June	***	***	2.77	1,031	***
July-Sept.	***	***	2.74	1,155	***
Oct.-Dec.	***	***	2.67	1,100	***
2010:					
Jan.-Mar.	***	***	2.64	1,245	***
Apr.-June	***	***	2.60	1,385	***
July-Sept.	***	***	2.57	1,520	***
Oct.-Dec.	***	***	2.60	1,389	***
2011:					
Jan.-Mar.	***	***	2.56	1,467	***
Apr.-June	***	***	2.60	1,168	***
<p>¹ Product 7.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, hand scraped, prefinished, "Rustic" or "Country" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.</p>					
<p>Source: Compiled from data submitted in response to Commission questionnaires.</p>					

Table V-8

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product 8¹ and margins of underselling/(overselling), by quarters, January 2008-June 2011

Period	United States		China		
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Margin (percent)
2008:					
Jan.-Mar.	\$***	***	\$3.98	41	***
Apr.-June	4.00	119	3.89	74	2.8
July-Sept.	3.77	179	3.46	138	8.3
Oct.-Dec.	4.08	108	3.08	110	24.4
2009:					
Jan.-Mar.	4.01	103	***	***	***
Apr.-June	3.80	178	3.40	40	10.6
July-Sept.	2.89	162	3.27	76	(13.4)
Oct.-Dec.	4.04	136	3.32	53	17.8
2010:					
Jan.-Mar.	3.57	122	3.14	123	12.3
Apr.-June	3.83	98	3.38	137	11.7
July-Sept.	3.53	99	***	***	***
Oct.-Dec.	3.59	77	***	***	***
2011:					
Jan.-Mar.	3.43	75	***	***	***
Apr.-June	3.76	139	2.86	233	24.1
¹ Product 8.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, American walnut faced, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.					
Source: Compiled from data submitted in response to Commission questionnaires.					

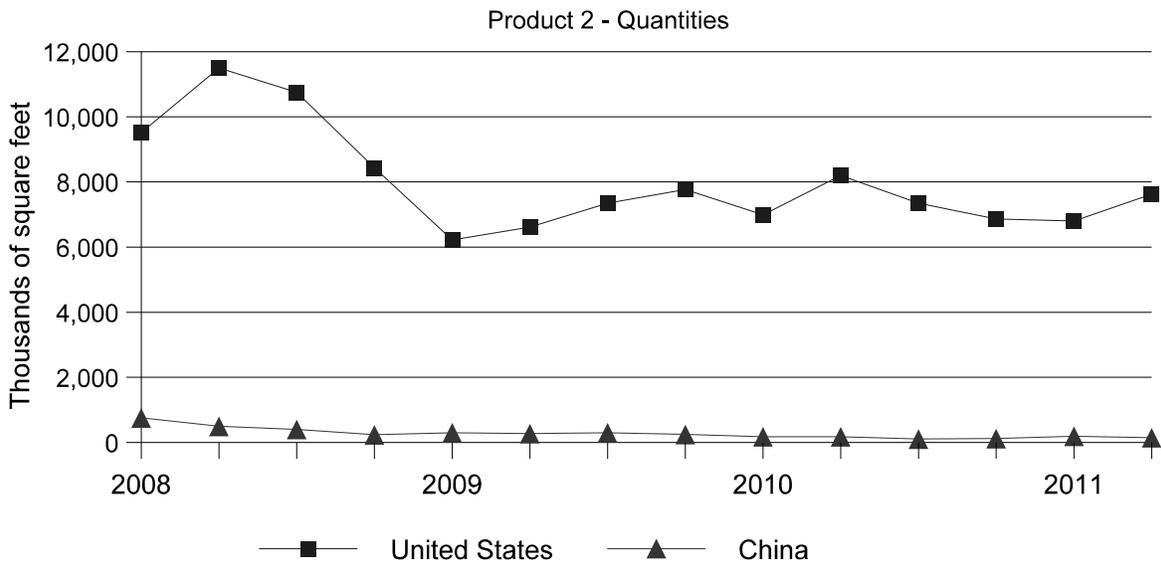
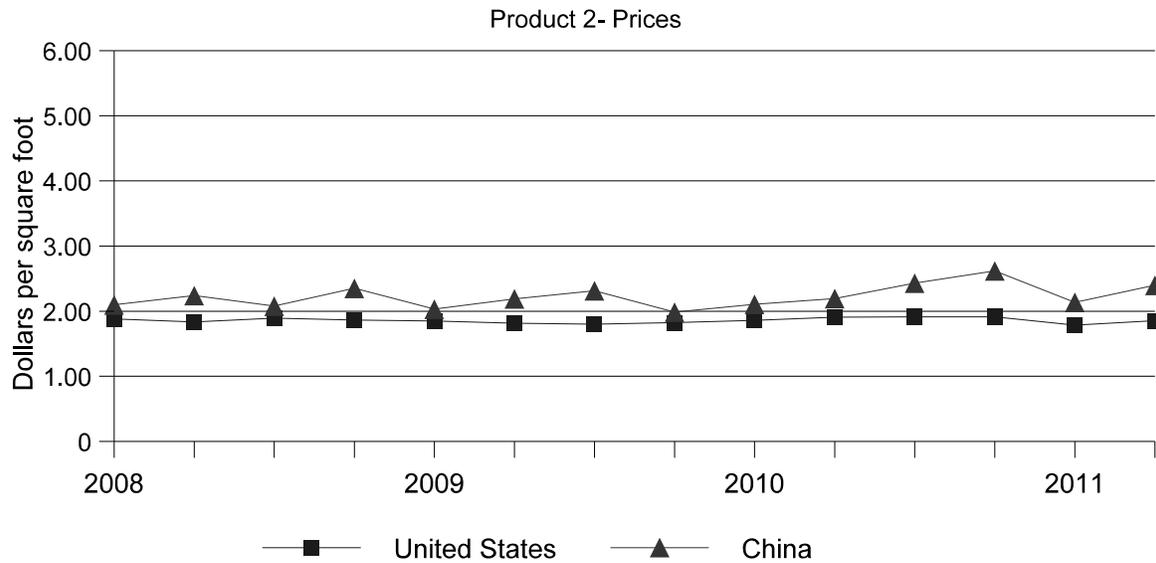
Figure V-2

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2008-June 2011

* * * * *

Figure V-2-Continued

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2008-June 2011



Product 2.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

Figure continued.

Figure V-2-Continued

MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product, by quarters, January 2008-June 2011

* * * * *

Table V-9

MLWF: Summary of weighted-average f.o.b. prices for products 1-8 from the United States and China

Item	Number of quarters	Low price (per ton)	High price (per ton)	Change in price ¹ (percent)
Product 1				
United States	14	\$***	\$***	***
China	14	***	***	***
Product 2				
United States	14	1.79	1.91	(1.5)
China	14	1.99	2.62	14.3
Product 3				
United States	14	***	***	***
China	14	***	***	***
Product 4				
United States	14	***	***	***
China	14	2.24	2.81	13.7
Product 5				
United States	14	***	***	***
China	12	***	***	***
Product 6				
United States	14	***	***	***
China	14	2.00	2.90	14.0
Product 7				
United States	14	***	***	***
China	14	2.56	3.50	(22.7)
Product 8				
United States	14	***	***	***
China	14	***	***	(28.2)
¹ Percentage change from the first quarter in which price data were available to the last quarter in which price data were available, based on unrounded data.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Price Comparisons

As shown in table V-10, prices for MLWF imported from China were below those for U.S.-produced MLWF in 60 of 110 instances; margins of underselling ranged from 1.5 to 36.4 percent. In the remaining 50 instances, prices for MLWF imported from China were above those for U.S.-produced MLWF; margins of overselling ranged from 0.1 to 39.4 percent.

Table V-10
MLWF: Instances of underselling/overselling and the range and average of margins, January 2008-June 2011

Source	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
China	60	1.5 to 36.4	19.2	50	0.1 to 39.4	17.8
Source: Compiled from data submitted in response to Commission questionnaires.						

Instances of price overselling occurred more frequently with price products that specified a red oak-face (products 1-3, and 5), with overselling in 47 of 54 instances. These products make up 94 percent of the quantity of price data reported by U.S. producers, almost 40 percent of the price data reported for subject imports from China, and 83 percent of the price data reported by both U.S. producers and subject imports from China. Instances of price underselling occurred most frequently in the other price products (products, 4 and 6-8), with underselling in 53 of 56 instances.

Petitioners indicate that instances of underselling accounted for a significant and disproportionate share of Chinese imports in the price data.⁴ They also argue that the underselling analysis has limited utility due to the specificity of the product descriptions because there may be competition between products with different specifications.⁵ However, they also argue that price data reported with a different species of wood than was specified in the price product descriptions should be removed from the price data.⁶ Each of these importers indicated that the product they reported data for was competitive with the described price product. Also, U.S. producers and importers also reported price data that had specifications that differed from price descriptions, but petitioners do not suggest removing these data from the analysis. Petitioners claim that competition in the MLWF market is not based on species.⁷ Petitioners also point out that after removing price data that includes product from a different type of species than was specified, there is underselling in 64 of 102 price comparisons.⁸

The China National Forest Products Industry Association respondents focus on price products representing the largest share of shipments when discussing underselling,⁹ pointing out that there was mostly overselling for the red oak-face products which make up almost 40 percent of U.S. producers' commercial shipments. Other respondents indicate underselling is best analyzed by taking an average of all overselling and underselling weighted by the sum of the value of U.S. production and subject imports. They calculate a weighted average margin of -7.7 percent using this approach.¹⁰

⁴ Petitioners' prehearing brief, p. 42.

⁵ Petitioners' posthearing briefing, response to Commissioners' questions question E, pp. 1-12.

⁶ Petitioners' prehearing brief, p. 43.

⁷ Petitioners' posthearing brief, pp. 4-8.

⁸ Petitioners' prehearing brief, p. 43. Excluding the data for these products eliminated six comparisons for product 5.

⁹ China National Forest Products Industry Association respondents prehearing brief, pp. 8-11.

¹⁰ Dorsey & Whitney LLP (on behalf of nine U.S. importers and one Chinese producer) respondents prehearing brief, p. 16.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of MLWF to report any instances of lost sales or revenues they experienced due to competition from imports of MLWF from China since January 2007. *** provided allegations of lost sales ***. *** provided lost sales and revenue allegations in their questionnaire responses.¹¹ Of the five responding non-petitioning U.S. producers, two reported that they had to either reduce prices or roll back announced price increases, and three indicated that they had lost sales of MLWF from China since 2008. The 35 lost sales allegations totaled \$4.5 million and involved 1.2 million square feet of MLWF, and the 11 lost revenue allegations totaled \$1.0 million and 2.4 million square feet of MLWF. Staff attempted to contact all of the alleged purchasers, and a summary of the information obtained follows (tables V-11 and V-12). Petitioners indicate that the level of lost sales and revenue allegations is lower than what might normally be expected because producers typically do not have detailed information about their competitors' bids and they often do not have the opportunity to counter a competitor's lower price.¹²

Table V-11
MLWF: U.S. producers' lost sales allegations

* * * * * * *

Table V-12
MLWF: U.S. producers' lost revenue allegations

* * * * * * *

During the preliminary phase of the investigation, seven of 10 responding purchasers named in lost sales and lost revenue allegations indicated that they switched purchases of MLWF from U.S. producers to suppliers of MLWF from China since January 2007. All seven purchasers indicated that price was the reason for the shift. One of these seven purchasers (***) indicated that both price and species were reasons for the shift as it moved to a birch product priced at \$*** per square foot. Seven of eight responding purchasers named in lost sales and lost revenue allegations indicated that U.S. producers reduced their prices of MLWF in order to compete with prices of MLWF from China since January 2007. Some purchasers did not specifically respond “yes” or “no” to the question, but provided comments. *** indicated that although U.S. producers have reduced prices on some MLWF, it has not seen an across-the-board price reduction for MLWF. *** said that there have been instances of both price increases and decreases for engineered wood products, but as a distributor it could not speculate as to the specific rationale for producer pricing strategy and decisions.

Purchasers specifically “agreed” with lost sales allegations totaling \$145,280 which represents 3 percent of the value of all lost sales allegations and with lost revenue allegations totaling \$120,000 which represent 12 percent of the value all lost revenue allegations. Purchasers specifically “disagreed” with lost sales allegations totaling \$38,128, which represents 1 percent of the value of all lost sales allegations and specifically “disagreed” with lost revenue allegations totaling \$646,900 or 62 percent of all lost revenue allegations. Purchasers did not specifically “agree” or “disagree” with lost sales allegations totaling \$169,058 or 4 percent of the value of all lost sales allegations and lost revenue allegations totaling \$240,000 or 23 percent of the value these allegations, but provided narrative responses that are summarized on the following pages.

¹¹ In addition, U.S. producer ***. Staff phone interview with ***.

¹² Petitioners' posthearing briefing, response to Commissioners' questions, question S, pp. 1-3.

*** disagreed with the two lost revenue allegations involving his firm. He indicated that the products in both allegations were imported from China.

*** indicated that he “agreed” with the lost sales allegation involving his firm. However, he indicated that he purchased the U.S. produced product at a lower price due to import competition, suggesting that this was a lost revenue instead.¹³

*** indicated that there is insufficient data in their system regarding a sale of this size (\$****) on or around the date indicated.

*** disagreed with two lost revenue allegations involving his firm. He indicated that his company purchases this product frequently from U.S. producer ***, but has no information to confirm the specific allegation.¹⁴ *** noted that his company has no general strategy or intent to switch to imported products and that purchases are driven by many factors including design, distributing rights, and price. He also indicated that his company continues to purchase from U.S. producers. *** said that there have been instances of both price increases and decreases for engineered wood products, but as a *** cannot speculate as to the specific rationale for producer pricing strategy and decisions.

*** disagreed with the lost revenue allegation involving his firm. He indicated that his firm purchased the product at lower price because of decreased demand for MLWF. *** indicated that their lower prices are not product specific and that U.S. producers have been lowering their prices also.¹⁵

*** disagreed with the two lost revenue allegations involving his firm and explained that design, styling, and speed to market are the real issues. He indicated that his company has *** on *** percent of all products it purchases from U.S. producer *** sold the product below its list price. *** indicated the alleged rejected quotes are artificially high and do not represent the actual cost, but that the accepted quotes are accurate. He noted that there were other products with a more saleable gloss level, more realistic scrape and less uniform distressing that made them more saleable. *** also indicated that freight is about *** cents cheaper for landed containers than from *** (is located) and that there were availability issues with U.S. producers of MLWF.

*** disagreed with the lost sales allegation involving his firm. He indicated that his company does not stock the *** product imported from China because the price is higher, but that his company moved to importing a *** species that was priced at the same price as the alleged accepted quote for the imported product (***).

*** disagreed with one lost sales allegation and indicated that his company has no record of the lost revenue allegation and two lost sales allegations made regarding his firm. He disagreed with the *** lost sales allegation indicating that the product was purchased at the alleged rejected quote for the U.S. product.

*** disagreed with the lost revenue allegation. He indicated that his company is paying \$**** per square foot (higher than the alleged accepted quote of \$**** per square foot, but less than the alleged rejected quote of \$**** per square foot) for the product in the allegation (***), but that in *** (the time of the allegation) it paid a temporary price equal to the alleged accepted quote of \$**** per square foot from ***. *** believes that ***. He also noted that he does not sell imported products at the alleged competing quote of \$**** per square foot range, but that some distributors have sold imported product to his customers at those prices.

In addition, to the lost sales allegations, petitioners provided ***. ***.¹⁶

¹³ Staff confirmed that *** purchased the product at a lower price due to import competition. Staff phone interview with ***. The U.S. producer originally reported this as a lost revenue allegation in its questionnaire response, later claimed that this (and its other allegations) was a lost sales allegation. Email correspondence with ***, September 2, 2011.

¹⁴ Staff phone interview with ***.

¹⁵ Staff phone interview with ***.

¹⁶ Petition, exhibit I-13, pp. 2-3.

PART VI: FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

INTRODUCTION

Eleven U.S. firms submitted usable financial data on their MLWF operations.¹ Collectively, these data account for the large majority of U.S. operations on MLWF.² Although a limited amount of internal consumption was reported, overall MLWF revenue primarily reflects commercial sales. Accordingly, a single line item for MLWF revenue is presented in the relevant tables below. The U.S. producer questionnaire response of Mannington was verified by staff on September 27-28, 2011. Changes resulting from verification are reflected in this and other relevant sections of the staff report.³

The industry's financial results reflect a relatively high degree of concentration: Armstrong accounts for *** of the period's cumulative sales volume; Anderson and Shaw, when combined, account for ***; followed by Mannington and Mohawk at ***, respectively; and smaller-volume producers, Award, Colonial Craft, Home Legend, Howell, and Nydree, whose cumulative sales volumes range from ***.⁴

As noted earlier in this report, prior to and during the period examined the domestic MLWF industry was affected by acquisitions, the entrance of new market participants, and plant closures. In August 2007 and September 2007, respectively, Mohawk acquired the assets of Columbia Flooring and Shaw acquired Anderson. In 2009 and 2010, U.S. Floors and Colonial Craft began MLWF operations, respectively, while in interim 2011 Home Legend purchased the operations of Baker's Creek.⁵

OPERATIONS ON MLWF

Income-and-loss data for U.S. firms on their operations on MLWF are presented in table VI-1. Company-specific financial information for selected items is presented in table VI-2. A variance analysis, based on the table VI-1 financial results, is presented in table VI-3.⁶

¹ The U.S. producers whose financial results are reflected in this section are ***. ***. USITC auditor notes (prehearing).

² With respect to the U.S. producers whose financial results are presented in this section of the report, Colonial Craft reported on a fiscal-year basis ending October 31. The financial results of the other U.S. producers were effectively reported on a calendar-year basis. All financial results were reported on the basis of U.S. generally accepted accounting principles (GAAP).

³ Verification report (Mannington), p. 2.

⁴ Among the U.S. producers, Armstrong and Mohawk are the only companies that file public financial statements. With respect to MLWF operations, the relevant reportable segments are Armstrong's Wood Flooring segment and Mohawk's Unilin segment. (Note: In 2005, Mohawk acquired Unilin Holding NV, a Belgium-based manufacturer, distributor, and marketer of laminate flooring in Europe and the United States. Mohawk 2005 10-K, p. 3.) As reported to the Commission, between 2008 and interim 2011 ***. USITC auditor notes (prehearing).

⁵ ***. ***.

⁶ The Commission's variance analysis is calculated in three parts: sales variance, cost of goods sold ("COGS") variance, and sales, general and administrative ("SG&A") expenses variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A variances) and a volume (quantity) variance. The sales or cost variance is calculated as the change in unit price/cost times the new volume, while the volume variance is calculated as the change in volume times the old unit price/cost. Summarized at the bottom of the respective tables, the price variance is from sales, the cost/expense variance is the sum of those items from COGS and SG&A, respectively, and the net volume variance is the sum of the price, COGS, and SG&A volume variances. All things being equal, a stable overall product mix generally enhances the utility of the

(continued...)

