Wooden Cabinets and Vanities from China

Investigation Nos. 701-TA-620 and 731-TA-1445 (Preliminary)

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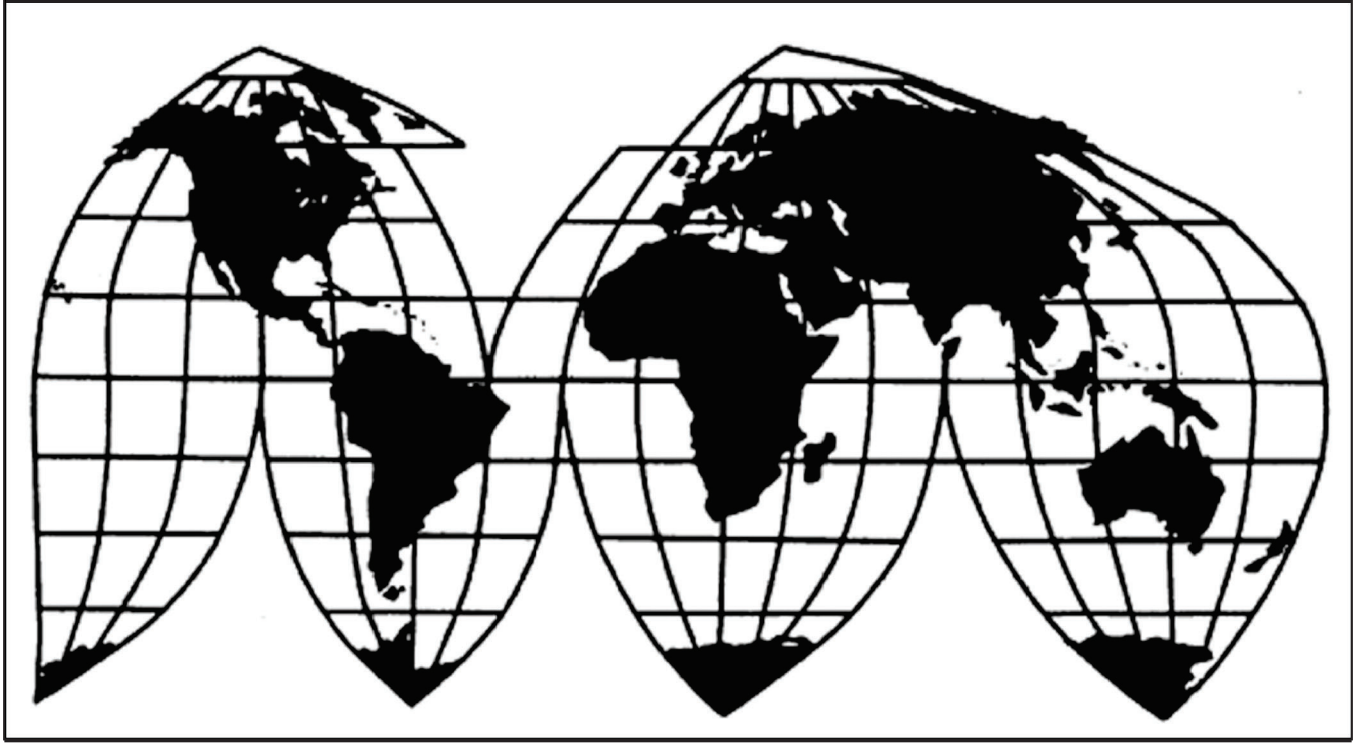
U.S. International Trade Commission



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CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

Appendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified (including by brackets or by parallel lines) in confidential reports and is deleted and replaced with asterisks in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-620 and 731-TA-1445 (Preliminary)

Wooden Cabinets and Vanities from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of wooden cabinets and vanities from China, provided for in subheadings 9403.40.90, 9403.60.80, and 9403.90.70 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On March 6, 2019, the American Kitchen Cabinet Alliance filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of wooden cabinets and vanities from China and LTFV imports of wooden cabinet and vanities from China. Accordingly,

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[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] 84 FR 12581 (April 2, 2019) and 84 FR 12587 (April 2, 2019).

effective March 6, 2019, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-620 and antidumping duty investigation No. 731-TA-1445 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of March 12, 2019 (84 FR 8890). The conference was held in Washington, DC, on March 27, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of wooden cabinets and vanities from China that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. Background

Parties to the investigation. The American Kitchen Cabinet Alliance ("Petitioner"), a group of U.S. producers of wooden cabinets and vanities, filed the petitions in these investigations on March 6, 2019. The Petitioner appeared at the staff conference and submitted a postconference brief.

A number of respondent entities have participated in these investigations. The following entities participated in the staff conference and submitted a postconference brief: the Ad Hoc Coalition of Cabinet Importers, representing approximately 50 importers of subject merchandise ("Cabinet Coalition"); Affordable Home Products LLC and Vision Cabinet Source, LLC, importers of subject merchandise, and Cabinetry 1 Inc., a U.S. producer of wooden cabinets ("Affordable Home"); Craftmark Cabinets, LLC and CASA Cabinets, Inc., each an importer of subject merchandise ("Craftmark"); Kimball Hospitality, Inc., a domestic producer of hospitality furniture and an importer of subject merchandise ("Kimball"); the China National Forestry Products Industry Association, which includes foreign producers and exporters of subject merchandise ("CNFP"); and the Coalition of Vanity Importers, representing

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[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[2] *American Lamb*, 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

approximately eight importers of subject merchandise ("Vanity Coalition"). Cabinets to Go, LLC, an importer of subject merchandise, also filed a postconference brief.

Data Coverage. Except as noted, U.S. industry data are based on questionnaire responses of 50 firms that account for most U.S. production of wooden cabinets and vanities in 2018. Except as noted, U.S. import data for full units are based on official import statistics under HTS statistical reporting number 9403.40.9060, and U.S. import data for components are based on questionnaire responses from 93 firms that account for 63.0 percent, by value, of imports from China under HTS statistical reporting number 9403.40.9060. Foreign industry data are based on usable questionnaire responses from 107 firms in China, which accounted for 62.9 percent of total U.S. imports of by value in 2018.[3]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] 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."[5] In turn, the Tariff Act defines

[3] Confidential Report, Memorandum INV-RR-025 (April 15, 2019) ("CR") at I-4-5; Public Report, *Wooden Cabinets and Vanities from China*, Inv. Nos. 701-TA-620 and 731-TA-1445 (Preliminary), USITC Pub. 4891 (April 2019) ("PR") at I-4. We rely primarily on value-based indicators as the best measure for the product in investigations such as these, which involve a large grouping of items differing greatly in size, style, and price. *See, e.g., Diamond Sawblades and Parts Thereof from China*, Inv. No. 731-TA-1092 (Review), USITC Pub. 4559 at 12 n.64 (Sept. 2015). Additionally, we note that import data under HTS statistical reporting number 9403.40.9060, which is specific to full units of wooden cabinets and vanities, are available only by value, and there is no reliable unit of measurement to collect quantity data for components. CR at I-4 n.6; PR at I-4 n.6. We are mindful of limitations of using value rather than quantity measures, such as the difficulty in determining whether changes in value are caused by changes in product mix or price. Therefore, we have also considered quantity data, based on full units, where appropriate.