Net Sales Quantity and Value

In 2008, MLWF sales quantity and value were at their highest absolute levels. Total sales quantity subsequently declined to its lowest annual level in 2009, while revenue reached its lowest level in 2010 (see table VI-1). With regard to their overall wood flooring operations (i.e., of which MLWF is a subset), narrative information accompanying the public financial statements of Armstrong and Mohawk describe a pattern of annual revenue decline, which began prior to the period examined, and that was attributed generally to pervasive weakness in the residential and renovation markets.⁷

Table VI-2 shows that company-specific period-to-period changes in MLWF sales volume were similar but not uniform; i.e., most companies reported declines in sales volume between 2008 and 2009. In contrast, between 2009 and 2010, company-specific changes in sales volume were mixed.⁸ With a few exceptions, average sales values generally followed the same basic pattern of decline (see table VI-2). The various company-specific levels of average sales value, however, suggest important differences in product mix; e.g., a notable example being *** which reported substantially higher average sales values compared to other U.S. producers.^{9 10}

Cost of Goods Sold

Raw material costs represent the largest share of MLWF cost of goods sold (COGS) (ranging from 44.5 percent to 47.0 percent of total COGS during the period) and, as described by Armstrong, reflect ***.¹¹ With some exceptions, changes in company-specific average raw material costs among the larger producers followed a pattern of general decline (see table VI-2).¹² In contrast, the smaller

⁶(...continued)

Commission's variance analysis.

⁷ With respect to its overall operations, Armstrong stated in its 2008 10-K that "{c}ontinuing declines in domestic residential markets were exacerbated by increasing weakness in domestic and international commercial markets. The broad market weakness accelerated significantly in the last two months of this year {2008} . . . Wood Flooring {segment} sales continued to decline with weak residential housing and renovation markets." Armstrong 2008 10-K, pp. 21-22. Armstrong's Wood Flooring segment sales reportedly continued to decline in 2009 and 2010 with lower sales volume partially offset by an improvement in product mix and price. Armstrong 2009 10-K, p. 22. Armstrong 2010 10-K, p. 28.

Similarly and with respect to its overall operations, Mohawk's 2008 10-K describes ". . . softened demand that began in the fourth quarter of 2006 and worsened considerably during the later part of 2008." Mohawk 2008 10-K, p. 20. With respect to Mohawk's Unilin segment specifically, sales were reportedly lower in 2008 through 2009 in part due to declines in both the U.S. residential remodeling market and new construction markets. Mohawk 2008 10-K, p. 21. Mohawk 2009 10-K, p. 21. In 2010, Mohawk reported that the Unilin segment's sales increased primarily due to growth in developing markets which was offset, in addition to other items, by the negative effect of a shift to a lower value product mix. Mohawk 2010 10-K, pp. 21-22.

⁸ In contrast with this general pattern, *** reported consistent annual declines in sales volume, while, among the larger-volume producers, *** reported increasing sales volume throughout the period. ***. E-mail with attachments from *** to USITC auditor, August 23, 2011.

⁹ ***. E-mail from *** to USITC auditor, August 18, 2011.

¹⁰ ***. E-mail from *** to USITC auditor, August 13, 2011.

¹¹ Armstrong U.S. producer questionnaire, response to question IV-18. With respect to its Wood Flooring segment in general, Armstrong identifies the following principal raw materials: hardwood lumber, veneer, coatings, and stains. Armstrong 2008 10-K, p. 11.

¹² Narrative information accompanying their public financial statements indicates that Armstrong's Wood Flooring segment and Mohawk's Unilin segment experienced higher raw material costs in 2008 followed by a

(continued...)

Table VI-1

MLWF: Results of operations of U.S. producers, 2008-10, January-June 2010, and January-June 2011

Item	Fiscal year			January-June	
	2008	2009	2010	2010	2011
Quantity (1,000 square feet)					
Total net sales quantity	152,182	124,323	126,640	66,040	65,436
Value (\$1,000)					
Total net sales value	410,088	328,438	325,480	171,989	166,445
Cost of goods sold:					
Raw material	169,810	136,221	125,801	64,424	62,559
Direct labor	60,942	49,288	46,471	24,636	23,401
Other factory costs	130,684	110,671	110,205	55,496	50,774
Total cost of goods sold	361,437	296,180	282,478	144,556	136,734
Gross profit	48,651	32,258	43,002	27,433	29,711
Total SG&A expenses	77,181	64,912	64,316	32,758	31,312
Operating income or (loss) ¹	(28,530)	(32,653)	(21,314)	(5,325)	(1,601)
Interest expense	366	125	62	27	76
Other expenses	255	14,481	322	162	185
Other income items	3	1,455	2,135	1,075	1,460
Net income or (loss)	(29,148)	(45,804)	(19,563)	(4,439)	(402)
Depreciation/amortization	13,600	16,353	18,960	7,561	7,449
Estimated cash flow from operations	(15,548)	(29,451)	(603)	3,122	7,047
Ratio to net sales (percent)					
Raw material	41.4	41.5	38.7	37.5	37.6
Direct labor	14.9	15.0	14.3	14.3	14.1
Other factory costs	31.9	33.7	33.9	32.3	30.5
Cost of goods sold	88.1	90.2	86.8	84.1	82.2
Gross profit	11.9	9.8	13.2	16.0	17.9
SG&A expenses	18.8	19.8	19.8	19.0	18.8
Operating income or (loss) ¹	(7.0)	(9.9)	(6.5)	(3.1)	(1.0)
Net income or (loss)	(7.1)	(13.9)	(6.0)	(2.6)	(0.2)

Table continued on next page.

¹²(...continued)

subsequent decline in 2009. In 2010, ***, relevant segment narrative indicates that raw material costs increased. Armstrong 2008 10-K, p. 44. Armstrong 2009 10-K, p. 33. Armstrong 2010 10-K, p. 28. Mohawk 2008 10-K, p. 23. Mohawk 2009 10-K, p. 22. Mohawk 2010 10-K, p. 23.

***. E-mail with attachment from *** to USITC auditor, September 8, 2011.

***. E-mail with attachments from *** to USITC auditor, September 20, 2011.

Table VI-1--Continued

MLWF: Results of operations of U.S. producers, 2008-10, January-June 2010, and January-June 2011

Item	Fiscal year			January-June	
	2008	2009	2010	2010	2011
Unit value (per square foot)					
Total net sales	2.69	2.64	2.57	2.60	2.54
Cost of goods sold:					
Raw material	1.12	1.10	0.99	0.98	0.96
Direct labor	0.40	0.40	0.37	0.37	0.36
Other factory costs	0.86	0.89	0.87	0.84	0.78
Total cost of goods sold	2.38	2.38	2.23	2.19	2.09
Gross profit	0.32	0.26	0.34	0.42	0.45
SG&A expenses	0.51	0.52	0.51	0.50	0.48
Operating income or (loss) ¹	(0.19)	(0.26)	(0.17)	(0.08)	(0.02)
Number of firms reporting					
Operating losses	6	8	8	8	6
Data	9	10	11	11	11
1 ***					
Source: Compiled from data submitted in response to Commission questionnaires.					

Table VI-2

MLWF: Results of operations of U.S. producers, by firm, 2008-10, January-June 2010, and January-June 2011

* * * * *

producers reported somewhat more variability in terms of the direction of change in average raw material costs.

Other factory costs represent the second largest component of COGS (ranging from 36.2 percent to 39.2 percent of COGS) followed by direct labor (ranging from 16.5 percent to 17.1 percent of COGS). Among the larger producers, the company-specific pattern of change in average other factory costs was generally consistent with changes in MLWF sales volume and corresponding fixed cost absorption.¹³ With the notable exception of interim 2011 (i.e., when average other factory costs declined compared to interim 2010) the industry's overall average direct labor and average other factory costs moved within a relatively narrow range during the period examined.¹⁴

¹³ Staff notes that this is a generalization and can only explain a portion of the observed company-specific variability in average other factory costs; i.e., other factory costs include a mix of fixed costs, semi-fixed/semi-variable costs, and variable costs.

¹⁴ ***. E-mail with attachment from *** to USITC auditor, September 8, 2011.

Table VI-3

MLWF: Variance analysis on operations of U.S. producers, 2008-10, January-June 2010, and January-June 2011

	Fiscal year			Jan.-June
	2008-10	2008-09	2009-10	2010-11
Value (\$1,000)				
Total net sales:				
Price variance	(15,777)	(6,576)	(9,079)	(3,972)
Volume variance	(68,830)	(75,074)	6,121	(1,572)
Total net sales variance	(84,608)	(81,649)	(2,958)	(5,544)
Cost of sales:				
Raw materials:				
Cost variance	15,507	2,502	12,958	1,276
Volume variance	28,501	31,087	(2,539)	589
Net raw material variance	44,009	33,589	10,420	1,865
Direct labor:				
Cost variance	4,242	498	3,735	1,010
Volume variance	10,229	11,157	(919)	225
Net direct labor variance	14,471	11,654	2,817	1,235
Other factory costs:				
Cost variance	(1,456)	(3,911)	2,528	4,214
Volume variance	21,934	23,924	(2,062)	507
Net other factory cost variance	20,479	20,013	466	4,722
Net cost of sales:				
Cost variance	18,294	(911)	19,222	6,501
Volume variance	60,665	66,167	(5,520)	1,321
Total net cost of sales variance	78,959	65,256	13,702	7,822
Gross profit variance	(5,649)	(16,393)	10,744	2,278
SG&A expenses:				
Expense variance	(89)	(1,860)	1,805	1,147
Volume variance	12,954	14,129	(1,210)	299
Total SG&A variance	12,865	12,269	596	1,446
Operating income variance	7,216	(4,123)	11,340	3,724
Summarized as:				
Price variance	(15,777)	(6,576)	(9,079)	(3,972)
Net cost/expense variance	18,205	(2,771)	21,027	7,647
Net volume variance	4,789	5,223	(609)	49
Source: Compiled from data submitted in response to Commission questionnaires.				

SG&A Expenses

As shown in table VI-1, overall SG&A expense ratios (i.e., the ratio of total SG&A expenses to sales) also moved within a relatively narrow range during the period examined. Similar to the components of COGS, variability in the level of company-specific SG&A expense ratios was greater than the industry average suggests (see table VI-2). When comparing the larger-volume producers in particular, this variability, at least in part, appears to reflect underlying differences in company-specific sales/marketing structures. For example, a comparison of distribution channels indicates that ***, reported that *** of its U.S. commercial shipments were to distributors. Similarly, *** of its U.S. commercial shipments were to distributors. As shown in table VI-2 and also with respect to the larger-volume producers specifically, ***.¹⁵

When asked to comment on the level of their SG&A expenses ratios during the period, several larger-volume U.S. producers generally indicated that reducing SG&A expenses was a priority. Such SG&A-reducing initiatives appear to explain, at least for some companies, divergences in the pattern of change in SG&A expenses and corresponding sales revenue.¹⁶ With some exceptions, most U.S. producers reported modest declines in SG&A expense ratios during the period.

Non-Recurring Charges

*** were the *** U.S. producers to include material non-recurring charges directly in their MLWF financial results.¹⁷ Staff notes that, while the other U.S. producers *** include material

¹⁵ ***. E-mail with attachment from *** to USITC auditor, August 23, 2011.

¹⁶ ***. E-mail with attachment from *** to USITC auditor, September 1, 2011.

***. E-mail with attachments from *** to USITC auditor, August 22, 2011.

***. E-mail with attachment from *** to USITC auditor, August 23, 2011.

***. E-mail with attachment from *** to USITC auditor, August 31, 2011. With regard to its overall operations, Armstrong stated in its 2010 10-K that “[w]e are committed to augmenting margin expansion through further cost elimination. In early 2010, we stated that, through the aggressive application of LEAN practices and projects to our manufacturing activities and to standardize, simplify and eliminate selling, general and administrative (“SG&A”) programs and policies, we are seeking to remove at least \$150 million of manufacturing and SG&A costs by 2013.” Armstrong 2010 10-K, p. 21.

¹⁷ ***. USITC auditor notes (prehearing). ***. Ibid.

non-recurring charges in their MLWF financial results, the Wood Flooring and Unilin segments of Armstrong and Mohawk, respectively, incurred material non-recurring charges ***.¹⁸

Profitability

As shown in table VI-1, gross profit was generated throughout the period, but declined on an absolute basis in 2009 and then subsequently increased but remained below the level reported in 2008. Like the other company-specific revenue and cost elements noted above, U.S. producers reported a range of gross profit (loss) margins (see table VI-2).¹⁹

With some exceptions and consistent with the overall pattern, the majority of U.S. producers reported lower absolute gross profit or increased gross losses in 2009 followed by an increase in absolute gross profit or reduced gross losses in 2010.²⁰ In contrast, while interim 2011 gross profit was 8.3 percent higher compared to interim 2010, *** of the U.S. producers reported lower gross profit; i.e., the industry's higher absolute and relative gross profit in interim 2011 compared to interim 2010 (see table VI-1) ***.

The drivers of overall gross profit are generally the same changes in revenue and cost elements described above. Namely, between 2008 and 2009 the industry's absolute and relative gross profit declined due to a reduction in average sales value, while corresponding average COGS remained essentially unchanged. Notwithstanding further declines in average sales value throughout the rest of the period, absolute gross profit increased due to corresponding declines in average raw material costs, most notably between 2008 and 2009, and then lower average other factory costs, most notably in interim 2011 compared to interim and full-year 2010.

¹⁸ In 2008, 2009, and 2010, Armstrong recognized intangible asset impairment charges related to Wood Flooring segment trademarks: \$25.4 million, \$18.0 million, and \$22.4 million, respectively. In 2010, Armstrong also reported approximately \$16 million in fixed asset write downs, lease termination costs, and restructuring charges related to the closures of two manufacturing facilities. Armstrong 2009 10-K, p. 23. Armstrong 2010 10-K, p. 28. Armstrong 2010 10-K, p. 63. ***. E-mail with attachment from *** to USITC auditor, September 8, 2011.

In 2008, Mohawk's Unilin segment recognized \$734.7 million in charges for impairment of goodwill and other intangibles. Mohawk 2008 10-K, p. 22. ***. E-mail with attachment from *** to USITC auditor, September 8, 2011.

The segment and consolidated financial results of Armstrong and Mohawk treat the above-referenced items as components of operating income (loss). USITC auditor notes (posthearing). ***:

Item	Calendar year		
	2008	2009	2010
	Value (\$1,000)		
Operating income (loss) (pro forma)	***	***	***
	Ratio to net sales (percent)		
Operating income (loss) margin (pro forma)	***	***	***

***. USITC auditor notes (posthearing).

¹⁹ ***.

²⁰ In the preliminary phase of this investigation, petitioners stated that the reduced operating loss, and by extension the increased gross profit, between the comparable interim periods (January-September 2009 and January-September 2010) was the result of the Federal homebuyer tax credit, which reportedly benefitted U.S. producers of MLWF during the first half of 2010. Petitioners' postconference brief, p. 26.

To the extent that U.S. producers collectively generated gross profit throughout the period, the industry’s pattern of consistent operating losses can in general be attributed to its inability to recover corresponding SG&A expenses. The decline in the industry’s operating losses (i.e., from a peak operating loss in 2009 to an operating loss in interim 2011 which could be characterized as just below breakeven) reflects a modestly expanding gross profit ratio and generally stable SG&A expense ratios. (Note: The relative improvement in interim 2011 operating income reflects both an expansion in gross profit margin, largely attributable to the reduction in *** noted previously (see footnote 14), and a modest contraction in the industry’s overall SG&A expense ratio.)

On a company-specific basis, *** U.S. producer that reported operating profit throughout the period. As shown in table VI-2, ***. Although a number of producers reported consecutive operating losses, *** were the *** larger-volume producers that reported operating losses throughout the period. Similarly, and with the exception of interim 2011, *** also reported operating losses throughout most of the period.²¹

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, ASSETS, AND RETURN ON INVESTMENT

Data on capital expenditures and research and development (“R&D”) expenses are presented in table VI-4. Table VI-5 presents total assets and return on investment (“ROI”).

Table VI-4

MLWF: Capital expenditures and R&D expenses, by firm, 2008-10, January-June 2010, January-June 2011

* * * * *

Table VI-5

MLWF: Total assets and return on investment by firm, 2008-10

* * * * *

Anderson and Armstrong reported ***. Anderson’s capital expenditures reportedly include ***.²² According to Armstrong, its capital expenditures reflect ***.²³

Armstrong also reported ***. As described by Armstrong, its R&D expenses reflect *** ***.²⁴

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of MLWF to describe any actual or potential negative effects of imports of MLWF from China on their firms’ growth, investment, ability to raise capital,

²¹ ***. E-mail with attachments from *** to USITC auditor, August 22, 2011. ***. Verification report (Mannington), p. 7.

***. E-mail with attachment from *** to USITC auditor, September 1, 2011.

***. E-mail with attachments from *** to USITC auditor, August 31, 2011.

²² Petitioners’ postconference brief, exhibits Q-1 and Q-2.

²³ E-mail correspondence from ***, November 22, 2010.

²⁴ Ibid.

development and production efforts, or the scale of capital investments. Responses provided by U.S. producers are as follows:²⁵

Actual Negative Effects

Anderson	***.
Armstrong	***.
Award	***.
Colonial Craft	***.
Home Legend	***.
Howell	***.
Mannington	***.
Mohawk	***.
Nydree	***.
QEP	***.
Shaw	***.
U.S. Floors	***.

Anticipated Negative Effects

Anderson	***.
Armstrong	***.
Award	***.
Colonial Craft	***.
Home Legend	***.
Howell	***.
Mannington	***.
Mohawk	***.

²⁵ ***.

Nydree	***.
QEP	***.
Shaw	***.
U.S. Floors	***.

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. 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. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

THE INDUSTRY IN CHINA

The Commission received responses from 52 firms accounting for a majority of 2010 production of MLWF in China and the vast majority of exports to the United States from China. Commerce determined that imports produced and exported by one firm had not been sold at less than fair value.¹ According to respondent China National Forest Products, approximately 70 percent of all Chinese production of MLWF is sold in the domestic market, while approximately 30 percent is exported. The firm estimates that 10-15 percent is exported to the United States, and that the percentage is declining as the domestic market continues to grow.² Five Chinese producers, (***) , reported plant openings. Two of the five foreign producers, (***) , specified that the new plants were to supply raw materials to MLWF operations. Several producers also reported expansions and upgrades in machinery and equipment. Many Chinese producers reported revised labor agreements to comply with China's new labor law, effective in 2008.³ Foreign producers reported increased cost and inadequate supply of raw materials and labor as constraints on production. A number of producers also mentioned energy shortages, such as electricity and coal, as a constraint on production.

Capacity, production, and export shipment data regarding the individual firms are presented in table VII-1. Six firms, (***) , accounted for 38.5 percent of reported Chinese MLWF production in 2010. Capacity utilization ranged between 12 and 111 percent and the share of shipments that were exported to the United States ranged between 0 and 100 percent.

¹ The firm involved is Yuhua and accounted for (***) percent of reported Chinese production and (***) percent of reported exports to the United States, however, its statistical information is not included in this section.

² Barnes & Richardson, postconference brief, response to staff questions, p. 2. Petitioners stated at the Commission's hearing "... the Chinese industry is highly export oriented, with three-quarters of its shipments headed overseas. Forty percent or more of these shipments have been sent to the United States over the POI, and based on the data appearing in the staff report these producers do not predict this to change." Hearing transcript, p. 57 (Dougan).