While both Petitioner and the Cabinet Coalition submitted third party studies with additional data on imports and apparent U.S. consumption, we find that the data in these studies are not specific to the scope of these investigations and, as a result, may include articles not subject to investigation or omit other articles subject to investigation. *See, e.g*., Petitioner's Postconference Br. at Exh 2, ***. Accordingly, we do not rely on the data in these studies for import volumes or apparent U.S. consumption for purposes of these preliminary determinations.

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

"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."[6]

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.[7] [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 and/or sold at less than fair value,[11] the Commission determines what domestic product is like the imported articles Commerce has identified.[12] The Commission may, where appropriate,

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[6] 19 U.S.C. § 1677(10).

[7] *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).

[8] In a semi-finished products analysis, the Commission examines the following: (1) the significance and extent of the processes used to transform the upstream into the downstream articles; (2) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) whether there are perceived to be separate markets for the upstream and downstream articles; and (5) differences in the costs or value of the vertically differentiated articles. *See*, *e.g.*, *Glycine from India*, *Japan*, *and Korea*, Inv. Nos. 731-TA-1111-1113 (Preliminary), USITC Pub. No. 3921 at 7 (May 2007); *Artists' Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. No. 3853 at 6 (May 2006).

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

[10] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (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. App'x 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);

include domestic articles in the domestic like product in addition to those described in the scope.[13]

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as:

> ...wooden cabinets and vanities that are for permanent installation (including floor mounted, wall mounted, ceiling hung, or by attachment of plumbing), and wooden components thereof. Wooden cabinets and vanities and wooden components are made substantially of wood products, including solid wood and engineered wood products (including those made from wood particles, fibers, or other wooden materials such as plywood, strand board, block board, particle board, or fiberboard), or bamboo. Wooden cabinets and vanities consist of a cabinet box (which typically includes a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves) and may or may not include a frame, door, drawers and/or shelves. Subject merchandise includes wooden cabinets and vanities with or without wood veneers, wood, paper, or other overlays, or laminates, with or without non-wood components or trim such as metal, marble, glass, plastic, or other resins, whether or not surface finished or unfinished, and whether or not completed.
>
> Wooden cabinets and vanities are covered by the investigation whether or not they are imported attached to, or in conjunction with, faucets, metal plumbing, sinks and/or sink bowls, or countertops. If wooden cabinets or vanities are imported attached to, or in conjunction with, such merchandise, only the wooden cabinet or vanity is covered by the scope.
>
> Subject merchandise includes the following wooden component parts of cabinets and vanities: (1) wooden cabinet and vanity frames, (2) wooden cabinet and vanity boxes (which typically include a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves), (3) wooden cabinet or vanity doors, (4) wooden cabinet or vanity drawers and drawer components (which typically include sides, backs, bottoms, and faces), (5) back panels and end panels, (6) and desks, shelves, and tables that are attached to or incorporated in the subject merchandise.

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 where Commerce found five classes or kinds).

[13] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

Subject merchandise includes all unassembled, assembled, and/or "ready to assemble" (RTA) wooden cabinets and vanities, also commonly known as "flat packs," except to the extent such merchandise is already covered by the scope of antidumping and countervailing duty orders on *Hardwood Plywood from the People's Republic of China*. RTA wooden cabinets and vanities are defined as cabinets or vanities packaged so that at the time of importation they may include: (1) wooden components required to assemble a cabinet or vanity (including drawer faces and doors); and (2) parts (*e.g*., screws, washers, dowels, nails, handles, knobs, adhesive glues) required to assemble a cabinet or vanity. RTAs may enter the United States in one or in multiple packages.

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

Excluded from the scope of this investigation, if entered separate from a wooden cabinet or vanity are: (1) Aftermarket accessory items which may be added to or installed into an interior of a cabinet which are not considered a structural or core component of a wooden cabinet or vanity. Aftermarket accessory items may be made of wood, metal, plastic, composite material, or a combination thereof that can be inserted into a cabinet and which are utilized in the function of organization /accessibility on the interior of a cabinet and include (a) inserts or dividers which are placed into drawer boxes with the purpose of organizing or dividing the internal portion of the drawer into multiple areas for the purpose of containing smaller items such as cutlery, utensils, bathroom essentials, etc., (b) round or oblong inserts that rotate internally in a cabinet for the purpose of accessibility to foodstuffs, dishware, general supplies, etc.; (2) solid wooden accessories including corbels and rosettes, which serve the primary purpose of decoration and personalization; (3) non-wooden cabinet hardware components including metal hinges, brackets, catches, locks, drawer slides, fasteners (nails, screws, tacks, staples), handles, and knobs.

Also excluded from the scope of this investigation are: (1) all products covered by the antidumping duty order on *Wooden Bedroom Furniture from the People's Republic of China*; (2) all products covered by the scope of the antidumping and countervailing duty orders on *Hardwood Plywood from the People's Republic of China*.

Imports of subject merchandise are classified under Harmonized Tariff Schedule of the United States ("HTSUS") statistical numbers 9403.40.9060 and

9403.60.8081. The subject component parts of wooden cabinets and vanities may be entered into the United States under HTSUS statistical reporting number 9403.90.7080. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.[14]

Wooden cabinets and vanities are wood-constructed products that are permanently installed as cabinetry. They are designed to allow storage of, and access to, household items, such as kitchen equipment, utensils, and food (in the case of kitchen cabinets) or toiletries, medicine, and cosmetics (in the case of bathroom vanities), among other uses. Wooden cabinets and vanities encompass a wide variety of articles in many different configurations, sizes, styles, and finishes. These products are manufactured substantially from wood, both natural wood and engineered wood products, but they also may contain non-wood materials such as glass, vinyl, plastics, metal drawer slides, metal door hinges, organizing racks, or other accessories.[15]

Wooden cabinets are generally categorized as stock, custom, or semi-custom cabinets. Stock cabinets have standard (and limited) measurements and styles and are lower cost; custom cabinets have more available styles, are designed for a particular kitchen, and are higher cost than stock cabinets; and semi-custom are between these categories in terms of options and cost.[16] Wooden cabinets and vanities may be sold in either a fully assembled form, where the product is ready for installation, or in unassembled form, where components and items necessary for assembly are packaged together for later assembly and installation, which is referred to as flat pack or ready to assemble ("RTA").[17]

A. Arguments of the Parties

Petitioner argues that the Commission should define a single domestic like product, coextensive with the scope of investigations.[18] Respondents argue that the Commission should define a separate domestic like product for various items. CNFP argues that the Commission should define a separate domestic like product for bathroom vanities,[19] and the Vanity Coalition argues that the Commission should define a separate domestic like product for bathroom furniture vanities ("BFVs") distinct from wooden cabinets or other bathroom

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[14] *Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 84 Fed. Reg. 12,581 (April 2, 2019); *see also Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 Fed. Reg. 12,587 (April 2, 2019) (citations omitted).

[15] CR at I-11-13; PR at I-8.

[16] CR at I-11; PR at I-10.

[17] CR at I-1-12; PR at I-9.

[18] Petitioner's Postconference Br. at 4 & Exh 1, pg. 1-9.

[19] CNFP Postconference Br. at 2-5.

vanities.[20] Kimball argues that the Commission should define a separate domestic like product for hospitality furniture.[21]

B. Analysis and Conclusions

For the reasons explained below, we define a single domestic like product coextensive with the scope of investigations. We address four possible domestic like product issues.

i. Whether Wooden Components and Full Cabinets Are Separate Domestic Like Products

We have examined whether upstream articles (wooden components) should be included in the same definition of domestic like product as downstream articles (full cabinets and vanities) using a "semi-finished products" domestic like product analysis. Both upstream and downstream articles are included in the scope of these investigations.