³ China's new labor law increases worker protections and benefits for more workers. The law makes employer and employee enter into a written contract of one of three types: a fixed-term contract, an open-term contract ("tenure") or a contract whose term is linked to the completion of a specific task. Social insurance must be paid by the employer. Previously, most private companies did not pay social insurance for their employees. "China's Tangled New Labor Law." *Forbes*. January 13, 2008.

http://www.forbes.com/2008/01/11/straszheim-china-labor-oped-cx_dhs_0114straszheim.html.

Table VII-1
MLWF: China's reported production capacity, production, and shipments, by firm, 2010

* * * * *

Table VII-2 presents data on whether Chinese producers since 2008 produced other products on the same equipment and machinery used in the production of MLWF and/or using the same production and related workers employed to produce MLWF. Twenty-four Chinese producers reported production of other products using the same workers and/or on the same machinery. These products were solid hardwood, HDF laminate, and bamboo flooring.

Table VII-2
MLWF: Chinese producers' reported use of machinery, equipment, and workers used for MLWF and other nonsubject products, 2008-10, January-June 2010, and January-June 2011

Item	Calendar year			January-June	
	2008	2009	2010	2010	2011
<i>Quantity in 1,000 square feet</i>					
Overall production capacity	256,688	259,022	339,608	171,900	184,232
Production of:					
Subject merchandise	131,529	122,285	165,242	80,899	85,438
Other ¹	59,054	54,071	67,176	33,487	38,378
Total	190,583	176,356	232,419	114,386	123,816
Overall capacity utilization (%)	74.2	68.1	68.4	66.5	67.2
¹ Other products include solid hardwood, HDF laminate, and bamboo flooring.					
Source: Compiled from subject firm's data submitted in response to Commission questionnaires.					

Table VII-3 presents cumulative data for reported capacity, production, and shipments of MLWF for all reporting producers in China. Chinese producers reported having 155 percent more capacity to produce MLWF and 173 percent more production of MLWF than their U.S. counterparts during 2010. Exports to the United States have remained less than half of total shipments during 2008-10 and home market sales were roughly 20 percent during 2008-10, and are projected to rise to more than 25 percent in 2012.

Table VII-3

MLWF: China production capacity, production, shipments, and inventories, 2008-10, January-June 2010, January-June 2011, and projected 2011-12

Item	Actual experience					Projections	
	2008	2009	2010	January-June		2011	2012
				2010	2011		
Quantity (1,000 square feet)							
Capacity	494,184	510,079	587,459	310,741	307,611	587,367	597,165
Production	290,589	260,455	373,569	172,264	178,566	364,184	382,041
End of period inventories	25,206	30,503	31,545	33,559	32,628	37,507	45,558
Shipments:							
Internal consumption	285	242	2,663	1,428	598	1,153	1,218
Home market	57,821	54,815	82,956	35,130	42,349	90,011	98,999
Exports to--							
The United States	118,458	110,544	158,720	72,740	78,151	149,077	146,879
All other markets	110,162	89,819	128,344	59,473	55,684	119,098	127,359
Total exports	228,620	200,363	287,064	132,213	133,835	268,175	274,239
Total shipments	286,726	255,419	372,683	168,771	176,783	359,340	374,456
Ratios and shares (percent)							
Capacity utilization	58.8	51.1	63.6	55.4	58.0	62.0	64.0
Inventories to production	8.7	11.7	8.4	9.7	9.1	10.3	11.9
Inventories to total shipments	8.8	11.9	8.5	9.9	9.2	10.4	12.2
Share of total quantity of shipments:							
Internal consumption	0.1	0.1	0.7	0.8	0.3	0.3	0.3
Home market	20.2	21.5	22.3	20.8	24.0	25.0	26.4
Exports to--							
The United States	41.3	43.3	42.6	43.1	44.2	41.5	39.2
All other markets	38.4	35.2	34.4	35.2	31.5	33.1	34.0
All export markets	79.7	78.4	77.0	78.3	75.7	74.6	73.2

Table continued on next page.

Table VII-3--Continued

MLWF: China production capacity, production, shipments, and inventories, 2008-10, January-June 2010, January-June 2011, and projected 2011-12

Item	Actual experience					Projections	
	2008	2009	2010	January-June		2011	2012
				2010	2011		
Value (1,000 dollars)							
Shipments:							
Internal consumption	668	343	3,464	1,924	892	1,769	1,867
Home market	85,690	96,734	133,013	58,291	75,393	161,574	180,381
Exports to--							
The United States	222,379	196,427	343,241	128,861	134,918	260,854	258,104
All other markets	237,599	191,739	266,659	123,977	125,380	254,862	274,930
Total exports	459,978	388,167	609,900	252,838	260,298	515,716	533,034
Total shipments	546,336	485,244	746,376	313,053	336,583	679,058	715,282
Unit value (dollars per square foot)							
Shipments:							
Internal consumption	\$2.66	\$1.62	\$1.32	\$1.37	\$1.52	\$1.53	\$1.53
Home market	1.48	1.76	1.60	1.66	1.78	1.80	1.82
Exports to--							
The United States	1.88	1.78	2.16	1.77	1.73	1.75	1.76
All other markets	2.16	2.13	2.08	2.08	2.25	2.15	2.17
Total exports	2.01	1.94	2.12	1.91	1.94	1.93	1.95
Total shipments	1.91	1.90	2.00	1.86	1.90	1.89	1.91
Note.--Because of rounding, figures may not add to the totals shown.							
Source: Compiled from subject firm's data submitted in response to Commission questionnaires.							

U.S. INVENTORIES OF PRODUCT FROM CHINA

Reported inventories held by U.S. importers of subject merchandise from China and nonsubject countries are shown in table VII-4.

Table VII-4

MLWF: U.S. importers' end-of-period inventories of subject and nonsubject imports, by sources, 2008-10, January-June 2010, and January-June 2011

Source	Calendar year			January-June	
	2008	2009	2010	2010	2011
Imports from China:					
Inventories (<i>1,000 square feet</i>)	38,271	31,207	38,705	33,755	41,359
Ratio to imports (<i>percent</i>)	28.0	27.5	25.9	23.5	27.5
Ratio to U.S. shipments of imports (<i>percent</i>)	30.3	28.2	30.9	27.0	30.8
Imports from nonsubject countries:					
Inventories (<i>1,000 square feet</i>)	17,535	13,464	12,886	12,427	12,246
Ratio to imports (<i>percent</i>)	34.3	33.6	27.2	28.1	24.7
Ratio to U.S. shipments of imports (<i>percent</i>)	32.2	31.3	26.9	26.7	24.2
Imports from all sources:					
Inventories (<i>1,000 square feet</i>)	55,806	44,672	51,590	46,181	53,605
Ratio to imports (<i>percent</i>)	29.7	29.1	26.2	24.6	26.8
Ratio to U.S. shipments of imports (<i>percent</i>)	30.8	29.0	29.8	26.9	29.0

Note.—January-June ratios are calculated using annualized import data.

Source: Compiled from subject firm's data submitted in response to Commission questionnaires.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2011

The Commission requested importers to indicate whether they imported or arranged for the importation of MLWF from China after June 30, 2011. Forty-three of the 64 reporting U.S. importers stated that they had imported or arranged for importation subject merchandise since June 30, 2011 (and going into 2012), totaling 40.1 million square feet.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

No investigations of MLWF have or are being conducted in third-country markets. However, in 2009, Australia initiated, and later terminated in 2010, antidumping investigations on certain plywood from China as well as Brazil, Chile, and Malaysia.⁴

⁴ Foreign producer questionnaire response of ***; and Australian Customs Dumping Notice No. 2010/29. Australian Customs and Border Protection Service. August 4, 2010.

(continued...)

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states “that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”⁵

Global Market

MLWF is produced in a number of countries including Brazil, Canada, China, EU, Indonesia, Malaysia, and the United States. Trade statistics do not allow an accurate assessment of trade flows of MLWF because the subject product is included in categories that also include nonsubject hardwood plywood and nonsubject builders’ joinery products. However, Chinese exports of plywood (HS 4412) and builders’ joinery products (HS 4418), in categories that include subject imports, represented approximately 25.7 percent of total global exports in 2010 (table VII-5).

⁴ (...continued)

<http://www.customs.gov.au/webdata/resources/files/MicrosoftWord-100802ACDN.pdf>

⁵ Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

Table VII-5
MLWF: Exports by country, 2008-10

Source	Calendar year		
	2008	2009	2010
<i>Value (1,000 dollars)</i>			
China	1,378,868	1,156,802	2,529,550
Indonesia	(¹)	1,137,442	1,511,969
Malaysia	749,698	937,838	1,128,458
Russia	726,019	474,775	676,396
Austria	574,465	468,842	502,283
Germany	532,374	399,314	427,987
Finland	714,610	355,398	398,179
Poland	282,806	197,691	226,349
United States	191,976	142,605	215,552
Belgium	254,883	188,053	206,454
Italy	223,502	164,565	195,639
Sweden	264,851	181,117	178,932
Canada	249,210	174,636	175,296
Latvia	215,585	136,117	173,769
France	276,913	179,565	145,058
Netherlands	77,313	72,173	100,894
Brazil	212,423	103,046	89,226
Lithuania	57,165	53,145	69,033
Czech Republic	75,345	64,834	68,559
Romania	63,279	50,474	60,722
Rest of World ²	948,936	734,873	809,088
Total World Exports	8,070,220	7,373,305	9,889,391
¹ Not available. ² Sixty-one other countries reported exports of plywood (HS 4412) and builders' joinery products (HS 4418).			
Source: GTIS Global Trade Atlas (4412.31, 4412.32, 4412.94, 4412.99, 4418.71, 4418.72).			

APPENDIX A
***FEDERAL REGISTER* NOTICES**

investigation No. 701–TA–476 (Final) under section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)) (the Act) and the final phase of antidumping investigation No. 731–TA–1179 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) 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 subsidized and less-than-fair-value imports from China of multilayered wood flooring (“MLWF”), provided for in subheadings 4409.10, 4409.29, 4412.31, 4412.32, 4412.39, 4412.94, 4412.99, 4418.71, 4418.72, 4418.79.00, and 4418.90 of the Harmonized Tariff Schedule of the United States.¹

For further information concerning the conduct of this phase of the investigations, 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).

DATES: *Effective Date:* May 20, 2011.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187 or fred.ruggles@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 these investigations may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of

¹For purposes of these investigations, the Department of Commerce has defined the subject merchandise as “ * * * multilayered wood flooring, composed of an assembly of two or more layers or plies of wood veneers in combination with a core. The core may be composed of hardwood or softwood veneer, particleboard, medium-density fiberboard, high density fiberboard, stone and/or plastic composite, or strips of lumber placed edge-to-edge. Multilayered wood flooring is typically manufactured with a “tongue-and-groove” construction. These products are generally used as the floor in residential or commercial building, as well as in schools, showrooms, gymnasiums and other constructions.” 76 FR 30656, May 26, 2011.

Commerce that certain benefits which constitute subsidies within the meaning of section 703 of the Act (19 U.S.C. 1671b) are being provided to manufacturers, producers, or exporters in China of MLWF, and that such products are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on October 21, 2010, on behalf of the Coalition for American Hardwood Parity (“CAHP”), an ad hoc association of U.S. manufacturers of multilayered wood flooring. The following companies are members of the CAHP: Anderson Hardwood Floors, LLC, Fountain Inn, SC; Award Hardwood Floors, Wausau, WI; Baker’s Creek Wood Floors, Inc., Edwards, MS; From the Forest, Weston, WI; Howell Hardwood Flooring, Dothan, AL; Mannington Mills, Inc., Salem, NJ; Nydree Flooring, Forest, VA; and Shaw Industries Group, Inc., Dalton, GA.

Participation in the investigations 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 these investigations 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 investigations 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 investigations.

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 these investigations available to authorized applicants under the APO issued in the investigations, 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 investigations. A party granted access to BPI in the preliminary phase of the investigations 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.

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–476 and 731–TA–1179 Final]

Multilayered Wood Flooring From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Investigations

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of countervailing duty

Staff report.—The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on September 26, 2011, 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 these investigations beginning at 9:30 a.m. on October 12, 2011, 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 5, 2011. 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 October 7, 2011, 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 business 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 October 4, 2011. 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 October 19, 2011; 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 investigations may submit a written statement of information pertinent to the subject of the investigations, including statements of support or opposition to the petition, on or before October 19, 2011. On November 2, 2011, 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 November 4, 2011, 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 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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: These investigations are 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: June 6, 2011.

James R. Holbein,

Secretary to the Commission.

[FR Doc. 2011-14303 Filed 6-8-11; 8:45 am]

BILLING CODE 7020-02-P

Period of Investigation

The period for which we are measuring subsidies, or period of investigation (“POI”), is January 1, 2009, through December 31, 2009.

Case History

The following events have occurred since our *Preliminary Determination*. See *Multilayered Wood Flooring From the People’s Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 76 FR 19034 (April 6, 2011) (“*Preliminary Determination*”).

From March 24, 2011, through April 15, 2011, the Department received ministerial error allegations regarding certain companies that received adverse-facts available (“AFA”) in the *Preliminary Determination*: (1) Guangzhou Pan Yu Kang Da Board Co., Ltd. and Kornbest Enterprises Ltd.; (2) Baroque Timber Industries (Zhongshan) Co., Ltd., Riverside Plywood Corporation, Samling Elegant Living Trading (Labuan) Ltd., Samling Global USA, Ind., Samling Riverside Co., Ltd., and Suzhou Times Flooring Co., Ltd. (collectively, the “Samling Group”); (3) Shanghai Eswell Timber Co., Ltd. (“Eswell Timber”); (4) UA Wood Floors, Inc.; and (5) Shenzhenshi Huanwei Woods Co., Ltd.

On April 21, 2011, the Department released a memorandum addressing these allegations. See Memorandum to Gary Taverman, “Ministerial Error Allegations Regarding the AFA Company List,” (April 21, 2011) (“Prelim Ministerial Error Memo”), available in the Department’s Central Records Unit (“CRU”) in Room 7046 of the main Department building. In the Prelim Ministerial Error Memo, the Department stated that the allegations did not constitute ministerial errors under 19 CFR 351.224(f) and (g), but in order to confirm the claims of the interested parties, we would request additional information from the parties and address this information in the final determination.

On June 24, 2011, we issued questionnaires to the parties addressed in the Prelim Ministerial Error Memo. On June 30, 2011, and July 1, 2011, we received responses from these parties, with one party withdrawing its request to amend the *Preliminary Determination*. For a complete

discussion of the parties’ submissions and the Department’s position, see Memorandum from Christian Marsh, “Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Multilayered Wood Flooring from the People’s Republic of China” (October 11, 2011) (hereafter, “Issues and Decision Memorandum”), which is hereby adopted by this notice.

On March 28, 2011, the Government of the PRC (“GOC”) submitted a response to the supplemental questionnaire issued to it on March 14, 2011, shortly before the *Preliminary Determination*. On May 3, 2011, the GOC placed additional factual information on the record.

The Department issued supplemental questionnaires to Fine Furniture (Shanghai) Ltd., Great Wood (Tonghua) Ltd., and Fine Furniture Plantation (Shishou) Ltd. (collectively, “Fine Furniture”), Zhejiang Layo Wood Industry Co., Ltd. and Jiaxing Brilliant Import & Export Co., Ltd. (collectively, “Layo”), and Zhejiang Yuhua Timber Co., Ltd. (“Yuhua”) on May 4, 2011, and received responses on May 13, 2011. On May 4, 2011, the Department also issued a supplemental questionnaire to the GOC. On May 9, 2011, the Department issued a letter to the GOC regarding the May 4, 2011, supplemental questionnaire, to which the GOC declined to respond, as stated in the GOC’s letter of May 20, 2011.

On May 9, 2011, the Department aligned the final determination in this countervailing duty (“CVD”) investigation of wood flooring from the PRC with the final determination in the companion antidumping duty (“AD”) investigation. See *Multilayered Wood Flooring From the People’s Republic of China: Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 76 FR 26685 (May 9, 2011).

From June 3, 2011, through June 14, 2011, the Department conducted verifications of the questionnaire responses submitted by Fine Furniture, Layo, and Yuhua. See Memorandum to Susan H. Kuhbach, “Verification Report: Fine Furniture (Shanghai) Ltd. (“FF Shanghai”), Great Wood (Tonghua) Ltd. (“Great Wood”), and FF Plantation (Shishou) Limited (“FFPS”)

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-971]

Multilayered Wood Flooring From the People’s Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (“Department”) has determined that countervailable subsidies are being provided to producers and exporters of multilayered wood flooring (“wood flooring”) from the People’s Republic of China (“PRC”). For information on the subsidy rates, see the “Suspension of Liquidation” section of this notice.

DATES: *Effective Date:* October 18, 2011.

FOR FURTHER INFORMATION CONTACT: Shane Subler or Joshua Morris, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0189 and (202) 482-1779, respectively.

SUPPLEMENTARY INFORMATION:

(collectively, "Fine Furniture"), (July 6, 2011); *see also* Memorandum to Susan H. Kuhbach, "Verification Report: Zhejiang Layo Wood Industry Co., Ltd. ("Layo Wood") and Jiaxing Brilliant Import & Export Co., Ltd. ("Brilliant") (collectively, "Layo"), (July 6, 2011); and Memorandum to Susan H. Kuhbach, "Verification Report: Zhejiang Yuhua Timber Co., Ltd. ("Yuhua"), (July 13, 2011), available in the CRU.

On July 27, 2011, the Department released its post-preliminary analyses for Fine Furniture, Layo, and Yuhua. *See* Memorandum to Ronald K. Lorentzen, "Countervailing Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Post-Preliminary Analysis Memorandum for Fine Furniture (Shanghai) Ltd., Great Wood (Tonghua) Ltd., and Fine Furniture Plantation (Shishou) Ltd. (collectively, "Fine Furniture")," dated July 22, 2011; Memorandum to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, through Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Susan H. Kuhbach, Office Director AD/CVD Operations, Office 1, "Countervailing Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Post-Preliminary Analysis Memorandum for Zhejiang Layo Wood Industry Co., Ltd. and Jiaxing Brilliant Import & Export Co., Ltd. (collectively, "Layo")," (July 22, 2011); and Memorandum to Ronald K. Lorentzen, "Countervailing Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Post-Preliminary Analysis Memorandum for Zhejiang Yuhua Timber Co., Ltd. ("Yuhua")," (July 22, 2011), available in the CRU.

We received case briefs from the GOC; Fine Furniture; Yuhua; Shanghai Lizhong Wood Products Co., Ltd./The Lizhong Wood Industry Limited Company of Shanghai; Chinafloors Timber (China) Co., Ltd. ("Chinafloors"); Samling Group; Eswell Timber and Vicwood Industry (Suzhou) Co., Ltd.; Style Limited; and the Coalition for American Hardwood Parity ("Petitioner") on August 3, 2011. The GOC, Fine Furniture, Chinafloors, Style Limited, and Petitioner submitted rebuttal briefs on August 8, 2011.

We conducted a public hearing on September 8, 2011, at the request of the GOC, Fine Furniture, and Layo.

Scope of the Investigation

Multilayered wood flooring is composed of an assembly of two or

more layers or plies of wood veneer(s)¹ in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, *e.g.*, "engineered wood flooring" or "plywood flooring." Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (*i.e.*, without a finally finished surface to protect the face veneer from wear and tear) or "prefinished" (*i.e.*, a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultra-violet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes.) The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to hardwood or softwood veneer, particleboard, medium-density fiberboard, high-density fiberboard ("HDF"), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

¹ A "veneer" is a thin slice of wood, rotary cut, sliced or sawed from a log, bolt or flitch. Veneer is referred to as a ply when assembled.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (*e.g.*, circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product.

Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of HDF, and a stabilizing bottom layer.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States ("HTSUS"): 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.3175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.99.9500; 4418.71.2000; 4418.71.9000; 4418.72.2000; and 4418.72.9500.

While HTSUS subheadings are provided for convenience and customs

purposes, the written description of the subject merchandise is dispositive.

Scope Comments

Following the *Preliminary Determination*, on May 19, 2011, the Department issued a decision memorandum addressing multiple scope issues in this and the concurrent AD investigation of wood flooring from the PRC. See Memorandum to Christian Marsh, “Scope” (May 19, 2011) (“Scope Memo”); see also *Multilayered Wood Flooring From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value* 76 FR 30656 (May 26, 2011). We sought comments on the scope in both the AD and CVD cases. See Letter to All Interested Parties from Nancy Decker, Program Manager, Office 1, AD/CVD Operations, Import Administration, “RE: Antidumping and Countervailing Duty Investigations: *Multilayered Wood Flooring from the People’s Republic of China*,” (May 25, 2011).

In response, interested parties filed scope-related comments in submissions on June 6, 2011, June 14, 2011, and June 15, 2011, as well as in case briefs on August 3, 2011, and rebuttal briefs on August 8, 2011, and August 9, 2011. Additionally, a scope-related submission was received the same day the Scope Memo was released and, therefore, was not analyzed in the Scope Memo, but is addressed in this final determination. Based on our analysis of all the comments, we have changed the scope to eliminate references to certain HTSUS numbers. For a complete discussion of this change, as well as a summary of the parties’ comments and the Department’s positions, see the Issues and Decision Memorandum.

Injury Test

On December 17, 2010, the U.S. International Trade Commission (“ITC”) published its affirmative preliminary determination that there is a reasonable indication that an industry in the United States is materially injured by reason of allegedly subsidized imports of wood flooring from the PRC. See *Multilayered Wood Flooring From China*, 75 FR 79019 (December 17, 2010).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration’s Antidumping and Countervailing Duty Centralized Electronic Service System (“IA ACCESS”). Access to IA ACCESS is available in the CRU. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Use of Adverse Facts Available

For purposes of this final determination, we have continued to rely on facts available and have continued to use adverse inferences in accordance with sections 776(a) and (b) of the Tariff Act of 1930, as amended (“Act”) with regard to 1) the GOC’s provision of electricity for less than adequate remuneration, and 2) the countervailable subsidy rates for the

non-cooperative companies that did not respond to the Department’s quantity and value (“Q&V”) questionnaire. In a departure from the *Preliminary Determination*, we are now applying AFA to 124 companies instead of 127 companies. A full discussion of this change and our decision to apply AFA is presented in the Issues and Decision Memorandum under the section “Use of Facts Otherwise Available and Adverse Inferences.”

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated a rate for each individually investigated producer/exporter of the subject merchandise. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an “all-others” rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

In this investigation, two of the individually examined companies received rates of *de minimis*. Fine Furniture received an above-*de minimis* rate. Therefore, we have assigned the rate calculated for Fine Furniture to “all-others.” Finally, for the non-cooperative companies that did not respond to our Q&V questionnaire, we have calculated rates based solely on facts available with an adverse inference, in accordance with sections 776(a) and (b) of the Act. See “Non-Cooperative Companies” section of the Issues and Decision Memorandum.

We determine the total net countervailable subsidy rates to be:

Exporter/Manufacturer	Net subsidy rate
Fine Furniture (Shanghai) Ltd.; Great Wood (Tonghua) Ltd.; Fine Furniture Plantation (Shishou) Ltd	1.50
Zhejiang Layo Wood Industry Co., Ltd.; Jiaxing Brilliant Import & Export Co., Ltd	** 0.33
Zhejiang Yuhua Timber Co., Ltd	** 0.47
9 Miles Oak Flooring (China) *	26.73
Anhui HUPO Wood Industry Co., Ltd. *	26.73
Anji Tianpeng Bamboo & Wooden Floor Co., Ltd. *	26.73
Anlian Wood Co., Ltd. *	26.73
Beijing Forever Strong Construction & Decoration Material Co., Ltd. *	26.73
Beijing New Building Material (Group) Co., Ltd. *	26.73
Beijing W.A Wood Co., Ltd. *	26.73
Cairun Floor Building Material Co., Ltd. *	26.73
Changchun Zhongyi Wood Co., Ltd. *	26.73
Changzhou Credit International Trade Co., Ltd. *	26.73
Changzhou Green Spot Wood Industry Co., Ltd. *	26.73
Changzhou Jiahao Wood Trade Co., Ltd. *	26.73
Changzhou Leili Wood Industry Co., Ltd. *	26.73
Changzhou OPLS Decoration Materials Co., Ltd. *	26.73
Chaohu Great Mainland Flooring Co., Ltd. *	26.73
Chaohu Vgreen Timber Co., Ltd. *	26.73
China Xuzhou Tengmao Wood Co., Ltd. *	26.73

Exporter/Manufacturer	Net subsidy rate
Chuangfu Wood Flooring Cld., Co. *	26.73
Complete Flooring Supply Corporation*	26.73
Dalian Brilliant Future International Trade Co., Ltd. *	26.73
Dalian Hongjia Imp. & Exp. Co., Ltd. *	26.73
Dalian Luming Group*	26.73
Dalian Maruni Wood Works Co., Ltd. *	26.73
Dalian Ontime International Trade Co. *	26.73
Dalian Taiyangshi International Trading Co., Ltd. *	26.73
Dalian Turuss Wood Industry Co., Ltd. *	26.73
Dongguan Forest Century Wooden Co., Ltd. *	26.73
Elegant Living Corporation*	26.73
Foshan Linguan Wood Products Co., Ltd. *	26.73
Foshan Pengbang Wood Manufacturer Co., Ltd. *	26.73
Foshan Shunde Hechengchuangzhan Wood Co., Ltd. *	26.73
Foshan Tocho Timber Co., Ltd. *	26.73
Fujian Jianou Huayu Bamboo Industry Co., Ltd. *	26.73
Fuzhou Floors China Co., Ltd. *	26.73
Gao'an City Kangli Bamboo And Wooden Products Co., Ltd. *	26.73
Giant Flooring*	26.73
Glassical Industrial Limited*	26.73
Great Forest Wood Limited*	26.73
Green Elf Flooring (also dba Hong Ding Lumber Co.)*	26.73
Guangdong Guangyang Hi-Tech Industry Co., Ltd. *	26.73
Guangdong Yingran Wood Industry*	26.73
Guangzhou Fnen Wood Flooring*	26.73
Guangzhou Homewell Trade Co., Ltd. *	26.73
Guangzhou Quanfeng Wood Industry Co., Ltd. *	26.73
Handan Global Wood Limited*	26.73
Hangzhou Dazhuang Floor Co. *	26.73
Hangzhou Fuyang Zhongjian Wood Industry Co., Ltd. *	26.73
Hangzhou Kingdom Imp & Exp Trading Corp., Ltd. *	26.73
Hangzhou Singular Group Co., Ltd. *	26.73
Hangzhou Tianlin Industrial Co., Ltd. *	26.73
Heze Lv Sen Wood Co., Ltd. *	26.73
Homewell (Xiamen) Industry Co., Ltd. *	26.73
Huidong Weikang Rubber & Plastic Products Co., Ltd. *	26.73
HU'Made Group*	26.73
Huzhou Boge Import And Export Co., Ltd. *	26.73
Huzhou Jinjie Industrial Co., Ltd. *	26.73
Huzhou Natural Forest Flooring Co., Ltd. *	26.73
Huzhou Tianlong Wood Co., Ltd. *	26.73
Huzhou Top Wood Co., Ltd. *	26.73
Huzhou Yaxin Arts & Crafts Co., Ltd. *	26.73
Jiangmen Xinhui Yinhu Woodwork Co., Ltd. *	26.73
Jiangsu Happy Wood Industrial Group Co., Ltd. *	26.73
Jiangsu Horizon Trade Co., Ltd. *	26.73
Jiangsu Kentier Wood Co., Ltd. *	26.73
Jiangsu Nanyang Wood Co., Ltd. *	26.73
Jiangsu Wanli Wooden Co., Ltd. *	26.73
Jiangxi Kangtulong Bamboo Products Co., Ltd. *	26.73
Jiashan Greenland International Trading Co., Ltd. *	26.73
Jiashan Huayu Lumber Co., Ltd. *	26.73
Jiashan Longsen Lumbering Co., Ltd. *	26.73
Jiashan On-Line Lumber Co., Ltd. *	26.73
Jiaxing Hengtong Wood Co., Ltd. *	26.73
Jilin Newco Wood Industries Co., Ltd. *	26.73
Jining Sensen Wood Industry Co., Ltd. *	26.73
Jining Sunny Wood Co., Ltd. *	26.73
Kingswood Timber*	26.73
Kornbest Enterprises Ltd. *	26.73
Lianyungang Shuntian Timber Co., Ltd. *	26.73
Longeron I&E Co., Ltd. *	26.73
Lord Parquet Industry Co., Limited. *	26.73
Lyowood Industrial Co., Ltd. *	26.73
MacDouglas Wood Flooring (Suzhou) Co., Ltd. *	26.73
Nanjing Dimac Wood Industry Co., Ltd. *	26.73
Qiaosen Wood Flooring Industry Company*	26.73
Qichuang Wood Industrial Co., Ltd. *	26.73
Qingdao Fuguichao Wood Co., Ltd. *	26.73
Quanfa Woodwork (Shenzhen) Co., Ltd. *	26.73
Shandong Fuma Commerce & Trade Co., Ltd. *	26.73
Shandong Yuncheng Jinyang Wood Industry Co., Ltd. *	26.73
Shanghai Chunna Industrial Co., Ltd. *	26.73

Exporter/Manufacturer	Net subsidy rate
Shanghai Eswell Enterprise Co., Ltd.*	26.73
Shanghai Feihong Wood Products Co.*	26.73
Shanghai Guangri Flooring Co., Ltd.*	26.73
Shanghai Pinsheng Wood Industry Co., Ltd.*	26.73
Shanghai Pujiang United Wood Co., Ltd.*	26.73
Shanghai Yiming Wooden Industry Co., Ltd.*	26.73
Shenyang Bask Industry Co., Ltd.*	26.73
Shenzhen JianYuanXin Trade Co., Ltd.*	26.73
Shuanghai Shuai Yuan Wood Industry Co., Ltd.*	26.73
Sterling Pacific Wood Products Co., Ltd.*	26.73
Suifenghe Sanmulin Economic and Trade Co., Ltd.*	26.73
Suzhou Duolun Wood Industry Co., Ltd.*	26.73
Tengmao Wood Co., Ltd.*	26.73
Tianjin Zeyuan Wood Industry Co., Ltd.*	26.73
Twowins Bamboo & Wood Products Co., Ltd.*	26.73
Weifang Jiayuan Imp & Exp Co., Ltd.*	26.73
Wenzhou Timber Group Company*	26.73
Wuhan Nanhong Materials & Goods Fitting Co., Ltd.*	26.73
Wuxi Haisen Decorates Material Co., Ltd.*	26.73
Xiamen Homeshining Industry Co., Ltd.*	26.73
Xuzhou Fuxiang Wood Co., Ltd.*	26.73
Xuzhou Huanqiu Import & Export Trade Co., Ltd.*	26.73
Xuzhou Tengmao Wood Co., Ltd.*	26.73
Xuzhou Yijia Manufacture Co., Ltd.*	26.73
Xuzhou Yijia Wood Manufacture Co., Ltd.*	26.73
Yinlong Wood Products Co., Ltd.*	26.73
Ys Nature International Trading Co., Ltd.*	26.73
Zhejiang Assun Wood Co., Ltd.*	26.73
Zhejiang Gaopai Wood Co., Ltd.*	26.73
Zhejiang Huayue Wooden Products Co., Ltd.*	26.73
Zhejiang Yongji Wooden Co., Ltd.*	26.73
Zhejiang Yongyu Bamboo Development*	26.73
Zhongshan New Oasis Wood Industry Co., Ltd.*	26.73
Zhongyi Bamboo Industrial Co., Ltd. Fujian*	26.73
All-Others	1.50

* Non-cooperative company receiving the AFA rate.

** (*de minimis*).

Also, in accordance with section 703(d) of the Act, we instructed U.S. Customs and Border Protection (“CBP”) to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered on or after August 4, 2011, but to continue the suspension of liquidation as previously ordered for entries made from April 6, 2011, through August 3, 2011.

If the ITC issues a final affirmative injury determination we will issue a CVD order, and we will require a cash deposit of estimated countervailing duties for such entries of merchandise in the amounts indicated above. Because Layo and Yuhua were found to receive *de minimis* subsidies, they would be excluded from the CVD order. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated deposits or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our

determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (“APO”), without the written consent of the Assistant Secretary for Import Administration.

Return or Destruction of Proprietary Information

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

APO is a violation which is subject to sanction.

This determination is issued pursuant to sections 705(d) and 777(i) of the Act.

Dated: October 11, 2011.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

Appendix I

List of Comments and in the Issues and Decision Memorandum

General Issues

- Comment 1 Application of the CVD Law to the PRC and Double Counting
- Comment 2 Whether Application of the CVD Law to NMEs Violates the APA
- Comment 3 Requests for Information Regarding Other Programs
- Comment 4 Provision of Electricity for Less Than Adequate Remuneration
- Comment 5 Application of AFA to Non-Cooperative Respondents
- Comment 6 Removal of Companies in the List of AFA Companies
- Comment 7 “All-Others” Rate Calculation

Scope-Related Issues

Comment 8 Exclusion Requests for
Plywood Panels or Veneer

Comment 9 Strand-Woven
Lignocellulosic Flooring

Comment 10 Scope Language
Regarding HTSUS Subheadings

Comment 11 Continued Requests for
Certain Exclusions

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-970]

Multilayered Wood Flooring From the People's Republic of China: Final Determination of Sales at Less Than Fair Value

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

DATES: *Effective Date:* October 18, 2011.

SUMMARY: On May 26, 2011, the Department of Commerce ("Department") published its preliminary determination of sales at less than fair value ("LTFV") in the antidumping investigation of multilayered wood flooring from the People's Republic of China ("PRC").¹ On June 27, 2011, the Department published its amended preliminary determination of sales at LTFV in the antidumping investigation of multilayered wood flooring from the PRC.² The Department invited interested parties to comment on the *Preliminary Determination*. Based on the Department's analysis of the comments received, the Department has made changes from the *Preliminary Determination*. The Department determines that multilayered wood flooring from the PRC is being, or is likely to be, sold in the United States at LTFV, as provided in section 735 of the Tariff Act of 1930, as amended (the "Act"). The final dumping margins for this investigation are listed in the "Final Determination" section below.

FOR FURTHER INFORMATION CONTACT: Charles Riggle, John Hollwitz, Brandon Petelin or Erin Kearney, AD/CVD Operations, Office 4, Import

¹ See *Multilayered Wood Flooring from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 30656 (May 26, 2011) ("*Preliminary Determination*").

² See *Multilayered Wood Flooring from the People's Republic of China: Amended Preliminary Determination of Sales at Less Than Fair Value*, 76 FR 37316 (June 27, 2011) ("*Amended Preliminary Determination*").

Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-0650, (202) 482-2336, (202) 482-8173 or (202) 482-0167, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published its *Preliminary Determination* of sales at LTFV and postponement of the final determination on May 26, 2011. On May 31, 2011, Riverside Plywood Corporation, Samling Elegant Living Trading (Labuan) Limited, Baroque Timber Industries (Zhongshan) Co. Ltd., Samling Global USA, Inc., Samling Riverside Co., Ltd. and Suzhou Times Flooring Co., Ltd. (collectively, the "Samling Group") and Vicwood Industry (Suzhou) Co., Ltd. ("Vicwood") submitted timely ministerial error allegations. The Department published its *Amended Preliminary Determination* of sales at LTFV on June 27, 2011. Following the release of *Amended Preliminary Determination*, on June 23, 2011, Shanghai Lizhong Wood Products Co., Ltd. ("Lizhong") filed a submission requesting to correct Shanghai Lizhong Wood Products Co., Ltd.'s name as specified in its Separate Rate Application, or at minimum to instruct U.S. Customs and Border Protection ("CBP") of the correct name for Lizhong. See Separate Rate section below.

Between June 2, 2011 and July 1, 2011, the Department conducted verification of mandatory respondents Zhejiang Yuhua Timber Co., Ltd. ("Yuhua"), Zhejiang Layo Wood Industry Co., Ltd. ("Layo Wood"), and the Samling Group.³ On July 6, 2011, the Department received a supplemental questionnaire response from Vicwood.

The Coalition for American Hardwood Parity ("Petitioner"), Style Limited, Shanghai Lizhong Wood Products Co., Ltd./The Lizhong Wood Industry Limited Company of Shanghai ("Lizhong"), Lumber Liquidators Services, LLC ("Lumber Liquidators"), Home Legend LLC ("Home Legend"), Armstrong Wood Products (Kunshan) Co., Ltd. ("Armstrong Kunshan"), Fine Furniture (Shanghai) Limited ("Fine Furniture"), Chinafloors Timber (China) Co., Ltd. ("Chin flooors"), the Government of the People's Republic of China ("GOC"), Yuhua, Samling Group, and Layo Wood submitted case briefs on August 4, 2011. On August 9, 2011, Petitioner, Style Limited, Lumber Liquidators, Home Legend, Armstrong Kunshan, Fine Furniture, Yuhua,

³ See the "Verification" section below.

Samling Group, and Layo Wood filed rebuttal briefs. In addition, on August 15, 2011, respondent Layo Wood resubmitted its August 4, 2011 case brief.⁴ The Department conducted a public hearing on August 24, 2011.

Period of Investigation

The period of investigation ("POI") is April 1, 2010, through September 30, 2010. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was October 2010.⁵

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation, as well as comments received pursuant to the Department's requests are addressed in the Issues and Decisions Memorandum.⁶ A list of the issues which the parties raised and to which the Department responds in the Issues and Decision Memorandum is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Changes Applicable to Multiple Companies

1. The Department changed the surrogate value ("SV") of non-coniferous, non-tropical core veneer inputs from Philippine Harmonized Tariff Schedule ("HTS") 4408.90.10 to Philippine HTS 4408.90.90.⁷

⁴ Letter from Zhejiang Layo Wood Industry Co., Ltd. to Secretary of Commerce, "Multilayered Wood Flooring From the People's Republic of China: Resubmission of August 5, 2011 Case Brief" (Aug. 15, 2011).

⁵ See 19 CFR 351.204(b)(1).

⁶ See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, "Issues and Decision Memorandum for the Final Determination in the Antidumping Duty Investigation of Wood Flooring from the People's Republic of China" (October 11, 2011) ("Issues and Decision Memorandum").