Dedication to production of downstream article. Petitioner indicates that wooden components are dedicated to the production of full cabinets and vanities, noting for example that a cabinet frame is made to exact dimensions for a particular cabinet and cannot be used to produce a different product.[22] The vast majority of questionnaire responses also indicated that wooden components are dedicated to use in full unit production.[23] One U.S. producer reported that domestic producers do not sell components separately because they are fully consumed internally in producing full units.[24]

Lack of separate markets for upstream and downstream articles. Petitioner states that there are not "significant" markets for wooden components independent of full cabinets, noting instead that components are "typically" consumed internally by a cabinet manufacturer.[25] The majority of questionnaire responses also indicated that there are not separate markets for wooden components and full units.[26] U.S. producers reported that U.S. shipments of components by value constituted between 6.2 percent and 6.3 percent of their

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[20] Vanity Coalition Postconference Br. at 2-3. The Vanity Coalition's arguments describe differences between its imported BFVs and bathroom vanities manufactured by the Petitioner to argue that its imports are distinct from domestic articles. *See, e.g.*, Conference Tr. at 178 (Symes) (confirming that its arguments described its imported product).

[21] Kimball Postconference Br. at 7-21.

[22] Petitioner's Response to Supplemental Questions Regarding Petition, Vol. I Injury, March 12, 2019 ("Petition Supplement") at 6.

[23] CR/PR at Table D-1 (47 of 48 U.S. producers and 45 of 55 U.S. importers reported that components are dedicated to production of full units).

[24] CR at II-17; PR at II-13.

[25] Petition Supplement at 6; Conference Tr. at 42 (Trexler).

[26] CR/PR at Table D-1 (40 of 50 U.S. producers and 41 of 68 U.S. importers reported that there were not separate markets for these products).

total shipments during the 2016 to 2018 period of investigation ("POI").[27] Of 50 responding U.S. producers, only *** identified themselves as merchant producers of components, and only *** of these firms reported producing components but not full units.[28]

Similarities in physical characteristics and functions. Noting that both full cabinets and components are made of wood and used for storage and display, Petitioner submits that there are not significant differences in physical characteristics or uses for these products.[29] The majority of questionnaire responses also confirmed that there are not different characteristics between components and full units.[30]

Processes used to manufacture the downstream article from the upstream article. Petitioner indicates that the manufacture of wooden components constitutes the majority of manufacturing processes for a full cabinet or vanity, and that only assembly of the wooden components remain to create a full unit.[31] It describes imported RTA flat packs as "essentially a packaged grouping of components."[32] Questionnaire responses on the significance of transforming components into full units were mixed, with a majority of U.S. producers indicating they were not significant and a majority of U.S. importers indicating they were significant.[33]

The relative cost or value of the vertically differentiated articles. While acknowledging that individual wooden components are less expensive than full cabinets/vanities, Petitioner notes that the majority of a full cabinet/vanity's value derives from the value of its collective components.[34] Questionnaire responses on price differences between components and full units were mixed, with a majority of U.S. producers indicating that there were not significant price differences and a majority of U.S. importers indicating that there were.[35]

Conclusion. Petitioner has submitted information indicating that wooden components are dedicated for use in full cabinets and vanities and are typically consumed internally by cabinet manufacturers, that there are not significant independent markets for wooden components, that wooden components and full units share similar physical characteristics and uses, that the manufacture of components constitute a part of the manufacturing process for full units, and that the collective value of components encompass most of the value for full units. Questionnaire responses from U.S. producers and importers generally support these characterizations. Although questionnaire responses were mixed between U.S. producers and

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[27] CR/PR at Table III-5. As previously noted, there is no common unit of measurement for components by quantity.

[28] CR/PR at Table III-1.

[29] Petition Supplement at 7.

[30] CR/PR at Table D-1 (39 of 49 U.S. producers and 42 of 65 U.S. importers reported that there were not different characteristics between these products).

[31] Petition Supplement at 7.

[32] Petition Supplement at 7; Conference Tr. at 92 (Miller & Sabine).

[33] CR/PR at Table D-1 (30 of 50 U.S. producers reported that the transformation of components into full units was not significant, 38 of 62 U.S. importers reported that they were significant).

[34] Petition Supplement at 7.

[35] CR/PR at Table D-1 (29 of 40 U.S. producers reported that price differences were not significant, and 36 of 63 U.S. importers indicated that they were).

importers regarding price differences and the significance of assembling components into full units, these differences could reflect that importers typically import unassembled units requiring assembly, whereas U.S. producers typically incorporate assembly into their production of assembled units. Further, no respondent party has otherwise argued that the Commission should define a separate domestic like product for wooden components.

Accordingly, we define the domestic like product to include both wooden components and full units of cabinets and vanities.

ii. Whether Wooden Cabinets and Bathroom Vanities are Separate Domestic Like Products

Physical Characteristics and Uses. Petitioner asserts that kitchen cabinets and bathroom vanities share similar physical characteristics and uses, such as being wholly or partially made from wood, sometimes physically incorporating non-wood materials (*e.g.*, glass, metal drawer components, etc.), being sold in a natural finish state or with various coatings, and having unit faces that are finished while other sides are unfinished.[36] Petitioner further argues that these products share the same end uses, storage and display.[37] CNFP counters that while bathroom vanities may "superficially" resemble kitchen cabinets, it notes that these products have different sizes (kitchen cabinets are usually larger and deeper than bathroom vanities) and are used in different rooms (kitchens versus bathrooms).[38]

Interchangeability. Petitioner argues that the similar end uses for these products (*e.g.*, storage and display) result in interchangeability for these products when made to similar dimensions.[39] CNFP notes that a consumer is unlikely to install a bathroom vanity in a kitchen or vice versa due to differences in design and size, and as such, it asserts that these products are not interchangeable.[40]

Manufacturing Facilities, Production Processes and Employees. Petitioner asserts that these products are manufactured at the same facilities, using similar production processes, and with the same employees.[41] Domestic producers testified at the Staff Conference that a base kitchen cabinet could follow a base bathroom vanity down the same assembly line.[42] CNFP acknowledges overlap in manufacturing facilities, production process, and employees between bathroom vanities and kitchen cabinets, but it asserts that such overlap is not determinative,

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[36] Petitioner's Postconference Br. at Exh 1, pg. 3-4.

[37] Petitioner's Postconference Br. at Exh 1, pg. 4-5; Conference Tr. at 92-93 (Underwood).

[38] CNFP Postconference Br. at 3.

[39] Petitioner's Postconference Br. at Exh 1, pg. 4-5; Conference Tr. at 92-93 (Underwood).

[40] CNFP Postconference Br. at 4.

[41] Petitioner's Postconference Br. at Exh. 1, 6.