⁷ See Issues and Decision Memorandum at Comment 16; see also Memorandum regarding:

2. The Department changed the SV for high density fiberboard inputs from Philippine HTS 4411.19 to a simple average of Philippine HTS 4411.11 and Philippine HTS 4411.21.⁸

3. To value plywood, the Department is relying on the Philippines Department of Environment and Natural Resources, Forest Management Bureau ("FMB")'s 2009 price data for lauan plywood, inflated to the POI. In doing so, the Department is averaging the prices of 4.7625 millimeter (mm) thick, 6.35 mm thick, and 12.7 mm thick plywood for all of 2009.⁹

4. The Department is valuing the Samling Group's finish inputs (*i.e.*, top coat and base coat) and Layo Wood's paint inputs using POI Philippine National Statistics Office ("NSO") data from the eight-digit Philippine HTS category 3208.20.90.¹⁰

5. The Department changed the data it relied upon to calculate a surrogate labor rate from 2006 "compensation of employees" data to 2002 "labor cost" data.¹¹

6. The Department changed the financial statements used to calculate financial ratios from four 2009 statements of Philippine plywood producers to three 2010 statements of Philippine plywood producers.¹²

7. The Department changed the source of information it used to calculate the truck rate from Indian truck rate data to the Confederation of Truckers Association of the Philippines, Inc.¹³

8. The Department stated in its Preliminary Surrogate Value Memorandum that it was relying upon

Antidumping Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Final Surrogate Value Memorandum dated concurrently with this memorandum ("Final Surrogate Value Memorandum").

⁸ See Issues and Decision Memorandum at Comment 20; *see also* Final Surrogate Value Memorandum.

⁹ See Issues and Decision Memorandum at Comment 13; *see also* Final Surrogate Value Memorandum.

¹⁰ See Issues and Decision Memorandum at Comment 19; *see* Memorandum regarding: Antidumping Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Final Determination Analysis Memorandum for the Samling Group, dated concurrently with this memorandum ("Samling's Final Analysis Memo"); *see* Memorandum regarding: Antidumping Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Final Determination Analysis Memorandum for Layo Wood, dated concurrently with this memorandum ("Layo Wood's Final Analysis Memo").

¹¹ See Issues and Decision Memorandum at Comment 6; *see also* Final Surrogate Value Memorandum.

¹² See Issues and Decision Memorandum at Comment 1; *see also* Final Surrogate Value Memorandum.

¹³ See Issues and Decision Memorandum at Comment 18; *see also* Final Surrogate Value Memorandum.

the International Monetary Fund's ("IMF") Wholesale Price Index ("WPI") for the Philippines and India to reflect inflation or deflation of non-contemporaneous surrogate values.¹⁴

The Department, instead, inadvertently used the IMF's Consumer Price Index ("CPI") for the Philippines and India in its surrogate value calculations. Although no parties commented on this issue, the Department has changed the indices it used in inflation and deflation calculations for the final determination, to reflect its originally intended methodology. Due to changes in IMF index reporting terminology, the Department finds that the closest available index for the Philippines and India is the Producer Price Index ("PPI"). Therefore, the Department has calculated the inflation or deflation of non-contemporaneous surrogate values for the final determination based on PPI.¹⁵

9. In the *Preliminary Determination*, the Department used an electricity rate with an effective date of 2009, and inflated it to the POI. For the final determination, the Department finds that inflating the electricity rate does not represent the best available information because utility rates generally represent the current rate as of the listed effective date. Therefore, the Department did not inflate the electricity value to the POI for the final determination.¹⁶

10. For the final determination the Department we have valued Layo Wood's byproducts using a simple average of the surrogate values for Layo Wood's wood veneer and wood core inputs.

Changes Specific to Yuhua

We made changes based on verification findings.¹⁷

Changes Specific to Layo Wood

1. The Department changed the SV for Layo Wood's glue inputs from Philippine HTS 3506.99 to Philippine HTS 3909.20.90.¹⁸

¹⁴ See Memorandum regarding: Antidumping Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Preliminary Surrogate Value Memorandum, dated May 19, 2011, ("Preliminary Surrogate value Memorandum") at 2-3.

¹⁵ See Final Surrogate Value Memorandum.

¹⁶ See Final Surrogate Value Memorandum.

¹⁷ See Yuhua's Verification Report; *see* Memorandum Regarding: Antidumping Duty Investigation of Multilayered Wood Flooring from the People's Republic of China: Final Determination Analysis Memorandum for Yuhua, dated concurrently with this memorandum ("Yuhua's Final Analysis Memo").

¹⁸ See Issues and Decision Memorandum at Comment 25; *see* Layo Wood's Final Analysis Memo.

2. The Department changed the rate used to calculate the density of Layo Wood's packing fiberboard inputs from 740 kg per cubic meter to 650 kg per cubic meter.¹⁹

Changes Specific to Samling Group

1. The Department is valuing the Samling Group's glue input using POI NSO data from the eight-digit Philippine HTS category 3909.10.90, "other; urea formaldehyde adhesive."²⁰

2. The Department is valuing certain Samling veneers using 2009 NSO data for Philippine HTS category 4408.39.90, which covers tropical wood veneers.²¹

3. The Department is valuing the Samling Group's corrugated cardboard inputs using POI NSO data from the six-digit Philippine HTS category 4808.10, "Corrugated paper and paperboard, whether or not perforated."²²

4. The Department is valuing the Samling Group's label inputs using POI NSO data from the six-digit Philippine HTS category 4811.41, "Self-adhesive."²³

5. The Department is valuing certain market economy purchases using the corrected values reported by the Samling Group at the verification of Baroque Timber Industries (Zhongshan) Co., Ltd.²⁴

6. The Department has reduced the Samling Group's reported gross unit U.S. price by Samling's costs associated with U.S. inland freight from the warehouse to customer (*i.e.*, we reduced the reported gross unit price by the INLFWCU field).²⁵

7. The Department is treating freight revenue as an offset to freight costs rather than as an addition to U.S. price.²⁶

8. The Department adjusted the Samling Group's indirect selling expense ratio to include the POI total reserve for bad debt expense.²⁷

¹⁹ See Issues and Decision Memorandum at Comment 30; *see* Layo Wood's Final Analysis Memo.

²⁰ See Issues and Decision Memorandum at Comment 32; *see* Samling's Final Analysis Memo.

²¹ See Issues and Decision Memorandum at Comment 31; *see* Samling's Final Analysis Memo.

²² See Issues and Decision Memorandum at Comment 35; *see also* Samling's Final Analysis Memo.

²³ See Issues and Decision Memorandum at Comment 33; *see also* Samling's Final Analysis Memo.

²⁴ See Samling's Final Analysis Memo.

²⁵ See Issues and Decision Memorandum at Comment 38; *see* Samling's Final Analysis Memo.

²⁶ See Issues and Decision Memorandum at Comment 39; *see* Samling's Final Analysis Memo.

²⁷ See Issues and Decision Memorandum at Comment 40; *see* Samling's Final Analysis Memo.

*Scope of the Investigation*²⁸

Multilayered wood flooring is composed of an assembly of two or more layers or plies of wood veneer(s)²⁹ in combination with a core. The several layers, along with the core, are glued or otherwise bonded together to form a final assembled product. Multilayered wood flooring is often referred to by other terms, e.g., “engineered wood flooring” or “plywood flooring.” Regardless of the particular terminology, all products that meet the description set forth herein are intended for inclusion within the definition of subject merchandise.

All multilayered wood flooring is included within the definition of subject merchandise, without regard to: dimension (overall thickness, thickness of face ply, thickness of back ply, thickness of core, and thickness of inner plies; width; and length); wood species used for the face, back and inner veneers; core composition; and face grade. Multilayered wood flooring included within the definition of subject merchandise may be unfinished (*i.e.*, without a finally finished surface to protect the face veneer from wear and tear) or “prefinished” (*i.e.*, a coating applied to the face veneer, including, but not exclusively, oil or oil-modified or water-based polyurethanes, ultraviolet light cured polyurethanes, wax, epoxy-ester finishes, moisture-cured urethanes and acid-curing formaldehyde finishes). The veneers may be also soaked in an acrylic-impregnated finish. All multilayered wood flooring is included within the definition of subject merchandise regardless of whether the face (or back) of the product is smooth, wire brushed, distressed by any method or multiple methods, or hand-scraped. In addition, all multilayered wood flooring is included within the definition of subject merchandise regardless of whether or not it is manufactured with any interlocking or connecting mechanism (for example, tongue-and-groove construction or locking joints). All multilayered wood flooring is included within the definition of the subject merchandise regardless of whether the product meets a particular industry or similar standard.

The core of multilayered wood flooring may be composed of a range of materials, including but not limited to

hardwood or softwood veneer, particleboard, medium-density fiberboard (“MDF”), high-density fiberboard (“HDF”), stone and/or plastic composite, or strips of lumber placed edge-to-edge.

Multilayered wood flooring products generally, but not exclusively, may be in the form of a strip, plank, or other geometrical patterns (*e.g.*, circular, hexagonal). All multilayered wood flooring products are included within this definition regardless of the actual or nominal dimensions or form of the product.

Specifically excluded from the scope are cork flooring and bamboo flooring, regardless of whether any of the sub-surface layers of either flooring are made from wood. Also excluded is laminate flooring. Laminate flooring consists of a top wear layer sheet not made of wood, a decorative paper layer, a core-layer of high-density fiberboard, and a stabilizing bottom layer.

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States (“HTSUS”): 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5125; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.3175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3125; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3105; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.5100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.94.9500; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5100; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000;

4412.99.9500; 4418.71.2000; 4418.71.9000; 4418.72.2000; and 4418.72.9500.

In addition, imports of subject merchandise may enter the United States under the following HTSUS subheadings: 4409.10.0500; 4409.10.2000; 4409.29.0515; 4409.29.0525; 4409.29.0535; 4409.29.0545; 4409.29.0555; 4409.29.0565; 4409.29.2530; 4409.29.2550; 4409.29.2560; 4418.71.1000; 4418.79.0000; and 4418.90.4605.

While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise is dispositive.

Scope Comments*Scope Comments*

Following the *Preliminary Determination*, on May 19, 2011, the Department issued a decision memorandum addressing multiple scope issues in this and the concurrent CVD investigation of wood flooring from the PRC. See Memorandum to Christian Marsh, “Scope” (May 19, 2011) (“Scope Memo”). We sought comments on the scope in both the AD and CVD cases. See Letter to All Interested Parties from Nancy Decker, Program Manager, Office 1, AD/CVD Operations, Import Administration, “RE: Antidumping and Countervailing Duty Investigations: *Multilayered Wood Flooring from the People’s Republic of China*,” (May 25, 2011).

In response, interested parties filed scope-related comments in submissions on June 6, 2011, June 14, 2011, and June 15, 2011, as well as in case briefs on August 4, 2011, and rebuttal briefs on August 8, 2011, and August 9, 2011. Additionally, a scope-related submission was received the same day the Scope Memo was released and, therefore, was not analyzed in the Scope Memo, but is addressed in this final determination. Based on our analysis of all the comments, we have changed the scope to eliminate references to certain HTSUS numbers. For a complete discussion of this change, as well as a summary of the parties’ comments and the Department’s positions, see the Issues and Decision Memorandum.

Verification

As provided in section 782(i) of the Act, the Department verified the information submitted by Yuhua, Layo Wood, and the Samling Group for use in its final determination. The Department used standard verification procedures, including examination of relevant accounting and production records and

²⁸ See Memorandum to Christian Marsh through Susan Kubbach and Nancy Decker from Joshua Morris “Multilayered Wood Flooring from the People’s Republic of China: Scope,” dated May 19, 2011.

²⁹ A “veneer” is a thin slice of wood, rotary cut, sliced or sawed from a log, bolt or flitch. Veneer is referred to as a ply when assembled.

original source documents provided by the respondents.³⁰

Non-Market Economy Country

The Department considers the PRC to be a non-market economy (“NME”) country. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority. The Department has not revoked the PRC’s status as an NME country. No party has challenged the designation of the PRC as an NME country in this investigation. Therefore, the Department continues to treat the PRC as an NME for purposes of this final determination.

Surrogate Country

In the preliminary determination, the Department stated that it selected the Philippines as the appropriate surrogate country to use in this investigation pursuant to section 773(c)(4) of the Act based on the following: (1) It is at a similar level of economic development;

(2) it is a significant producer of comparable merchandise; and (3) we have reliable data from the Philippines that we can use to value the FOPs.³¹ The Department has not made changes to findings with respect to the selection of a surrogate country for the final determination.

Separate Rate Companies

In proceedings involving NME countries, the Department holds a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assessed a single antidumping duty rate. It is the Department’s policy to assign all exporters of the subject merchandise in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.³²

In the instant investigation, the Department received timely-filed separate rate applications (“SRAs”) from 74 companies (“Separate Rate Applicants”).³³ In the *Preliminary*

Determination, the Department found that twelve wholly foreign-owned companies,³⁴ demonstrated eligibility for separate rate status.³⁵ In addition, the Department found that sixty-two of the separate-rate companies that are either joint ventures between Chinese and foreign companies or are wholly Chinese-owned companies demonstrated eligibility for separate rate status. Since the publication of the *Preliminary Determination*, no party has commented on the eligibility of the Separate Rate Applicants for separate-rate status. However, the Department corrected the name of one of the separate rate applicants. The Department has changed the incorrect name of “Shanghai Lizhong Wood Products Co., Ltd. (“Lizhong”)” to the correct name of “Shanghai Lizhong Wood Products Co., Ltd. also known as The Lizhong Wood Industry Limited Company of Shanghai (“Lizhong”).”³⁶

³⁰ See Memorandum from Brandon Petelin, International Trade Analyst, AD/CVD Operations, Office 4, to the File, Verification of Constructed Export Sales (“CEP”) for Baroque Timber Industries (Zhongshan) Co., Ltd. (“BTI”), Riverside Plywood Corporation (“RPC”), Samling Elegant Living Trading (Labuan) Limited (“SELT”), Samling Riverside Co., Ltd. (“SR”), and Suzhou Times Flooring Co., Ltd. (“STF”) (collectively, the “Samling Group”) at the headquarters of its U.S. affiliate (July 22, 2011); Memorandum from Robert Greger, Senior International Trade Accountant, AD/CVD Operations, Office 4, to the File, Verification of Constructed Export Sales (“CEP”) for Baroque Timber Industries (Zhongshan) Co., Ltd. (“BTI”), Riverside Plywood Corporation (“RPC”), Samling Elegant Living Trading (Labuan) Limited (“SELT”), Samling Riverside Co., Ltd. (“SR”), and Suzhou Times Flooring Co., Ltd. (“STF”) (collectively, the “Samling Group”) at Samling Global USA, Inc. (“SGUSA”) (July 22, 2011); Memorandum from Brandon Farlander, Senior International Trade Analyst, AD/CVD Operations, Office 4, to the File, Verification of the Questionnaire Responses of Zhejiang Yuhua Timber Co., Ltd. (“Yuhua”) (July 21, 2011) (“Yuhua’s Verification Report”); Memorandum from Brandon Farlander, Senior International Trade Analyst, AD/CVD Operations, Office 4, to the File, Verification of the Sales and Factors Response of Zhejiang Layo Wood Industry Co., Ltd., in Less than Fair Value Investigation of Multilayered Wood Flooring from the People’s Republic of China (July 22, 2011); Memorandum from Brandon Petelin, International Trade Analyst, AD/CVD Operations, Office 4, to the File, Verification of Sales and Factors Response of Baroque Timber Industries (Zhongshan) Co., Ltd. (“BTI”) and Samling Elegant Living Trading (Labuan) Limited (“SELT”) in the Less-than-Fair-Value Investigation of Multilayered Wood Flooring (“Wood Flooring”) from the People’s Republic of China (“PRC”) (July 22, 2011); Memorandum from Brandon Petelin, International Trade Analyst, AD/CVD Operations, Office 4, to the File, Verification of Sales and Factors Response of Riverside Plywood Corporation (“RPC”) and Samling Riverside Co., Ltd. (“SR”) in the Less-than-Fair-Value Investigation of Multilayered Wood Flooring (“Wood Flooring”) from the People’s Republic of China (“PRC”) (July 22, 2011).

³¹ See Memorandum to Abdelali Elouaradia from Drew Jackson, Multilayered Wood Flooring from the People’s Republic of China: Surrogate Country Memorandum (May 19, 2011).

³² See *Notice of Final Determination of Sales at Less Than Fair Value: Sparklers from the People’s Republic of China*, 56 FR 20588 (May 6, 1991), and accompanying Issues and Decision Memorandum at Cmt. 1; as further developed in *Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People’s Republic of China*, 59 FR 22585, 22587 (May 2, 1994).

³³ The 74 separate-rate applicants are: (1) MuDanJiang Bosen Wood Industry Co., Ltd., (2) Huzhou Chengshang Wood Co., Ltd., (3) Hangzhou Hanje Tec Co., Ltd., (4) Nakahiro Jyou Sei Furniture (Dalian) Co., Ltd., (5) Shenyang Haobainian Wooden Co., Ltd., (6) Dalian Dajen Wood Co., Ltd., (7) HaiLin LinJing Wooden Products, Ltd., (8) Dun Hua Sen Tai Wood Co., Ltd., (9) Dunhua Jisheng Wood Industry Co., Ltd., (10) Hunchun Forest Wolf Industry Co., Ltd., (11) Guangzhou Panyu Southern Star Co., Ltd., (12) Nanjing Minglin Wooden Industry Co., Ltd., (13) Zhejiang Fudeli Timber Industry Co., Ltd., (14) Suzhou Dongda Wood Co., Ltd., (15) Guangzhou Pan Yu Kang Da Board Co., Ltd., (16) Kumbest Enterprises Ltd., (17) Metropolitan Hardwood Floors, Inc., (18) Zhejiang Longsen Lumbering Co., Ltd., (19) Xinyuan Wooden Industry Co., Ltd., (20) Dasso Industrial Group Co., Ltd., (21) Hong Kong Easoon Wood Technology Co., Ltd., (22) Armstrong Wood Products (Kunshan) Co., Ltd., (23) Baishan Huafeng Wooden Product Co., Ltd., (24) Changbai Mountain Development and Protection Zone Hongtu Wood Industry Co., Ltd., (25) Changzhou Hawd Flooring Co., Ltd., (26) Dalian Jiuyuan Wood Industry Co., Ltd., (27) Dalian Penghong Floor Products Co., Ltd., (28) Dongtai Fuan Universal Dynamics LLC, (29) Dunhua City Dexin Wood Industry Co., Ltd., (30) Dunhua City Hongyuan Wood Industry Co., Ltd., (31) Dunhua City Jisen Wood Industry Co., Ltd., (32) Dunhua City Wanrong Wood Industry Co., Ltd., (33) Fusong Jinlong Wooden Group Co., Ltd., (34) Fusong Qianju Wooden Product Co., Ltd., (35) GTP International, (36) Guangdong Yihua Timber Industry Co., Ltd., (37) HaiLin LinJing Wooden Products, Ltd., (38) Huzhou Fulinmen Imp & Exp. Co., Ltd., (39) Huzhou Fuma Wood Bus. Co., Ltd.,

(40) Jiafeng Wood (Suzhou) Co., Ltd., (41) Jiasan Hui Jia Le Decoration Material Co., Ltd., (42) Jilin Forest Industry Jinqiao Flooring Group Co., Ltd., (43) Karly Wood Product Limited, (44) Kunshan Yingyi-Nature Wood Industry Co., Ltd., (45) Puli Trading Limited, (46) Shanghai Eswell Timber Co. Ltd., (47) Shanghai Lairunde Wood Co., Ltd., (48) Shanghai New Sihe Wood Co., Ltd., (49) Shanghai Shenlin Corporation, (50) Shenzhenshi Huanwei Woods Co., Ltd., (51) Vicwood Industry (Suzhou) Co., Ltd., (52) Xiamen Yung De Ornament Co., Ltd., (53) Xuzhou Shenghe Wood Co., Ltd., (54) Yixing Lion-King Timber Industry Co., Ltd., (55) Jiangsu Simba Flooring Industry Co., Ltd., (56) Zhejiang Biyork Wood Co., Ltd., (57) Zhejiang Dadongwu GreenHome Wood Co., Ltd., (58) Zhejiang Desheng Wood Industry Co., Ltd., (59) Zhejiang Shiyou Timber Co., Ltd., (60) Zhejiang Tianzhen Bamboo & Wood Development Co., Ltd., (61) Chinafloors Timber (China) Co. Ltd., (62) Shanghai Lizhong Wood Products Co., Ltd., (63) Fine Furniture (Shanghai) Limited, (64) Huzhou Sunergy World Trade Co. Ltd., (65) Huzhou Jesonwood Co., Ltd., (66) A&W (Shanghai) Woods Co., Ltd., (67) Fu Lik Timber (HK) Company Limited, (68) Yekalon Industry, Inc./Sennorwell International Group (Hong Kong) Limited, (69) Kemian Wood Industry (Kunshan) Co., Ltd., (70) Dalian Kemian Wood Industry Co., Ltd., (71) Dalian Huilong Wooden Products Co., Ltd., (72) Jiangsu Senmao Bamboo and Wood Industry Co., Ltd., and (73) Real Wood Floors, LLC.