[42] Conference Tr. at 92 (Wellborn) (testifying "…85 to 90 percent of the vanities that we produce are made in the same assembly lines as our finished cabinets") & (Miller) (testifying "…there may be a base cabinet going down the line immediately following a vanity…").

noting that the production process for kitchen cabinets are indistinguishable from any other wooden furniture product.[43]

Channels of Distribution. Petitioner argues that kitchen cabinets and bathroom vanities share the same channels of distribution: designers/dealers, retail, and direct to end users.[44] Domestic producers further testified that they would sell both kitchen cabinets and bathroom vanities to the same dealers, where both products are on display and sold to end users.[45] CNFP agrees that there is an overlap in channels of distribution between bathroom vanities and kitchen cabinets.[46]

Producer and Customer Perceptions. Petitioner argues that producers view these products as part of a continuum because of their shared channels of distribution and manufacturing processes, while consumers also perceive these products as part of a continuum because of their similar end uses.[47] CNFP counters that because kitchen cabinets and bathroom vanities are marketed for use in different rooms, such marketing is evidence that producers and customers perceive these products differently.[48]

Price. Petitioner asserts that kitchen cabinets and bathroom vanities of "similar styles and dimensions" are priced comparably.[49] It has provided examples of various models of kitchen cabinets and bathroom vanities that it contends are (i) of similar styles and dimensions and (ii) are comparably priced.[50] CNFP argues that bathroom vanities are higher priced than kitchen cabinets on a per unit basis, but it acknowledges that record information on pricing differences between these products is limited and requests that the Commission investigate this issue further in the final phase.[51] Pricing product 6 (a bathroom vanity product) generally exhibited a range of quarterly prices within that of the other pricing products for kitchen cabinet products, albeit at the lower range of these prices.[52]

Conclusion. Both Petitioner and CNFP agree that kitchen cabinets and bathroom vanities share similar manufacturing processes, facilities, and employees, as well as common channels of distribution. On price, Petitioner has submitted examples of kitchen cabinets and bathroom vanities that it contends to be similar products with similar prices. Pricing data for a bathroom vanity product are also within the range of those reported for kitchen cabinet pricing products.

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[43] CNFP Postconference Br. at 4-5.

[44] Petitioner's Postconference Br. at Exh. 1, pg. 5.

[45] Conference Tr. at 93 (Allen).

[46] CNFP Postconference Br. at 4.

[47] Petitioner's Postconference Br. at Exh. 1, 6.

[48] CNFP Postconference Br. at 5.

[49] Petitioner's Postconference Br. at Exh. 1, 7.

[50] Petitioner's Postconference Br. at Exh 37 & 38.

[51] CNFP Postconference Br. at 5.

[52] CR/PR at Table V-8 (showing Products 1, 2, 4, and 5 with generally higher ranges of average quarterly prices, but Product 3 with a generally lower range, than Product 6). Pricing Product 6 is also less wide and deep than the other kitchen cabinet pricing products in Commission pricing data, which might influence its price relative to these other pricing products. CR at V-6; PR at V-5.

On other factors, however, the record of this preliminary phase is limited to the parties' arguments, and their disagreement stems primarily from their emphasis on different traits of kitchen cabinets and bathroom vanities: Petitioner's emphasis on their being made from wood and used for storage or display, versus CNFP's emphasis on their different sizes and use in different rooms. We find that the available record evidence on manufacturing processes, facilities, and employees, channels of distribution, and price do not support clear dividing lines between kitchen cabinet and bathroom vanities. Therefore, we define a single domestic like product consisting of both kitchen cabinets and bathroom vanities for purposes of these preliminary determinations.

iii. Whether Bathroom Furniture Vanities Are a Separate Domestic Like Product

Physical Characteristics and Uses. The Vanity Coalition argues that its imported BFVs have physical differences from both kitchen cabinets and other bathroom vanities. It describes its BFVs as "highly designed" for aesthetic qualities, that often have rounded sides, and that are finished on, and designed to be seen from, three sides, whereas kitchen cabinets and bathroom vanities are typically squared and intended to be seen from one side.[53] It also notes that its BFVs typically have legs with space between the cabinet and floor that allow for cleaning, whereas wooden cabinets and bathroom vanities rest completely on the floor and often contain toe kicks.[54] Further distinguishing its BFVs are that they are made from a variety of materials (*e.g.*, wood, metal, glass, stone, etc.) whereas other articles subject to investigation are "substantially" made from wood.[55] The Vanity Coalition also notes that its BFVs are sold as fully assembled units that do not require professional installation, and that its BFVs are matched one-to-one with a particular counter surface (whereas a single kitchen countertop often tops multiple cabinet units).[56]

Interchangeability. The Vanity Coalition argues that because its BFVs are more highly designed than other bathroom vanities, such products are not interchangeable, even though they may share the same basic functions.[57] It further asserts that its BFVs and kitchen cabinets are not interchangeable because they serve different functions (*e.g.*, holding a bathroom sink versus holding a dishwasher) and are made to different dimensions.[58]

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[53] Vanity Coalition Postconference Br. at 2; Conference Tr. at 154 (Symes).

[54] Vanity Coalition Postconference Br. at 2; Conference Tr. at 154 (Symes).

[55] Vanity Coalition Postconference Br. at 2-3; Conference Tr. at 154-155 (Symes). We note that the scope of investigations defines subject imports as being "made substantially of wood products." CR at I-7; PR at I-6. On the current record, it is not clear whether the proposed like product would encompass products outside the scope.

[56] Vanity Coalition Postconference Br. at 3.

[57] Vanity Coalition Postconference Br. at 4; Conference Tr. at 155-156 (Symes).

[58] Vanity Coalition Postconference Br. at 4.

Manufacturing Facilities, Production Processes and Employees. Petitioner argues that bathroom vanities and BFVs are manufactured at the same facilities.[59] One U.S. producer, however, acknowledged at the Staff Conference that while his firm manufactured a "furniture vanity" at the same facility as other products, that it used an "offline" manufacturing process for these products that was different from other products.[60] The Vanity Coalition claims that the manufacturing processes for its BFVs differ from other products subject to investigation, citing as an example a foreign producer that requires significantly more time and workers to produce BFVs than is needed by U.S. producers of cabinets. It argues that it is more common for furniture manufacturers to make BFVs rather than cabinet makers.[61]

Channels of Distribution. Petitioner argues that these products are sold through the same channels of distribution.[62] The Vanity Coalition counters that because its BFVs are shipped fully assembled, do not require professional assembly/installation, and are sold from inventory, they have distinct channels of distribution from the Petitioner's products, which are sold unassembled, require the assistance of designers and installers, and are not sold from inventory.[63]

Producer and Customer Perceptions. The Vanity Coalition argues that consumer perceptions are distinct for its BFVs, regarding them as "artisanal centerpieces" that are not customizable. It contends that retailers categorize these products as "furniture" as opposed to "cabinets."[64]

Price. The Vanity Coalition asserts that its products are three to four times more expensive than those of the Petitioner, noting that its imports' average unit values ("AUVs") are *** percent greater than those for U.S. producers' products.[65] It also argues that pricing product 6 can encompass both bathroom vanities and BFVs, and comparisons of its reported prices for this product versus those of other U.S. importers and U.S. producers show that its BFVs have higher prices.[66]

Conclusion. Because the Commission's domestic like product analysis examines differences between articles manufactured in the United States,[67] the Vanity Coalition's arguments relying on differences between its imported products and domestically-manufactured articles does not provide a basis to define a separate domestic like product.

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[59] Petitioner's Postconference Br. at Exh. 1, 9.

[60] Conference Tr. at 92 (Wellborn).

[61] Vanity Coalition Postconference Br. at 5 & Exh. 7; Conference Tr. at 156-157 (Symes).

[62] Petitioner's Postconference Br. at Exh. 1, 9.

[63] Vanity Coalition Postconference Br. at 5; Conference Tr. at 155-156 (Symes).