³⁴ The wholly foreign-owned Separate Rate Applicants are: (1) Jianfeng Wood (Suzhou) Co. Ltd.; (2) Fu Lik Timber (HK) Company Limited; (3) Xiamen Yung De Ornament Co., Ltd.; (4) Metropolitan Hardwood Floors, Inc.; (5) A&W (Shanghai) Woods Co., Ltd.; (6) Vicwood Industry (Suzhou) Co., Ltd.; (7) Armstrong Wood Products (Kunshan) Co., Ltd.; (8) Kunshan Yingyi-Nature Wood Industry Co., Ltd.; (9) Dongtai Fuan Universal Dynamics LLC; (10) Yixing Lion-King Timber Industry Co., Ltd.; (11) Chinafloors Timber (China) Co., Ltd.; and (12) Fine Furniture (Shanghai) Limited.

³⁵ See *Preliminary Determination*, 76 FR at 30661.

³⁶ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Trisha Tran, International Trade Analyst, Office 4, Multilayered Wood Flooring from the People’s Republic of China: Request to Modify Customs Instructions. (July 28, 2011).

For the final determination, the Department continues to find that the evidence placed on the record of this investigation by the Separate Rate Applicants demonstrates both *de jure* and *de facto* absence of government control with respect to each company's respective exports of the merchandise under investigation. Thus, the Department continues to find that the Separate Rate Applicants are eligible for separate-rate status.

The separate rate is normally determined based on the weighted-average of the estimated dumping margins established for exporters and producers individually investigated, excluding zero and *de minimis* margins or margins based entirely on adverse facts available ("AFA").³⁷ In this investigation, two of the individually investigated companies, Layo Wood, and the Samling Group, have estimated weighted-average dumping margins which are above *de minimis* and which are not based on total AFA. Therefore, because there are only two relevant weighted-average dumping margins for this final determination, using a weighted-average risks disclosure of business proprietary information. Accordingly, the Department has calculated the separate rate using a simple-average of these two margins, which is 3.31 percent.³⁸

Use of Facts Available and Adverse Facts Available

Section 776(a) of the Act provides that the Department shall apply facts available ("FA") if (1) necessary information is not on the record, or (2) 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 and manner requested by the Department, subject to subsections (c)(1) and (e) of section 782 of the Act, (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 further provides that the Department may use an adverse inference in applying FA when a party has failed to cooperate by not acting to the best of its ability to comply with a request for information. Such an adverse inference may include reliance on information derived from the petition, the final determination, a previous administrative review, or other information placed on the record.

PRC-Wide Entity

In the *Preliminary Determination*, the Department determined that certain PRC exporters/producers did not respond to the Department's requests for information including information pertaining to whether they were separate from the PRC-wide entity.³⁹ Thus, the Department has found that these PRC exporters/producers are part of the PRC-wide entity and the PRC-wide entity has not responded to our requests for information.⁴⁰ No additional information was placed on the record with respect to any of these companies after the preliminary determination. Because the PRC-wide entity did not provide the Department with requested information, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find it appropriate to base the PRC-wide rate on FA.

The Department determines that, because the PRC-wide entity did not respond to our request for information, the PRC-wide entity has failed to cooperate to the best of its ability. Therefore, pursuant to section 776(b) of the Act, the Department finds that, in selecting from among the FA, an adverse inference is appropriate for the PRC-wide entity.

Because the Department begins with the presumption that all companies within an NME country are subject to government control, and because only the mandatory respondents and the Separate Rate Applicants have overcome that presumption, the Department is applying a single antidumping rate to all other exporters of subject merchandise from the PRC. Such companies have not demonstrated entitlement to a separate rate.⁴¹ Accordingly, the PRC-wide entity rate applies to all entries of subject merchandise except for entries from Yuhua, Layo Wood, the Samling Group, and the Separate Rate Applicants.

Selection of the AFA Rate for the PRC-Wide Entity

In selecting a rate for AFA, the Department selects a rate that is sufficiently adverse "as to effectuate the purpose of the adverse facts available rule to induce respondents to provide the Department with complete and accurate information in a timely manner."⁴² Further, it is the

Department's practice to select a rate that insures "that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."⁴³ It is the Department's practice to select as AFA the higher of the (a) highest margin alleged in the petition or (b) the highest calculated rate of any respondent in the investigation.⁴⁴ In order to determine the probative value of the margins in the petition for use as AFA for purposes of this final determination, we analyzed the U.S. prices and normal values for each of the individually investigated parties. Based on this analysis, we determined that while there were U.S. prices within the range of the prices contained in the petition, the normal value information contained in the petition does not have probative value for purposes of this final determination. The Department does not find the highest calculated rate of the mandatory respondents to be sufficiently adverse to act as the AFA rate. With respect to AFA, for the final determination, we have assigned the PRC-wide entity the rate of 58.84 percent, the highest calculated transaction-specific rate among mandatory respondents. No corroboration of this rate is necessary because we are relying on information obtained in the course of this investigation, rather than secondary information.⁴⁵

The dumping margin for the PRC-wide entity applies to all entries of the merchandise under investigation except for entries of merchandise under investigation from the exporter/manufacturer combinations listed in the chart in the "Final Determination" section below.

Combination Rates

In the *Initiation Notice*, the Department stated that it would calculate combination rates for respondents that are eligible for a

Memory Semiconductors From Taiwan, 63 FR 8909, 8932 (Feb. 23, 1998).

⁴³ See *Brake Rotors from the People's Republic of China: Final Results and Partial Rescission of the Seventh Administrative Review; Final Results of the Eleventh New Shipper Review*, 70 FR 69937, 69939 (Nov. 18, 2005) (quoting the Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H. Doc. No. 316, 103d Cong., 2d Session at 870 (1994)).

⁴⁴ See, e.g., *Seamless Refined Copper Pipe and Tube From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 75 FR 60725, 60729 (October 1, 2010).

⁴⁵ See 19 CFR 351.308(c) and (d) and section 776(c) of the Act; see also *Final Determination of Sales at Less Than Fair Value and Affirmative Determination of Critical Circumstances, in Part: Light-Walled Rectangular Pipe and Tube from the People's Republic of China*, 73 FR 35652, 35653 (June 24, 2008), and accompanying Issues and Decision Memorandum at 1.

³⁷ See section 735(c)(5)(A) of the Act.

³⁸ See *Certain Cased Pencils From the People's Republic of China: Final Results of the Antidumping Duty Administrative Review*, 75 FR 38980 (July 2010) at Comment 4.

³⁹ See *Preliminary Determination*, 76 FR at 30661.

⁴⁰ *Id.*

⁴¹ See, e.g., *Notice of Final Determination of Sales at Less Than Fair Market Value: Synthetic Indigo From the People's Republic of China*, 65 FR 25706, 25707 (May 2, 2000).

⁴² See *Notice of Final Determination of Sales at Less than Fair Value: Static Random Access*

separate rate in this investigation.⁴⁶ This practice is described in Policy Bulletin 05.1, available at <http://www.trade.gov/ia>. In the *Amended Preliminary Determination*, the Department stated that it did not grant separate combination rates to Tak Wah Building Material (Suzhou) Co. Ltd. ("Tak Wah") and Tech Wood International Ltd. ("Tech Wood"), the affiliated exporters

on whose behalf Vicwood submitted a separate rate application, due to incomplete and conflicting information in Vicwood's previous responses.⁴⁷ On July 6, 2011, the Department received supplemental questionnaire responses from Vicwood supplying the clarifying information requested by the Department. As a result, the department is granting separate combination rates to

exporters Tak Wah and Tech Wood for merchandise produced by Vicwood.

Final Determination

The Department determines that the following dumping margins exist for the period April 1, 2010, through September 30, 2010:

Exporter	Producer	Weighted average margin
Zhejiang Layo Wood Industry Co., Ltd	Zhejiang Layo Wood Industry Co., Ltd	3.98
The Samling Group**	The Samling Group**	2.63
Zhejiang Yuhua Timber Co., Ltd	Zhejiang Yuhua Timber Co., Ltd	0.00
Jiaxing Brilliant Import & Export Co., Ltd	Zhejiang Layo Wood Industry Co., Ltd	3.31
MuDanJiang Bosen Wood Industry Co., Ltd	MuDanJiang Bosen Wood Industry Co., Ltd	3.31
MuDanJiang Bosen Wood Industry Co., Ltd	Dun Hua Sen Tai Wood Co., Ltd	3.31
Huzhou Chenghang Wood Co., Ltd	Huzhou Chenghang Wood Co., Ltd	3.31
Hangzhou Hanje Tec Co., Ltd	Zhejiang Jiechen Wood Industry Co., Ltd	3.31
Nakahiro Jyou Sei Furniture (Dalian) Co., Ltd	Nakahiro Jyou Sei Furniture (Dalian) Co., Ltd	3.31
Shenyang Haobainian Wooden Co., Ltd	Shenyang Sende Wood Co., Ltd	3.31
Shenyang Haobainian Wooden Co., Ltd	Shenyang Haobainian Wooden Co., Ltd	3.31
Shenyang Haobainian Wooden Co., Ltd	Shanghai Demeijia Wooden Co., Ltd	3.31
Dalian Dajen Wood Co., Ltd	Dalian Dajen Wood Co., Ltd	3.31
HaiLin LinJing Wooden Products, Ltd	HaiLin LinJing Wooden Products, Ltd	3.31
Dun Hua Sen Tai Wood Co., Ltd	Dun Hua Sen Tai Wood Co., Ltd	3.31
Dunhua Jisheng Wood Industry Co., Ltd	Dunhua Jisheng Wood Industry Co., Ltd	3.31
Hunchun Forest Wolf Industry Co., Ltd	Hunchun Forest Wolf Industry Co., Ltd	3.31
Guangzhou Panyu Southern Star Co., Ltd	Guangzhou Jiasheng Timber Industry Co., Ltd	3.31
Nanjing Minglin Wooden Industry Co., Ltd	Nanjing Minglin Wooden Industry Co., Ltd	3.31
Zhejiang Fudeli Timber Industry Co., Ltd	Zhejiang Fudeli Timber Industry Co., Ltd	3.31
Suzhou Dongda Wood Co., Ltd	Suzhou Dongda Wood Co., Ltd	3.31
Guangzhou Pan Yu Kang Da Board Co., Ltd	Guangzhou Pan Yu Kang Da Board Co., Ltd	3.31
Kornbest Enterprises Ltd	Guangzhou Pan Yu Kang Da Board Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Dalian Huilong Wooden Products Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Mudanjiang Bosen Wood Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Nakahiro Jyou Sei Furniture (Dalian) Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Hunchun Forest Wolf Wooden Industry Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Kemian Wood Industry (Kunshan) Co., Ltd	3.31
Metropolitan Hardwood Floors, Inc	Shenyang Haobainian Wooden Co., Ltd	3.31
Zhejiang Longsen Lumbering Co., Ltd	Zhejiang Longsen Lumbering Co., Ltd	3.31
Xinyuan Wooden Industry Co., Ltd	Xinyuan Wooden Industry Co., Ltd	3.31
Dasso Industrial Group Co., Ltd	Dasso Industrial Group Co., Ltd	3.31
Hong Kong Easoon Wood Technology Co., Ltd	Dasso Industrial Group Co., Ltd	3.31
Armstrong Wood Products (Kunshan) Co., Ltd	Armstrong Wood Products (Kunshan) Co., Ltd	3.31
Baishan Huafeng Wooden Product Co., Ltd	Baishan Huafeng Wooden Product Co., Ltd	3.31
Changbai Mountain Development and Protection Zone Hongtu Wood Industry Co., Ltd	Changbai Mountain Development and Protection Zone Hongtu Wood Industry Co., Ltd	3.31
Changzhou Hawd Flooring Co., Ltd	Changzhou Hawd Flooring Co., Ltd	3.31
Dalian Jiuyuan Wood Industry Co., Ltd	Dalian Jiuyuan Wood Industry Co., Ltd	3.31
Dalian Penghong Floor Products Co., Ltd	Dalian Penghong Floor Products Co., Ltd	3.31
Dongtai Fuan Universal Dynamics LLC	Dongtai Fuan Universal Dynamics LLC	3.31
Dunhua City Dexin Wood Industry Co., Ltd	Dunhua City Dexin Wood Industry Co., Ltd	3.31
Dunhua City Hongyuan Wood Industry Co., Ltd	Dunhua City Hongyuan Wood Industry Co., Ltd	3.31
Dunhua City Jisen Wood Industry Co., Ltd	Dunhua City Jisen Wood Industry Co., Ltd	3.31
Dunhua City Wanrong Wood Industry Co., Ltd	Dunhua City Wanrong Wood Industry Co., Ltd	3.31
Fusong Jinlong Wooden Group Co., Ltd	Fusong Jinlong Wooden Group Co., Ltd	3.31
Fusong Qianqiu Wooden Product Co., Ltd	Fusong Qianqiu Wooden Product Co., Ltd	3.31
GTP International	Jiangsu Senmao Bamboo and Wood Industry Co., Ltd	3.31
GTP International	Jiafeng Wood (Suzhou) Co., Ltd	3.31
GTP International	Suzhou Dongda Wood Co., Ltd	3.31
GTP International	Kemian Wood Industry (Kunshan) Co., Ltd	3.31
Guangdong Yihua Timber Industry Co., Ltd	Guangdong Yihua Timber Industry Co., Ltd	3.31
HaiLin LinJing Wooden Products, Ltd	HaiLin LinJing Wooden Products, Ltd	3.31
Huzhou Fulinmen Imp & Exp. Co., Ltd	Huzhou Fulinmen Wood Floor Co., Ltd	3.31
Huzhou Furma Wood Bus. Co., Ltd	Huzhou Furma Wood Bus. Co., Ltd	3.31
Jiafeng Wood (Suzhou) Co., Ltd	Jiafeng Wood (Suzhou) Co., Ltd	3.31

⁴⁶ See *Initiation Notice*, 75 FR at 22113-14.

⁴⁷ See Memorandum to Abdelali Elouaradia, Director, AD/CVD Operations, Office 4, through

Charles Riggle, from Brandon Petelin and Erin Kearney, Preliminary Determination of Antidumping Duty Investigation on Multilayered

Wood Flooring from the People's Republic of China: Allegations of Ministerial Errors, dated June 20, 2011, at 4-5.

Exporter	Producer	Weighted average margin
Jiashan Hui Jia Le Decoration Material Co., Ltd	Jiashan Hui Jia Le Decoration Material Co., Ltd	3.31
Jilin Forest Industry Jinqiao Flooring Group Co., Ltd	Jilin Forest Industry Jinqiao Flooring Group Co., Ltd	3.31
Karly Wood Product Limited	Karly Wood Product Limited	3.31
Kunshan Yingyi-Nature Wood Industry Co., Ltd	Kunshan Yingyi-Nature Wood Industry Co., Ltd	3.31
Puli Trading Ltd	Baiying Furniture Manufacturer Co., Ltd	3.31
Shanghai Eswell Timber Co. Ltd	Shanghai Eswell Timber Co. Ltd	3.31
Shanghai Lairunde Wood Co., Ltd	Shanghai Lairunde Wood Co., Ltd	3.31
Shanghai New Sihe Wood Co., Ltd	Shanghai New Sihe Wood Co., Ltd	3.31
Shanghai Shenlin Corporation	Shanghai Shenlin Corporation	3.31
Shenzhenshi Huanwei Woods Co., Ltd	Shenzhenshi Huanwei Woods Co., Ltd	3.31
Tak Wah Building Material (Suzhou) Co. Ltd	Vicwood Industry (Suzhou) Co., Ltd	3.31
Tech Wood International Ltd	Vicwood Industry (Suzhou) Co., Ltd	3.31
Xiamen Yung De Ornament Co., Ltd	Xiamen Yung De Ornament Co., Ltd	3.31
Xuzhou Shenghe Wood Co., Ltd	Xuzhou Shenghe Wood Co., Ltd	3.31
Yixing Lion-King Timber Industry Co., Ltd	Yixing Lion-King Timber Industry Co., Ltd	3.31
Jiangsu Simba Flooring Industry Co., Ltd	Yixing Lion-King Timber Industry Co., Ltd	3.31
Zhejiang Biyork Wood Co., Ltd	Zhejiang Biyork Wood Co., Ltd	3.31
Zhejiang Dadongwu GreenHome Wood Co., Ltd	Zhejiang Dadongwu GreenHome Wood Co., Ltd	3.31
Zhejiang Desheng Wood Industry Co., Ltd	Zhejiang Desheng Wood Industry Co., Ltd	3.31
Zhejiang Shiyou Timber Co., Ltd	Zhejiang Shiyou Timber Co., Ltd	3.31
Zhejiang Tianzhen Bamboo & Wood Development Co., Ltd	Zhejiang Tianzhen Bamboo & Wood Development Co., Ltd	3.31
Chinafloors Timber (China) Co. Ltd	Chinafloors Timber (China) Co. Ltd	3.31
Shanghai Lizhong Wood Products Co., Ltd., also known as The Lizhong Wood Industry Limited Company of Shanghai.	Shanghai Lizhong Wood Products Co., Ltd., also known as The Lizhong Wood Industry Limited Company of Shanghai.	3.31
Fine Furniture (Shanghai) Limited	Fine Furniture (Shanghai) Limited	3.31
Huzhou Sunergy World Trade Co. Ltd	Zhejiang Haoyun Wood Co., Ltd	3.31
Huzhou Sunergy World Trade Co. Ltd	Nanjing Minglin Wooden Industry Co., Ltd	3.31
Huzhou Sunergy World Trade Co. Ltd	Zhejiang Anji XinFeng Bamboo & Wood Co., Ltd	3.31
Huzhou Jesonwood Co., Ltd	Zhejiang Jeson Wood Co., Ltd	3.31
Huzhou Jesonwood Co., Ltd	Huzhou Jesonwood Co., Ltd	3.31
A&W (Shanghai) Woods Co., Ltd	A&W (Shanghai) Woods Co., Ltd	3.31
A&W (Shanghai) Woods Co., Ltd	Suzhou Anxin Weiguang Timber Co., Ltd	3.31
Fu Lik Timber (HK) Company Limited	Guangdong Fu Lin Timber Technology Limited	3.31
Yekalon Industry, Inc./Sennorwell International Group (Hong Kong) Limited.	Jilin Xinyuan Wooden Industry Co., Ltd	3.31
Kemian Wood Industry (Kunshan) Co., Ltd	Kemian Wood Industry (Kunshan) Co., Ltd	3.31
Dalian Kemian Wood Industry Co., Ltd	Dalian Kemian Wood Industry Co., Ltd	3.31
Dalian Huilong Wooden Products Co., Ltd	Dalian Huilong Wooden Products Co., Ltd	3.31
Jiangsu Senmao Bamboo and Wood Industry Co., Ltd	Jiangsu Senmao Bamboo and Wood Industry Co., Ltd	3.31
PRC-wide Entity	58.84

* de minimis.