[64] Vanity Coalition Postconference Br. at 6-7; Conference Tr. at 155-156 (Symes) (stating "Just as one can drink from both a 5-gallon bucket and a teacup, no one would credibly argue they are the same").

[65] Vanity Coalition Postconference Br. at 7; Conference Tr. at 158 (Symes) (citing example of similarly sized BFV for $1,758 and bathroom vanity for $59.97).

[66] Vanity Coalition Postconference Br. at 10 & Exh 2 (comparing AUVs for pricing product 6 for the Vanity Coalition versus other subject importers and U.S. producers).

[67] *Hitachi Metals Ltd. v. United States*, 350 F. Supp. 3d 1325, 1330 (Ct. Int'l Tr. 2018).

While both the Petitioner and the Vanity Coalition acknowledge that BFVs are manufactured in the United States, the record of this preliminary phase contains limited information on such products and how they might differ from other bathroom vanities and wooden cabinets manufactured in the United States. Furthermore, the definition of a BFV is unclear, as the Vanity Coalition only describes traits that BFVs "typically" or "often" have, and examples provided by it show overlap in traits between BFVs and certain bathroom vanities, such as not entirely resting on the floor.[68] Accordingly, we define a single domestic like product, which includes BFVs, for purposes of the preliminary determinations.

iv. Whether Hospitality Furniture Is a Separate Domestic Like Product

Physical Characteristics and Uses. Petitioner argues that hospitality furniture is indistinguishable from other products subject to investigation and that it matches the physical description of merchandise in the scope.[69] It has submitted samples of kitchen cabinets in hotel suites that it contends match the description of merchandise within the scope and articles otherwise subject to investigation.[70] Kimball counters that hospitality furniture differs physically from other products subject to investigation because it is designed as branded furniture by the hotels themselves, and the design purposely limits storage by customers to prevent customers leaving behind articles in hotel rooms, whereas other articles subject to investigation seek to maximize storage space.[71] [72] Kimball argues that the design of hospitality furniture is unique to the mood evoked by individual hotel brands.[73]

Interchangeability. Because each piece of hospitality furniture is designed for particular hotel branding, Kimball argues that such furniture is not interchangeable with other cabinets that are not designed with such branding in mind. Kimball asserts that hotel branding is so distinctive that such hospitality furniture is not even interchangeable between hotel brands.[74] Kimball provides sample contracts with hotel brands that require exclusivity ***, meaning that Kimball is ***.[75] As such, Kimball categorizes any interchangeability with other products

[68] Vanity Coalition Postconference Br. at Exh. 7.

[69] Petitioner's Postconference Br. at Exh. 1, 9-10.

[70] Petitioner's Postconference Br. at Exh. 1, 10 & Exh. 41.

[71] Kimball Postconference Br. at 11-12; Conference Tr. at 180 (Bastien).

[72] While Kimball has cited to prior Commission investigations to support its arguments, Kimball Postconference Br. at 10, 14, & 18, we note that the Commission's domestic like product determinations are "*sui generis*, involving a unique combination and interaction of many economic variables" in every investigation. *Cleo Inc. v United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007) (quoting *Nucor Corp. v. United States*, 414 F.3d 1331, 1340 (Fed. Cir. 2005)). Additionally, domestic like product definitions are factual determinations, made on a case-by-case basis, and based on the record of each proceeding. *Torrington v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990).

[73] Conference Tr. at 151-152 (Bastien).

[74] Kimball Postconference Br. at 16.

[75] Kimball Postconference Br. at Exh. 5 & 6.

subject to investigation as "one-way," because Petitioner's cabinets might be placed in hotels but Kimball's hospitality furniture may not ***.[76]

Manufacturing Facilities, Production Processes and Employees. U.S. producer *** reported that it had produced hospitality furniture ***.[77] Kimball acknowledges that its manufacturing facility can make wooden cabinets or vanities, but it is equally capable of manufacturing other wooden furniture, such as bedroom furniture or dining room furniture, and Kimball argues that such overlap should thus carry little weight.[78]

Channels of Distribution. Petitioner asserts that its members have sold wooden cabinets and vanities to hotels, either directly or through distributors/dealers.[79] Kimball counters that the channels of distribution for hospitality furniture are distinct from other products subject to investigation, because hospitality furniture is sold to a "specific and entirely isolated market" (hotel brands) than other articles subject to investigation.[80] Kimball notes that manufacturers of hospitality furniture must be qualified by major hotel brands to compete for specific programs, with hotel brands inspecting factories and requiring compliance with supply chain certifications.[81] Kimball asserts that hospitality furniture is not sold through any of the channels of distribution identified by the Petitioner (*e.g.*, designers/dealers, retail, and direct to end users).[82] Kimball emphasizes that manufacturers of hospitality furniture do not have showrooms or work with designers that have showrooms, but rather they work directly with major hotel brands.[83]

Producer and Customer Perceptions. Kimball asserts that there are differences in producer perceptions between hospitality furniture and wooden cabinets/vanities, citing to statements at the Staff Conference from members of Petitioner that distinguish the "furniture" industry from the "wooden cabinet" industry.[84] Kimball also notes that there are distinct manufacturer trade shows for these products: the Kitchen and Bath Industry show for kitchen cabinets and vanities versus the HD Expo and BDNY for hospitality furniture.[85] U.S. producer *** reported that it could shift production from wooden cabinets and vanities to hospitality

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[76] Kimball Postconference Br. at 18.

[77] U.S. Producer Questionnaire, EDIS Doc. ***, at II-3.

[78] Conference Tr. at 152 (Bastien); Kimball Postconference Br. at 12. While Kimball claims that a comment by a member of the Petitioner at the Staff Conference could be interpreted to support different production processes, this comment appeared to concern BFVs, not hospitality furniture. Conference Tr. at 92 (Wellborn) (stating "{t}here's a small exception of a furniture vanity that we make that is kind of made offline…").

[79] Petitioner's Postconference Br. at Exh. 1, 10.

[80] Kimball Postconference Br. at 12 & 15.

[81] Kimball Postconference Br. at 13; Conference Tr. at 153 (Bastien).

[82] Kimball Postconference Br. at 12-13; Conference Tr. at 152 (Bastien).

[83] Kimball Postconference Br. at 13.

[84] Kimball Postconference Br. at 19 (citing Conference Tr. at 43 (Trexler), at 50 (Gahm), at 56 (Kaplan), and at 153 (Bastien)).

[85] Kimball Postconference Br. at 15-16.

furniture,[86] which Kimball argues indicates that this firm perceives these products differently.[87] Kimball notes that hotel brands have far different expectations for hospitality furniture than consumers of wooden cabinets and vanities.[88]

Price. Kimball argues that hospitality furniture is also higher priced than wooden cabinets and vanities. Kimball notes that it does not manufacture or sell of any of the pricing products suggested by Petitioner, but it argues that its AUVs support that its products are higher priced than other articles subject to investigation.[89]

Conclusion. The primary distinction identified by Kimball between hospitality furniture and other articles subject to investigation is its end user: hotel brands versus consumers. Information submitted by Kimball indicates that this distinct end user results in hospitality furniture having somewhat different end uses (hotel branding/minimizing storage versus maximizing storage), limited interchangeability with other products, and distinct producer perceptions (as indicated by *** and distinct trade shows). Nonetheless, the Petitioner has identified kitchen cabinets in hotels that are indistinguishable from other articles subject to investigation, and it has indicated that some of their members have sold wooden cabinets and vanities to hotels. As a result, the distinctions identified by Kimball do not appear to constitute clear dividing lines between these products based on the record of these preliminary determinations.

Accordingly, for the purposes of these preliminary determinations, we define a single domestic like product, which includes hospitality furniture.

In conclusion, we define a single domestic like product that is coextensive with the scope of investigations for the purposes of these preliminary determinations. We invite parties in their comments on the Commission's draft questionnaires for the final phase to raise any potential domestic like products, and identify with particularity those products for which they seek the Commission to collect separate data.[90]

IV. Domestic Industry

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."[91] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all

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[86] U.S. Producer Questionnaire, EDIS Doc. ***, at II-3.

[87] Kimball Postconference Br. at 5.

[88] Kimball Postconference Br. at 19.

[89] Kimball Postconference Br. at 21-22. Kimball calculates AUVs from its U.S. producer questionnaire response and other unspecified U.S. producer responses, and it estimates that its AUVs are between *** percent and *** percent higher than those for the rest of the domestic industry. *Id*.

[90] *See* 19 C.F.R. § 207.20(b); *see also 53-Foot Domestic Dry Containers from China,* Inv. Nos. 701-TA-514 and 731-TA-1250 (Final), USITC Pub. 4537 at 7-8 (June 2015) (declining to consider domestic like product argument that was untimely raised).

[91] 19 U.S.C. § 1677(4)(A).

domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

These investigations raise two sets of domestic industry issues. The first concerns whether U.S. importers' assembly of cabinets/vanities constitutes domestic production. The second concerns whether appropriate circumstances exist to exclude any domestic producers from the domestic industry pursuant to the related parties provision.

Petitioner argues that the Commission should define a single domestic industry that manufactures wooden cabinets and vanities, consistent with its proposed definition of the domestic like product, and it argues that U.S. importers engaged only in assembly in the United States do not undertake sufficient production-related activities to be part of the domestic industry.[92] The Cabinet Coalition argues that because assembly requires skilled labor and adds value to the final products, it should be treated as domestic production.[93] [94]

As explained below, we define the domestic industry as those producers of the domestic like product, but not including (i) U.S. importers that assemble cabinets and vanities and (ii) ***, for which we find that appropriate circumstances exist to exclude from the domestic industry as a related party.

A. 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 U.S. production-related activities, although production-related activity at minimum levels could be insufficient to constitute domestic production.[95]

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[92] Petitioner's Postconference Br. at 4 & Exh. 1, 12-17.

[93] Cabinet Coalition Postconference Br. at A-8-9.

[94] Craftmark argues that because numerous members of Petitioner have imported subject merchandise, these firms have "unclean hands," with the result that their claims of injury are fraudulent and should be rejected in their entirety. Craftmark Postconference Br. at 7-13. While the Commission has asserted authority to reconsider determinations based on misrepresentations or omissions in an investigation, Craftmark has not identified any such misrepresentation or omission in the present investigations. *** and *** reported their imports of subject merchandise. CR at Table III-9. The other firms identified, ***, both certified in Commission questionnaires that they had not imported subject merchandise during the POI. CR at IV-1 n.2; U.S. Producer Questionnaire, EDIS Doc. ***, at II-6. While Craftmark has provided bills of lading for these two firms from the POI that it alleges are for subject merchandise, one bill of lading identifies the origin of the product as ***, and the other identifies the imports as ***, neither of which would appear to be in-scope items. Craftmark Postconference Br. at Exh. *** & ***. Furthermore, the statute does not prohibit U.S. producers that import subject merchandise from claiming injury, but it rather specifies that the Commission consider whether there are appropriate circumstances in which those firms should be excluded from the domestic industry. 19 U.S.C. § 1677(4)(B).

[95] 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;

Quantity/Types of Parts Sourced in the United States. Because RTA flat packs contain "most or all of the items required to assemble a cabinet or vanity into its completed form," importers assembling these packs presumably source all parts from imports.[96]

Technical Expertise. Petitioner argues that the technical expertise needed to manufacture and finish wooden cabinets, including the purchase of raw materials, cutting lumber, machining parts, and finishing (*e.g*., surface treatment and painting), is "much greater" than that needed for assembling.[97] Petitioner notes that respondents testified at the Staff Conference that importers of flat packs testified to being able to get products to customers "within a day or two," indicating that any assembly undertaken must be uncomplicated.[98] The Cabinet Coalition dismisses Petitioner's allegation that workers assembling cabinets are paid minimum wage, and instead describe such workers as "trained cabinet builders."[99] In responding to questions concerning the significance of transforming components into full units, U.S. producers described assembly as "a 5 to 7 minute process," "less time consuming and labor intensive than the production of a full cabinet from raw materials," or "not particularly labor or capital intensive."[100]

Employment Levels. Petitioner argues that firms importing RTA cabinets need little more than "two-man" crews to assemble such units into cabinets.[101] At the Staff Conference, a representative of Wellborn Cabinet, an integrated U.S. producer, testified that were his company to engage only in assembly of imported RTA products, then his employment would decrease from approximately 1,300 employees to fewer than 200.[102]

Value added. Petitioner maintains that assembly adds only "minimal value" to wooden cabinets and vanities, with assembly adding as little as five percent of the entire value of a

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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. *Crystalline Silica Photovoltaic Cells and Modules from China*, Inv. Nos. 701-TA-481 and 731-TA-1190 (Final), USITC Pub. 4360 at 12-13 (Nov. 2012).

[96] CR at I-12; PR at I-10; Conference Tr. at 125-126 (Graff). U.S. importer questionnaires did not ask importers to identify purchases of domestically produced components.

[97] Petitioner's Postconference Br. at Exh. 1, 13-14 & 16-17. While acknowledging that U.S. importer, ***, described assembly as "labor intensive," Petitioner argues that this firm's description of such assembly belies this categorization, describing only unpacking and assembling a product. *Id*. at 16-17.

[98] Petitioner's Postconference Br. at Exh. 1, 15 (citing Conference Tr. at 183-184 (Nicely)).

[99] Cabinet Coalition Postconference Br. at A-8-9 & Exh. 5.

[100] CR/PR at Table D-2 (responses of ***, ***, and ***). However, some firms (*** and ***) also distinguished between assembly of RTA flat packs into stock cabinets and assembly of components into semi-custom or custom cabinets, noting that the latter can be more labor and capital intensive.

[101] Petitioner's Postconference Br. at Exh. 1, 13-15.

[102] Conference Tr. at 94 (Wellborn).

cabinet. It claims that importers of RTA cabinets offer assembly for as little as $10 per cabinet.[103]

Source/Extent of Capital Investment. Petitioner asserts that the capital investment necessary for manufacturing wooden components "far exceeds" that required for assembling components into completed cabinets.[104] At the Staff Conference, U.S. producer American Woodmark testified that it operates 15 manufacturing facilities with 8,000 employees, with work that includes kiln-drying wood, manufacturing wooden components, finishing and assembling.[105] In contrast, Petitioner asserts that firms importing RTA cabinets need little more than a warehouse, and that assembly does not require special facilities but may be done anywhere, such as at a strip mall or on-site at a consumer's home.[106] U.S. importer *** reported that "warehousing and inventory" were its largest expense, not assembly.[107] U.S. producer *** reported that assembly accounts for only 20 percent of its labor costs, and U.S. producer *** described assembly as "not particularly…capital intensive."[108]

Conclusion. While the record of this preliminary phase is limited regarding the assembly operations of U.S. importers, the available data do not support finding that their assembly of imported RTA flat packs constitutes domestic manufacturing. U.S. importers appear to source parts entirely from imports. Information submitted by U.S. producers concerning assembly of components into full units also indicate that assembly requires less technical expertise, fewer workers, adds less value, and requires less capital investment than manufacturing components and finishing. While the Cabinet Coalition asserted that assembly constitutes domestic production, it provided little information to support this assertion.