** The Samling Group consists of the following companies: Baroque Timber Industries (Zhongshan) Co., Ltd., Riverside Plywood Corporation, Samling Elegant Living Trading (Labuan) Limited, Samling Riverside Co., Ltd., and Suzhou Times Flooring Co., Ltd.

Disclosure

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

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct CBP to continue to suspend liquidation of all appropriate entries of multilayered wood flooring from the PRC as described in the "Scope of Investigation" section, entered, or withdrawn from warehouse, for consumption on or after May 26, 2011, the date of publication of the Preliminary Determination in the Federal Register. The Department will instruct CBP to require a cash deposit or the posting of a bond equal to the

weighted-average amount by which the normal value exceeds U.S. price, as indicated above.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission ("ITC") of the final affirmative determination of sales at LTFV. As the Department's final determination is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of multilayered wood flooring, or sales (or the likelihood of sales) for importation, of the subject merchandise. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further

instruction by the Department, 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.

Notification Regarding APO

This notice also serves as a reminder to the 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 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: October 11, 2011.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

Appendix I

Issues for Final Determination

General Issues

- Comment 1: Financial Ratios
- Comment 2: Adjustments to the Petitioner's Surrogate Ratio Calculations
- Comment 3: Department's Rejection of Surrogate Value Submissions
- Comment 4: Targeted Dumping
- Comment 5: Double Remedy
- Comment 6: Labor Cost
- Comment 7: Whether To Add Domestic Brokerage and Handling Expenses to Material Inputs That Were Valued Using a Market Economy Purchase Price
- Comment 8: Brokerage & Handling Adjustments To Account for Letter of Credit Costs
- Comment 9: Certain Information Submitted by Petitioner in Surrogate Value Submission
- Comment 10: Appropriateness of Countries Within a "GNI band" as Surrogate Value Sources
- Comment 11: Separate-Rate Margin
- Comment 12: Scope Related Issues
 - Comment 12.A: Exclusion Requests for Plywood Panels or Veneer
 - Comment 12.B: Strand-Woven Lignocellulosic Flooring
 - Comment 12.C: Scope Language Regarding HTSUS Subheadings
 - Comment 12.D: Continued Requests for Certain Exclusions

General Surrogate Value Issues

- Comment 13: Surrogate Value for Plywood
- Comment 14: Surrogate Value for Tropical Face Veneer
- Comment 15: Surrogate Value for Non-Coniferous, Non-Tropical ("NCNT") Face Veneer
- Comment 16: Surrogate Value for NCNT Core Veneer
- Comment 17: Surrogate Value for NCNT Logs and Tropical Logs
- Comment 18: Domestic Truck Rate
- Comment 19: Surrogate Value for Paint Inputs—the Samling Group and Layo Wood
- Comment 20: Surrogate Value for HDF

Mandatory Respondent Specific Issues

Yuhua

- Comment 21: Yuhua Affiliation

Layo Wood

- Comment 22: Layo Wood-Jiaxing Brilliant Affiliation
- Comment 23: Whether the Wood Scrap Offset for Layo Wood Should Be Denied
- Comment 24: Surrogate Value for Layo Wood's Byproducts
- Comment 25: Surrogate Value for Layo Wood's Glue
- Comment 26: Surrogate Value for Pigment
- Comment 27: Surrogate Value for Printing Ink
- Comment 28: Surrogate Value for Paper Manual

- Comment 29: Surrogate Value for Tape
- Comment 30: Density Conversion for Layo Wood's Packing Fiberboard

The Samling Group

- Comment 31: Value of Certain of the Samling Group's Veneer Inputs
- Comment 32: Surrogate Value for the Samling Group's Glue Input
- Comment 33: Surrogate Value for Labels
- Comment 34: Surrogate Value for Cellophane Tape
- Comment 35: Surrogate Value for Corrugated Cardboard Carton
- Comment 36: Post-Verification Adjustments to the Samling Group's Reported U.S. Sales Data
 - Comment 36.A: Adjustment to Gross Unit Price
 - Comment 36.B: U.S. Duties
- Comment 37: SGUSA's Transportation Expenses
- Comment 38: Inland Freight—Warehouse to Customer
- Comment 39: Other Revenue for U.S. Inland Freight
- Comment 40: Indirect Selling Expense Ratio of Affiliated Reseller
- Comment 41: SGUSA's Indirect Selling Expense Ratio

Other Issues

- Comment 42: Correction of Lizhong's Name
- Comment 43: Whether the Department Should Have Selected Fine Furniture as a Voluntary Respondent

[FR Doc. 2011-26932 Filed 10-17-11; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B
HEARING WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigations:

MULTILAYERED WOOD FLOORING FROM CHINA

Investigation Nos. 701-TA-476 and 731-TA-1179 (Final)

October 12, 2011 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

IN SUPPORT OF THE IMPOSITION OF COUNTERVAILING AND ANTIDUMPING DUTIES:

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

Mondial Trade Compliance
Bethesda, MD
on behalf of

The Coalition for American Hardwood Parity

Thomas S. Davis, President and Chief Executive Officer, Mannington Mills, Inc.

Kim Holm, President, Residential Business, Mannington Mills, Inc.

Dan Natkin, Director – Wood Business, Mannington Mills, Inc.

Donald (“Don”) R. Finkell, Jr., Chief Executive Officer, Shaw Hardwood

John S. Anderson, Vice President, Building Plastics, Inc.

James P. Dougan, Senior Economist, Economic Consulting Services, LLC

Jeffrey S. Levin) – OF COUNSEL

IN OPPOSITION TO THE IMPOSITION OF COUNTERVAILING AND ANTIDUMPING DUTIES:

Dorsey & Whitney LLP
Washington, D.C.
on behalf of

Metropolitan Hardwood Floors Inc.
DPR International, LLC
Swift-Train Company, LLC
Hallmark Hardwoods Inc.
BR Custom Surface
Suncrest Supply
Real Wood Floors, LLC
Galleher Corp.
Wood Flooring International
Anhui Boya Bamboo & Wood Products Co., Ltd.

Jonathan Train, Vice President, Swift-Train Company, LLC; and
President of the Alliance for Free Choice and Jobs in Flooring

Paul Anderson, President, Metropolitan Hardwood Floors Inc.

Elizabeth Baldwin, Environmental Compliance Officer, Metropolitan Hardwood Floors Inc.

Kevin Bowen, President, BR Custom Surface

Clyde Elbrecht, President, Real Wood Floors, LLC

Jeff Hamer, President, Galleher Corp.

Ken Ervin, Hardwood Flooring Manager, Flooring Services

Don Savoie, Adirondack Wood Floors

John Troendle, President, Crescent Hardwood Supply, Inc.

Alan Chou, President, Alston

Vito Luppino, Jr., Vice President of Operations and Owner, V.A.L. Floors

Brenda Cashion, Pinnacle

Dave West, President, Simple West, Inc.

Philip A. Key, Vice President of Sales and Marketing, Complete Flooring Services (CFS)

Joseph H. DuPree, Chief Operations Officer, Custom Wholesale Floors, Inc.

Sam Cobb, Vice President of Sales and Marketing, Real Wood Floors

Richard Boltuck, Charles River Associates

Emily Lawson) – OF COUNSEL

IN OPPOSITION TO THE IMPOSITION OF COUNTERVAILING AND ANTIDUMPING DUTIES (continued):

Barnes, Richardson & Colburn
Washington, D.C.
on behalf of

China National Forest Products Industry Association

Shengfu Wu, Director, Marketing Dept., China National Forest Products Industry Association
Qin Ling, Sales Manager, Anhui Longhua Bamboo Products Co., Ltd.
Jim Chian, Vice President, Shanghai Lizhong Wood Products Co., Ltd.
Simon Tao, Sales Manager, Jiafeng Wood Suzhou Co., Ltd.
Chua Seng Chee, Sales Director, Zhejiang Dasso Industry Group Co., Ltd.
Xin He Ping, Vice President, Guangzhou Pan Yu Kang Da Board Co., Ltd.
Ai Lan Wang, Sales Manager, Zhejiang Fudeli Timber Industry Co., Ltd.
Yi Ting Jiang, Sales Manager, Zhejiang Fudeli Timber Industry Co., Ltd.
Zhang Jun, Attorney, Dowway & Partners

Jeffrey S. Neeley
Stephen W. Brophy) – OF COUNSEL

Sandler, Travis & Rosenberg, P.A.
Washington, D.C.
on behalf of

Lumber Liquidators Services, LLC (“Lumber Liquidators”)
Home Legend, LLC

Clint Hubbard, CEO, Home Legend, LLC
John Jakob, Director of Merchandising, Lumber Liquidators
E. Livingston B. Haskell, General Corporate Counsel, Lumber Liquidators

Mark Ludwikowski) – OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1

MLWF: Summary data concerning the U.S. market, 2008-10, January-June 2010, and January-June 2011

Quantity=1,000 square feet, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per square foot; period changes=percent, except where noted

Item	Reported data					Period changes			
	2008	2009	2010	January-June		2008-10	2008-09	2009-10	Jan.-June 2010-11
				2010	2011				
U.S. consumption quantity:									
Amount	337,884	284,861	307,152	154,920	162,439	-9.1	-15.7	7.8	4.9
Producers' share (1)	46.4	46.0	43.6	44.7	43.0	-2.9	-0.4	-2.4	-1.7
Importers' share (1):									
China (subject)	37.4	38.9	40.8	40.3	41.4	3.4	1.5	1.9	1.1
All other sources	16.1	15.1	15.6	15.0	15.6	-0.5	-1.0	0.5	0.6
Total imports	53.6	54.0	56.4	55.3	57.0	2.9	0.4	2.4	1.7
U.S. consumption value:									
Amount	905,708	740,709	783,896	396,751	403,947	-13.4	-18.2	5.8	1.8
Producers' share (1)	46.3	46.2	43.5	44.7	43.7	-2.8	-0.2	-2.7	-1.0
Importers' share (1):									
China (subject)	37.4	38.9	41.7	41.5	42.2	4.3	1.5	2.8	0.7
All other sources	16.2	14.9	14.8	13.8	14.1	-1.4	-1.3	-0.1	0.3
Total imports	53.7	53.8	56.5	55.3	56.3	2.8	0.2	2.7	1.0
U.S. shipments of imports from:									
China (subject):									
Quantity	126,460	110,781	125,366	62,476	67,227	-0.9	-12.4	13.2	7.6
Value	339,175	288,330	326,981	164,532	170,535	-3.6	-15.0	13.4	3.6
Unit value	\$2.68	\$2.60	\$2.61	\$2.63	\$2.54	-2.8	-3.0	0.2	-3.7
Ending inventory quantity	38,271	31,207	38,705	33,755	41,359	1.1	-18.5	24.0	22.5
All other sources:									
Quantity	54,514	43,009	47,948	23,250	25,345	-12.0	-21.1	11.5	9.0
Value	146,770	110,359	115,785	54,793	56,813	-21.1	-24.8	4.9	3.7
Unit value	\$2.69	\$2.57	\$2.41	\$2.36	\$2.24	-10.3	-4.7	-5.9	-4.9
Ending inventory quantity	17,535	13,464	12,886	12,427	12,246	-26.5	-23.2	-4.3	-1.5
All sources:									
Quantity	180,974	153,790	173,314	85,726	92,572	-4.2	-15.0	12.7	8.0
Value	485,945	398,690	442,766	219,325	227,348	-8.9	-18.0	11.1	3.7
Unit value	\$2.69	\$2.59	\$2.55	\$2.56	\$2.46	-4.9	-3.5	-1.5	-4.0
Ending inventory quantity	55,806	44,672	51,590	46,181	53,605	-7.6	-20.0	15.5	16.1
U.S. producers':									
Average capacity quantity	252,643	252,256	230,125	114,703	117,097	-8.9	-0.2	-8.8	2.1
Production quantity	157,217	125,283	136,639	71,499	74,453	-13.1	-20.3	9.1	4.1
Capacity utilization (1)	62.2	49.7	59.4	62.3	63.6	-2.9	-12.6	9.7	1.2
U.S. shipments:									
Quantity	156,909	131,071	133,839	69,194	69,867	-14.7	-16.5	2.1	1.0
Value	419,763	342,020	341,130	177,426	176,599	-18.7	-18.5	-0.3	-0.5
Unit value	\$2.68	\$2.61	\$2.55	\$2.56	\$2.53	-4.7	-2.5	-2.3	-1.4
Export shipments:									
Quantity	3,116	1,580	2,680	1,467	1,165	-14.0	-49.3	69.6	-20.6
Value	10,659	5,841	10,509	5,575	4,604	-1.4	-45.2	79.9	-17.4
Unit value	\$3.42	\$3.70	\$3.92	\$3.80	\$3.95	14.6	8.1	6.1	4.0
Ending inventory quantity	28,702	20,819	23,058	22,405	26,870	-19.7	-27.5	10.8	19.9
Inventories/total shipments (1)	17.9	15.7	16.9	15.9	18.9	-1.0	-2.2	1.2	3.1
Production workers	2,507	2,031	1,915	2,036	1,826	-23.6	-19.0	-5.7	-10.4
Hours worked (1,000s)	5,125	3,999	3,825	2,019	1,848	-25.4	-22.0	-4.4	-8.5
Wages paid (\$1,000s)	72,852	58,529	58,298	30,352	27,883	-20.0	-19.7	-0.4	-8.1
Hourly wages	\$14.22	\$14.64	\$15.24	\$15.03	\$15.08	7.2	3.0	4.1	0.3
Productivity (square feet per hour)	29.2	29.5	33.7	33.5	37.7	15.3	0.9	14.2	12.5
Unit labor costs	\$0.49	\$0.50	\$0.45	\$0.45	\$0.40	-7.0	2.0	-8.8	-10.8
Net sales:									
Quantity	152,182	124,323	126,640	66,040	65,436	-16.8	-18.3	1.9	-0.9
Value	410,088	328,438	325,481	171,989	166,445	-20.6	-19.9	-0.9	-3.2
Unit value	\$2.69	\$2.64	\$2.57	\$2.60	\$2.54	-4.6	-2.0	-2.7	-2.3
Cost of goods sold (COGS)	361,437	296,180	282,478	144,556	136,734	-21.8	-18.1	-4.6	-5.4
Gross profit or (loss)	48,651	32,258	43,003	27,433	29,711	-11.6	-33.7	33.3	8.3
SG&A expenses	77,181	64,912	64,316	32,758	31,312	-16.7	-15.9	-0.9	-4.4
Operating income or (loss)	(28,530)	(32,653)	(21,313)	(5,325)	(1,601)	25.3	-14.5	34.7	69.9
Capital expenditures	20,042	13,308	10,734	4,622	6,535	-46.4	-33.6	-19.3	41.4
Unit COGS	\$2.38	\$2.38	\$2.23	\$2.19	\$2.09	-6.1	0.3	-6.4	-4.5
Unit SG&A expenses	\$0.51	\$0.52	\$0.51	\$0.50	\$0.48	0.1	2.9	-2.7	-3.5
Unit operating income or (loss)	(\$0.19)	(\$0.26)	(\$0.17)	(\$0.08)	(\$0.02)	10.2	-40.1	35.9	69.7
COGS/sales (1)	88.1	90.2	86.8	84.0	82.1	-1.3	2.0	-3.4	-1.9
Operating income or (loss)/ sales (1)	(7.0)	(9.9)	(6.5)	(3.1)	(1.0)	0.4	-3.0	3.4	2.1

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Import data are compiled from the responses to the Commission's importer questionnaires. Commerce found in the final phase of its investigations that imports manufactured and exported by Zhejiang Yuhua Timber Co., Ltd. had received de minimis countervailable subsidies and had not been sold at less than fair value. This firm accounted for *** percent of reported Chinese production and *** percent of reported exports to the United States.

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. Unit values and shares are calculated from the unrounded figures.

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

Table C-2

MLWF: Summary data concerning the U.S. market (excluding *** and ***), 2008-10, January-June 2010, and January-June 2011

Quantity=1,000 square feet, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per square foot; period changes=percent, except where noted

Item	Reported data					Period changes			
	2008	2009	2010	January-June		2008-10	2008-09	2009-10	Jan.-June 2010-11
				2010	2011				
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Producers' share (1):									
***	***	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***	***
Total	46.4	46.0	43.6	44.7	43.0	-2.9	-0.4	-2.4	-1.7
Importers' share (1):									
China (subject)	37.4	38.9	40.8	40.3	41.4	3.4	1.5	1.9	1.1
All other sources	16.1	15.1	15.6	15.0	15.6	-0.5	-1.0	0.5	0.6
Total imports	53.6	54.0	56.4	55.3	57.0	2.9	0.4	2.4	1.7
U.S. consumption value:									
Amount	905,708	740,709	783,896	396,751	403,947	-13.4	-18.2	5.8	1.8
Producers' share (1):									
***	***	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***	***
Total	46.3	46.2	43.5	44.7	43.7	-2.8	-0.2	-2.7	-1.0
Importers' share (1):									
China (subject)	37.4	38.9	41.7	41.5	42.2	4.3	1.5	2.8	0.7
All other sources	16.2	14.9	14.8	13.8	14.1	-1.4	-1.3	-0.1	0.3
Total imports	53.7	53.8	56.5	55.3	56.3	2.8	0.2	2.7	1.0
U.S. shipments of imports from:									
China (subject):									
Quantity	126,460	110,781	125,366	62,476	67,227	-0.9	-12.4	13.2	7.6
Value	339,175	288,330	326,981	164,532	170,535	-3.6	-15.0	13.4	3.6
Unit value	\$2.68	\$2.60	\$2.61	\$2.63	\$2.54	-2.8	-3.0	0.2	-3.7
Ending inventory quantity	38,271	31,207	38,705	33,755	41,359	1.1	-18.5	24.0	22.5
All other sources:									
Quantity	54,514	43,009	47,948	23,250	25,345	-12.0	-21.1	11.5	9.0
Value	146,770	110,359	115,785	54,793	56,813	-21.1	-24.8	4.9	3.7
Unit value	\$2.69	\$2.57	\$2.41	\$2.36	\$2.24	-10.3	-4.7	-5.9	-4.9
Ending inventory quantity	17,535	13,464	12,886	12,427	12,246	-26.5	-23.2	-4.3	-1.5
All sources:									
Quantity	180,974	153,790	173,314	85,726	92,572	-4.2	-15.0	12.7	8.0
Value	485,945	398,690	442,766	219,325	227,348	-8.9	-18.0	11.1	3.7
Unit value	\$2.69	\$2.59	\$2.55	\$2.56	\$2.46	-4.9	-3.5	-1.5	-4.0
Ending inventory quantity	55,806	44,672	51,590	46,181	53,605	-7.6	-20.0	15.5	16.1
U.S. producers' (2):									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (square feet per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***
Home Legend/US Floors:									
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***

(1) *Reported data* are in percent and *period changes* are in percentage points.