Accordingly, we find that U.S. importers' assembly of RTA flat packs does not involve sufficient production-related activity to constitute domestic production for purposes of the preliminary determinations.

B. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision 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.[109] Exclusion of such a producer is within the Commission's

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[103] Petitioner's Postconference Br. at Exh. 1, 14-15; Conference Tr. at 72 (Kaplan).

[104] Petitioner's Postconference Br. at Exh. 1, 12.

[105] Conference Tr. at 112-113 (Sabine).

[106] Petitioner's Postconference Br. at Exh. 1, 13-15.

[107] U.S. Importer Questionnaire, EDIS Doc. ***, at II-7(e).

[108] CR/PR at Table D-2.

[109] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *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).

discretion based upon the facts presented in each investigation.[110] Eight domestic producers imported subject merchandise during the POI, and three of these firms are also affiliated to importers of subject merchandise, making them related parties.[111]

. *** is a small producer and accounted for less than *** percent of sales of U.S. production in 2018; it *** the petitions.[112] It reported imports of subject merchandise that totaled $ in 2016, $*** in 2017, and $*** in 2018.[113] Its share of subject imports as a share of U.S. production peaked at *** percent in 2017, and was lower in other years.[114] It indicated that it had imported RTA cabinets and components from subject sources to ***, as well as components for use in some of its domestically produced items.[115]

*** domestic production far surpasses its limited imports of subject merchandise, and it reported that its imports were to complement its domestic production. The evidence indicates that its primary interest lies in domestic production rather than importation. Thus, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

. *** is a small producer and accounted for less than *** percent of U.S. sales of domestic production in 2018; it *** the petitions.[116] It reported imports of subject merchandise of $ in 2016, $*** in 2017, and $*** in 2018.[117] Its imports of subject merchandise far surpassed its limited domestic production.[118] *** reported that it maintains domestic production only ***.[119]

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[110] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation.

Changzhou Trina Solar Energy Co. v. USITC, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[111] CR/PR at Table III-9. The eight producers are ***, ***, ***, ***, ***, ***, ***, and ***. *Id*.

[112] CR/PR at Table III-1.

[113] CR/PR at Table III-9.

[114] CR/PR at Table III-9. Its ratio of subject imports to domestic production was *** percent in 2016 and *** percent in 2018.

[115] CR/PR at Table VI-11.

[116] CR/PR at Table III-1.

[117] CR/PR at Table III-9.

[118] CR/PR at Table III-9. Its ratio of subject imports to domestic production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[119] CR/PR at Table III-9.

*** description that its domestic operations serve to supplement its imports indicates that its primary interest is in importation of subject merchandise rather than domestic production. Thus, we find that appropriate circumstances exist to exclude it from the domestic industry as a related party.

. *** accounted for *** percent of sales of U.S. production in 2018 and *** the petitions.[120] It is affiliated with an importer of subject merchandise, ***.[121] It reported imports of subject merchandise totaling $ in 2016, $*** in 2017, and $*** in 2018.[122] Its subject imports as a share of domestic production was low throughout the POI.[123] It reported that it imported ***.[124]

Because *** domestic production far exceeded its importation, and because it imported only ***, it appears that its primary interest lies in domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

. *** was ***, accounting for *** percent of U.S. sales of domestic production, and it ***.[125] It imported subject merchandise each year of the POI, $ in 2016, $*** in 2017, and $*** in 2018. Its imports of subject merchandise as a share of domestic production was low and declined throughout the POI.[126] It reported that its reason for importing subject imports was ***.[127]

*** U.S. production far surpasses its imports of subject merchandise, which declined over the POI; it is also ***, and its primary interest would thus appear to lie with domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

. *** accounted for *** percent of U.S. sales of domestic production in 2018 and *** the petitions.[128] It produces only components, not full units.[129] Its imports of subject merchandise during the POI totaled $ in 2016, $*** in 2017, and $*** in 2018.[130] Its ratio of imports to domestic production was low throughout the POI.[131] It reported importing ***.[132]

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[120] CR/PR at Table III-1.

[121] CR/PR at Table III-2.

[122] CR/PR at Table III-9.

[123] CR/PR at Table III-9. Its subject imports as a share of domestic production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[124] CR/PR at Table III-9.

[125] CR/PR at Table III-1.

[126] CR/PR at Table III-9. Its ratio of subject imports to U.S. production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[127] CR/PR at Table III-9.

[128] CR/PR at Table III-1.

[129] CR/PR at Table III-1.

[130] CR/PR at Table III-9.

[131] CR/PR at Table III-9. Its ratio of subject imports to domestic production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[132] CR/PR at Table III-9.

Because *** domestic production far exceeds its imports of subject merchandise, and its importation only seeks ***, its primary interest appears to lie in domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

. *** is a small producer and accounted for less than *** percent of sales of U.S. production in 2018; it *** the petitions.[133] It is affiliated with U.S. importer ***.[134] Its imports of subject merchandise increased over the POI, totaling $ in 2016, $*** in 2017, and $*** in 2018.[135] These imports as a share of its domestic production fluctuated over the POI, increasing from *** percent in 2016 to *** in 2017, and declining to *** percent in 2018.[136] It reported that its primary reasons for importing were ***.[137] It also reported *** in 2016.[138]

While *** imports of subject merchandise increased over the POI, and reached a high level in 2017, its domestic production exceeded its imports of subject merchandise throughout the POI. Moreover, it *** in 2016, which supports finding that its primary interest lies in domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

. *** accounted for *** percent of U.S. sales of domestic production in 2018, it *** the petitions, and it produces ***.[139] It is affiliated with U.S. importer ***.[140] Its imports of subject merchandise totaled $ in 2016, $*** in 2017, and $*** in 2018.[141] Its ratio of subject imports to its U.S. production was also low during the POI.[142] It reported that its imports of *** were for ***.[143]

Because its domestic production exceeds its imports of subject merchandise, and these products are apparently ***, its primary interest appears to lie in domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

***. *** is a *** and was one of the *** U.S. producers in 2018, accounting for *** percent of U.S. sales of domestic production.[144] It imported subject merchandise each year of

[133] CR/PR at Table III-1.
[134] CR/PR at Table III-2.
[135] CR/PR at Table III-9.
[136] CR/PR at Table III-9.
[137] CR/PR at Table III-9.
[138] CR/PR at Table III-3.
[139] CR/PR at Table III-1.
[140] CR/PR at Table III-2.
[141] CR/PR at Table III-9.
[142] CR/PR at Table III-9. Its ratio of subject imports to domestic production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.
[143] CR/PR at Table III-9.
[144] CR/PR at Table III-1.

the POI, totaling $*** in 2016, $*** in 2017, and $*** in 2018. [145] Its subject imports as a share of domestic production was low throughout the POI.[146]

Because its domestic production far exceeds its imports of subject merchandise, *** primary interest appears to lie in domestic production. Accordingly, we find that appropriate circumstances do not exist to exclude it from the domestic industry as a related party.