(2) Excluding *** and ***.

Note.--Import data are compiled from the responses to the Commission's importer questionnaires. Commerce found in the final phase of its investigations that imports manufactured and exported by Zhejiang Yuhua Timber Co., Ltd. had received de minimis countervailable subsidies and had not been sold at less than fair value. This firm accounted for *** percent of reported Chinese production and *** percent of reported exports to the United States.

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. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D
2010 TARIFF TREATMENT

Harmonized Tariff Schedule of the United States (2010) (Rev. 2)

Annotated for Statistical Reporting Purposes

IX
44-10

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4409 4409.10 4409.10.05	00	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed: Coniferous: Wood continuously shaped along any of its ends, whether or not also continuously shaped along any of its edges or faces, all the foregoing whether or not planed, sanded or end-jointed	m ³	3.2%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA, MX,OM,P,PE,SG)	33 13%
4409.10.20	00	Other: Wood flooring	m ³ m ² m ³	Free		33 13%

Harmonized Tariff Schedule of the United States (2010) (Rev. 2)

Annotated for Statistical Reporting Purposes

IX
44-11

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4409 (con.)		Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges, ends or faces, whether or not planed, sanded or end-jointed (con.):				
4409.29		Other:				
4409.29.05		Wood continuously shaped along any of its ends, whether or not also continuously shaped along any of its edges or faces, all the foregoing whether or no planed, sanded or end-jointed		3.2%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,) PE,SG)	33 13%
	15	Wood flooring (end-matched): Jatoba (<u>Hymenaea</u> spp.), also known as Brazilian Cherry	m ² m ³			
	25	Ipe (<u>Tabebuia</u> spp.), also known as Tahibo, LaPacho, Brazilian walnut, and Patagonian walnut	m ² m ³			
	35	Santos' mahogany (<u>Myroxylon balsamum</u>), also known as Cabreuva	m ² m ³			
	45	Cumaru (<u>Dipteryx</u> spp.), also known as Brazilian oak	m ² m ³			
	5	Other	m ² m ³			
	6	Other	m ² m ³			
		Other:				
4409.29.25		Wood flooring		Free		8%
	30	Maple (<u>Acer</u> spp.)	m ² m ³			
	50	Birch (<u>Betula</u> spp.) and beech (<u>Fagus</u> spp.)	m ² m ³			
	6	Other	m ² m ³			

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IX
44-16

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412		Plywood, veneered panels and similar laminated wood:				
4412.31		Other plywood consisting solely of sheets of wood (other than bamboo), each ply not exceeding 6 mm in thickness:				
		With at least one outer ply of tropical wood specified in subheading note 1 to this chapter:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.31.05	20	With a face ply of birch (<u>Betula</u> spp.)		Free		50%
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
		Other:				
	40	Not surface covered	m ³			
4412.31.25	00	Other	m ³			
		With a face ply of Spanish cedar (<u>Cedrela</u> spp.) or walnut (<u>Juglans</u> spp.)		8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
	10	With a face ply of Spanish cedar (<u>Cedrela</u> spp.)	m ³			
	20	With a face ply of walnut (<u>Juglans</u> spp.)	m ³			
4412.31.40		Other:				
		With at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okoumé, Obeche, Acajou d'Afrique, Sapelli, Virola, Mahogany, Palissandre de Para, Palissandre de Rio or Palissandre de Rose		8%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
	40	With a face ply of mahogany (<u>Swietenia</u> spp. or <u>Khaya</u> spp.)	m ³			
	50	Other:				
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
	00	Other:				
	70	Not surface covered	m ³			
		Other	m ³			

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IX
44-17

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.31 (con.)		Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness (con.):				
		With at least one outer ply of tropical wood specified in subheading note 1 to this chapter (con.):				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply (con.):				
4412.31.51	O	Other (con.):				
		ther		8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
	25	Wood Flooring	m ³			
	35	Other: With a face ply of sen (Kalopanax spp.)	m ³			
	55	Other: Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
	O	ther:				
	6	Not surface covered	m ³			
	7	Other	m ³			
4412.31.60	00	Other: With at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okoumé, Obeche, Acajou d'Afrique, Sapelli, Virola, Mahogany, Palissandre de Para, Palissandre de Rio or Palissandre de Rose	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
4412.31.91	00	Other	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%

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IX
44-18

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.32		Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness (con.):				
		Other, with at least one outer ply of nonconiferous wood:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.32.05	20	With a face ply of birch (<u>Betula spp.</u>)	m ³	Free		50%
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
	40	Other:				
	60	Not surface covered	m ³			
		Other	m ³			
4412.32.25		With a face ply of Spanish cedar (<u>Cedrela spp.</u>) or walnut (<u>Juglans spp.</u>)		5.1%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%
	10	With a face ply of Spanish cedar (<u>Cedrela spp.</u>)	m ³			
	20	With a face ply of walnut (<u>Juglans spp.</u>)	m ³			
4412.32.31		Other		8%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%
	25	Wood Flooring	m ³			
		Other:				
	35	With a face ply of sen (<u>Kalopanax spp.</u>)	m ³			
	55	With a face ply of mahogany (<u>Swietenia spp.</u> or <u>Khaya spp.</u>)	m ³			
	65	Other:				
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
	078	ther:				
		Not surface covered	m ³			
		Other	m ³			
4412.32.56	00	Other	m ³	8%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%

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IX
44-19

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.39		Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness (con.):				
		Other, with both outer plies of coniferous wood:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.39.10	00	With a face ply of Parana pine (<u>Araucaria angustifolia</u>)	m ³	Free		40%
4412.39.30	00	With a face ply of European red pine (<u>Pinus silvestris</u>)	m ³	3.4%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
4412.39.40		Other		8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
	11	With at least one outer ply of Douglas fir (<u>Pseudotsuga menziesii</u>):				
		Rough, or touch sanded for sizing purposes, but not further processed	m ³			
	12	Fully sanded on at least one face, but not further processed	m ³			
	19	Other	m ³			
		With at least one outer ply of long leaf pine (<u>Pinus palustris</u>), short leaf pine (<u>Pinus echinata</u>), southern yellow pine (loblolly pine)(<u>Pinus taeda</u>), slash pine (<u>Pinus ellioti</u>), pitch pine (<u>Pinus rigida</u>) or Virginia pine (<u>Pinus virginiana</u>):				
	31	Rough, or touch sanded for sizing purposes, but not further processed	m ³			
	32	Fully sanded on at least one face, but not further processed	m ³			
	39	Other	m ³			
		With at least one outer ply of <u>Agathis</u> spp.:				
	51	Rough, or touch sanded for sizing purposes, but not further processed	m ³			
	52	Fully sanded on at least one face, but not further processed	m ³			
	59	Other	m ³			

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IX
44-20

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.39 (con.)		Other plywood consisting solely of sheets of wood, each ply not exceeding 6 mm in thickness (con.):				
		Other, with both outer plies of coniferous wood (con.):				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply (con.):				
4412.39.40 (con.)		Other (con.):				
	61	Other:				
		Rough, or touch sanded for sizing purposes, but not further processed	m ³			
	62	Fully sanded on at least one face, but not further processed	m ³			
	Ø	Other	m ³			
4412.39.50		Other		5.1%	Free (A+,AU,BH, CA,CL,D,E,IL,J, JO,MA,MX,OM, P,PE,SG)	40%
	10	With at least one outer ply of Douglas fir (<u>Pseudotsuga menziesii</u>)	m ³			
	30	With at least one outer ply of long leaf pine (<u>Pinus palustris</u>), short leaf pine (<u>Pinus echinata</u>), southern yellow pine (loblolly pine) (<u>Pinus taeda</u>), slash pine (<u>Pinus ellioti</u>), pitch pine (<u>Pinus rigida</u>) or Virginia pine (<u>Pinus virginiana</u>)	m ³			
	Ø	Other	m ³			

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IX
44-21

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty			
				1		2	
				General	Special		
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):					
4412.94		Other: Blockboard, laminboard and battenboard: With at least one outer ply of nonconiferous wood:					
		Plywood:					
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:					
4412.94.10		With a face ply of birch (<u>Betula spp.</u>)		Free		50%	
	3 5	Not surface covered	m ³				
		Other	m ³				
4412.94.31		Other		8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%	
	05	Wood flooring	m ² m ³				
		Other:					
	11	With a face ply of Spanish cedar (<u>Cedrela spp.</u>)	m ² m ³				
	21	With a face ply of walnut (<u>Juglans spp.</u>)	m ² m ³				
	31	With a face ply of sen (<u>Kalopanax spp.</u>)	m ² m ³				
	41	With a face ply of mahogany (<u>Swietenia spp.</u> or <u>Khaya spp.</u>)	m ² m ³				
	6	Other: Not surface covered	m ² m ³				
	7	Other	m ² m ³				
4412.94.41	00	Other	m ³	8%			40%
4412.94.51	00	Other	m ³	Free		40%	

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IX
44-22

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.94 (con.)		Other (con.):				
		Blockboard, laminboard and battenboard (con.):				
		Other:				
		Plywood:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.94.60	00	With a face ply of Parana pine (<i>Araucaria angustifolia</i>)	m ³	Free		40%
4412.94.70	00	With a face ply of European red pine (<i>Pinus silvestris</i>)	m ³	3.4%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA, MX,OM,P,PE,SG)	40%
4412.94.80	00	Other	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA, MX,OM,P,PE,SG)	40%
4412.94.90	00	Other	m ³	5.1%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA, MX,OM,P,PE,SG)	40%
4412.94.95	00	Other	m ³	Free		40%

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IX
44-23

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.99		Other (con.):				
		Other:				
		With at least one outer ply of nonconiferous wood:				
4412.99.06	00	Containing at least one layer of particle board	m ³	Free		40%
		Other:				
		Plywood:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.99.10	20	With a face ply of birch (<u>Betula spp.</u>)	Free		50%
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width and 2.2 m in length	m ³			
		Other:				
		Not surface covered	m ³			
4412.99.31	34	Other	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
	10	With a face ply of Spanish cedar (<u>Cedrela spp.</u>)	m ³			
	20	With a face ply of walnut (<u>Juglans spp.</u>)	m ³			
	30	With a face ply of sen (<u>Kalopanax spp.</u>)	m ³			
	40	With a face ply of mahogany (<u>Swietenia spp.</u> or <u>Khaya spp.</u>)	m ³			
	50	Other:				
		Panels not exceeding in any dimension 3.6 mm in thickness, 1.2 m in width, and 2.2 m in length	m ³			
	60	Other, not surface covered	m ³			
	70	Other	m ³			
4412.99.41	00	Other	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO,MA,MX,OM,P,PE,SG)	40%
4412.99.51	00	Other	m ³	Free		40%

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IX
44-24

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4412 (con.)		Plywood, veneered panels and similar laminated wood (con.):				
4412.99 (con.)		Other (con.):				
		Other (con.):				
		Other:				
4412.99.57	10	Containing at least one layer of particle board	m ³	Free		40%
		Other:				
		Plywood:				
		Not surface covered, or surface covered with a clear or transparent material which does not obscure the grain, texture or markings of the face ply:				
4412.99.60	00	With a face ply of Parana pine (<i>Araucaria angustifolia</i>)	m ³	Free		40%
4412.99.70	00	With a face ply of European red pine (<i>Pinus silvestris</i>)	m ³	3.4%	Free (A,AU,BH,CA,CL,E,IL,J,JO,MA, MX,OM,P,PE,SG)	40%
4412.99.80	00	Other	m ³	8%	Free (A*,AU,BH,CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%
4412.99.90	00	Other	m ³	5.1%	Free (A*,AU,BH,CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%
4412.99.95	00	Other	m ³	Free		40%

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IX
44-26

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4418		Builders' joinery and carpentry of wood, including cellular wood panels and assembled flooring panels; shingles and shakes:				
4418.71		Assembled flooring panels: For mosaic floors:				
4418.71.20	00	Other: Having a face ply more than 6 mm in thickness	m ²	Free		33 13%
4418.71.90	00	Other	m ²	8%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	40%
4418.72		Other, multilayer:				
4418.72.20	00	Having a face ply more than 6 mm in thickness	m ²	3.2%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	33 13%
4418.72.95	00	Other :				
		Other	m ²	8%	Free (A*, AU, BH CA,CL,E,IL,J,JO MA,MX,OM,P,PE, SG)	40%
4418.79.00	00	Other	m ²	3.2%	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	33 13%

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IX
44-27

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
4418 (con.)		Builders' joinery and carpentry of wood, including cellular wood panels and assembled flooring panels; shingles and shakes(con.):				
4418.90		Other:				
4418.90.25	00	Drilled or notched lumber studs	m ³	Free	Free (A*,AU,BH, CA,CL,E,IL,J,JO, MA,MX,OM,P,PE, SG)	\$1.70/m ³ 33 13%
4418.90.46		Other		3.2%		
	05	Wood flooring	m ² m ³			
		Other:				
	10	Arches, laminated	X			
	20	Roof trusses	X			
	40	Other fabricated structural wood members	X			
	50	Prefabricated partitions and panels for buildings	X			
	95	Other	X			

APPENDIX E

**PRICE DATA FOR NONSUBJECT COUNTRIES AND THE NONSUBJECT
CHINESE PRODUCER**

One importer reported price data for products 2 and 4 for the nonsubject Chinese producer, three importers reported price data for products 1, 2, 4, 5 and 7 from (nonsubject) Canada, and 11 importers reported price data for products 1-8 from (nonsubject) Indonesia. In comparing nonsubject country and the nonsubject Chinese producer pricing data with U.S. producer pricing data, prices for product imported from nonsubject countries and the nonsubject Chinese producer were lower than prices for U.S. produced product in 85 instances and higher in 103 instances. In comparing nonsubject country and nonsubject Chinese producer pricing data with subject country pricing data, prices for products imported from nonsubject countries and the nonsubject Chinese producer were lower than prices for product imported from subject countries in 99 instances and higher in 87 instances. Price and quantity data for the nonsubject Chinese producer, Canada, and Indonesia are in tables E-1 to E-8 and shown in figure E-1 with U.S. and subject sources.

Table E-1

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 1¹, by quarters, January 2008-June 2011

Period	Canada		Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)
2008:				
Jan.-Mar.	\$***	***	\$***	***
Apr.-June	***	***	3.05	211
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2009:				
Jan.-Mar.	***	***	3.03	133
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	2.99	133
2010:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	3.02	170
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2011:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

¹ Product 1.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, red oak-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Table E-2

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject and nonsubject Chinese producer imported product 2¹, by quarters, January 2008-June 2011

Period	China-nonsubject		Canada		Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)
2008:						
Jan.-Mar.	\$***	***	\$***	***	\$2.13	87
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2009:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	1.83	141
2010:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2011:						
Jan.-Mar.	***	***	***	***	1.87	129
Apr.-June	***	***	***	***	***	***
¹ Product 2.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.						
Source: Compiled from data submitted in response to Commission questionnaires.						

Table E-3

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 3¹, by quarters, January 2008-June 2011

Period	Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)
2008:		
Jan.-Mar.	--	0
Apr.-June	--	0
July-Sept.	--	0
Oct.-Dec.	--	0
2009:		
Jan.-Mar.	--	0
Apr.-June	\$***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2010:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2011:		
Jan.-Mar.	--	0
Apr.-June	***	***

¹ Product 3.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red oak-face product, prefinished (veneer core), 76 mm (3 inches) width, with a face thickness of 1.6 to 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Table E-4

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject and nonsubject Chinese producer imported product 4¹, by quarters, January 2008-June 2011

Period	China-nonsubject		Canada		Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)
2008:						
Jan.-Mar.	--	0	--	0	\$***	***
Apr.-June	--	0	\$***	***	***	***
July-Sept.	--	0	***	***	***	***
Oct.-Dec.	--	0	***	***	***	***
2009:						
Jan.-Mar.	--	0	--	0	***	***
Apr.-June	--	0	***	***	***	***
July-Sept.	\$***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2010:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***
July-Sept.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2011:						
Jan.-Mar.	***	***	***	***	***	***
Apr.-June	***	***	***	***	***	***

¹ Product 4.--Multilayered wood flooring, non-click, 9.5 mm (3/8 inch) thick, maple-face product, prefinished (veneer core), "Select" or "Clear" grade, 125 mm (5 inches) width, with a face thickness of 2mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

² ***.

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

Table E-5

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 5¹, by quarters, January 2008-June 2011

Period	Canada		Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)
2008:				
Jan.-Mar.	--	0	\$***	***
Apr.-June	--	0	***	***
July-Sept.	--	0	***	***
Oct.-Dec.	--	0	***	***
2009:				
Jan.-Mar.	--	0	***	***
Apr.-June	--	0	***	***
July-Sept.	\$***	***	***	***
Oct.-Dec.	***	***	***	***
2010:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2011:				
Jan.-Mar.	--	0	***	***
Apr.-June	--	0	***	***

¹ Product 5.--Multilayered wood flooring, interlocking/click installation, 9.5 mm (3/8 inch) thick, red-oak face product, prefinished (MDF, HDF or similar core), 125 mm (5 inches) width, with a face thickness of 1.6 to 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Table E-6

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 6¹, by quarters, January 2008-June 2011

Period	Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)
2008:		
Jan.-Mar.	\$***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2009:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2010:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2011:		
Jan.-Mar.	***	***
Apr.-June	***	***

¹ Product 6.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, unscrapped/plain, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Table E-7

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 7¹, by quarters, January 2008-June 2011

Period	Canada		Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)	Price (per square foot)	Quantity (1,000 square feet)
2008:				
Jan.-Mar.	\$***	***	\$***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2009:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2010:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***
July-Sept.	***	***	***	***
Oct.-Dec.	***	***	***	***
2011:				
Jan.-Mar.	***	***	***	***
Apr.-June	***	***	***	***

¹ Product 7.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, rotary/sliced, hickory-face, hand scraped, prefinished, "Rustic" or "Country" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

² ***.

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

Table E-8

MLWF: Weighted-average f.o.b. prices and quantities of nonsubject imported product 8¹, by quarters, January 2008-June 2011

Period	Indonesia	
	Price (per square foot)	Quantity (1,000 square feet)
2008:		
Jan.-Mar.	\$***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2009:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2010:		
Jan.-Mar.	***	***
Apr.-June	***	***
July-Sept.	***	***
Oct.-Dec.	***	***
2011:		
Jan.-Mar.	***	***
Apr.-June	***	***

¹ Product 8.--Multilayered wood flooring, non-click, 12.5 mm (½ inch) thick, American walnut faced, prefinished, "Select" or "Clear" grade, (veneer core), 125 mm (5 inches) width, with a face thickness of 2 mm, 121.92 cm to 182.88 cm (4 to 6 feet) length.

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

Figure E-1
MLWF: Weighted-average f.o.b. prices and quantities of domestic and imported product, by
quarters, January 2008-June 2011

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