In conclusion, we define the domestic industry as those U.S. producers of the domestic like product, but do not include (i) importers that assemble RTA flat packs into assembled units and (ii) ***, for which we find that appropriate circumstances exist to exclude from the domestic industry as a related party.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product shall be deemed negligible if they account for less than three percent (or four percent in the case of a developing country in a countervailing duty investigation) of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition.[147]

The record indicates that subject imports of wooden cabinets and vanities from China exceeded the requisite statutory threshold. Based on data compiled from Commission questionnaires, subject imports accounted for 76.8 percent by value of total imports of wooden cabinets and vanities from March 2018 through February 2019.[148] [149] Consequently, we find that subject imports of wooden cabinets and vanities from China are not negligible.

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[145] CR/PR at Table III-9.

[146] CR/PR at Table III-9. Its ratio of subject imports to domestic production was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Id*.

[147] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

[148] CR at Table IV-5.

[149] Craftmark argues that importers cannot accurately report separate data for components because they are packaged with full units in RTA flat packs. Craftmark Postconference Br. at 13-17. Commission questionnaires, however, defined full units as including "RTA flat packs of wooden cabinets and vanities *containing all the necessary components*…" Blank U.S. Importer Questionnaire, EDIS Doc. 669532, at pg. 3. (emphasis added). Accordingly, importers were not required to report separately those components that were packaged in RTA flat packs, but rather report the entire RTA flat pack, inclusive of these components, as a full unit.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[150] 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.[151] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[152] In assessing whether there is a reasonable indication that 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.[153] 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."[154]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[155] 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.[156] 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.[157]

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[150] 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable indication of material injury and threat of material injury by reason of subject imports in certain respects.

[151] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[152] 19 U.S.C. § 1677(7)(A).

[153] 19 U.S.C. § 1677(7)(C)(iii).

[154] 19 U.S.C. § 1677(7)(C)(iii).

[155] 19 U.S.C. §§ 1671b(a), 1673b(a).

[156] *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'g* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

[157] The Federal Circuit, in addressing the causation standard of the statute, has observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less

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 nonsubject 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 the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[158] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[159] Nor does

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than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which 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).

[158] Uruguay Round Agreements Act Statement of Administrative Action ("SAA"), 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*, 542 F.3d at 877.

[159] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor* , 266 F.3d at 1345. ("{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*, Inv. 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,* 132 F.3d at 722 (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.").

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 nonsubject imports, which may be contributing to overall injury to an industry.[160] It is clear that the existence of injury caused by other factors does not compel a negative determination.[161]

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."[162] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[163]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject 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 nonsubject imports.[164] The additional "replacement/benefit" test looked at whether nonsubject 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* litigation.

Mittal 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 nonsubject imports or other factors to subject

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[160] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[161] *See Nippon*, 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.").

[162] *Mittal*, 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. In its decision in *Swiff-Train v. United States*, 792 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[163] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal*, 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.").

[164] *Mittal*, 542 F.3d at 875-79.

imports.[165] 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* clarifies that, in cases involving commodity products where price-competitive nonsubject 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.[166]

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 standard.[167] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[168]

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Wooden cabinets and vanities are decorative forms of storage, permanently installed, and available in a wide variety of sizes and styles.[169] Thirty of 50 responding U.S. producers reported that there have been significant changes in product range during the POI, while 64 of 93 importers reported that there had not been a significant change in product mix.[170] Of those

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[165] *Mittal*, 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).

[166] 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 the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject 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 the final phase of investigations in which there are substantial levels of nonsubject imports.

[167] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[168] *Mittal*, 542 F.3d at 873; *Nippon*, 458 F.3d at 1350, *citing U.S. Steel*, 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.").

[169] CR at II-1; PR at II-1.

[170] CR at II-2; PR at II-1.

reporting a change, these changes in style included a shift toward simpler ("shaker") styles and painted surfaces, particularly white.[171]

Demand for wooden cabinets and vanities derives from demand for new residential construction, as well as renovation and remodeling of residential homes.[172] Wooden cabinets and vanities are used in single-family homes, multi-family housing units, as well as commercial, industrial, and public buildings, with the most frequently reported end uses being for kitchen cabinets and bathroom vanities.[173] There are limited substitutes for wooden cabinets and vanities, making demand for them responsive to changes in demand for residential construction and repair/renovations.[174] A majority of U.S. producers and considerable minority of importers reported that demand for wooden cabinets and vanities are subject to business cycles, which are seasonal construction trends (*e.g.*, demand is higher in spring, summer, and fall, and lower in winter).[175]

During the POI, new home construction and existing home sales were steady, while the remodeling market index fluctuated but finished the POI higher than in the beginning of the period.[176] The vast majority of both U.S. producers and importers reported that demand for wooden cabinets and vanities increased over the POI.[177]

Apparent U.S. consumption by value of wooden cabinets and vanities increased over the POI, from $8.7 billion in 2016 to $9.2 billion in 2017 and $9.6 billion in 2018.[178]

2. Supply Conditions

The domestic industry, subject imports, and nonsubject imports all supplied the U.S. market over the POI.

The domestic industry accounted for the largest market share by value over the POI, but this market share declined from 83.2 percent in 2016 to 80.8 percent in 2017, and 77.4 percent in 2018.[179] The domestic industry's annual production capacity for full units by quantity

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[171] CR at II-2; PR at II-1.

[172] CR at II-8; PR at II-6.

[173] CR at II-8; PR at II-6. Other reported end uses include utility storage, bedroom closets, entertainment centers, or bookshelves. *Id*.

[174] CR at II-8; PR at II-6. Firms also noted that general economic trends, including interest rates and tax rebates, can influence demand. CR at II-9; PR at II-6.

[175] CR at II-9; PR at II-6. Thirty-five of 49 U.S. producers and 40 of 92 importers reported that wooden cabinets and vanities were subject to business cycles. *Id*.

[176] CR/PR at Figures II-1 and II-2.

[177] CR/PR at Table II-4. Forty-four of 50 U.S. producers and 72 of 93 importers reported that demand in the United States increased during the POI. *Id*.

[178] CR/PR at Table IV-6. Apparent U.S. consumption of full units also increased by quantity, from 55.5 million units in 2016 to 60.9 million units in 2017 and 61.5 million units in 2018. *Id*.

[179] CR/PR at Table IV-6. The domestic industry also accounted for the largest, but declining, market share by quantity of full units, at 63.0 percent in 2016, 58.0 percent in 2017, and 55.6 percent in 2018. *Id*.

increased over the POI, from *** units in 2016 to *** units in 2017 and *** units in 2018.[180] The domestic industry's annual capacity remained above apparent U.S. consumption throughout the POI.[181] Its capacity utilization declined over the POI, from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.[182] [183] Several firms within the U.S. industry also reported acquisitions during the POI, indicating some level of consolidation in the domestic industry.[184]

Subject imports accounted for the second largest market share during the POI, with their market share increasing. Their market share, by value, was 11.7 percent in 2016, 13.5 percent in 2017, and 16.4 percent in 2018.[185]

Nonsubject imports accounted for the smallest market share by value over the POI, although this share increased. Their market share by value was 5.2 percent in 2016, 5.7 percent in 2017, and 6.2 percent in 2018.[186] The most frequently cited sources for these imports during the POI were Vietnam, Canada, Italy, and Mexico.[187]

3. Substitutability and Other Conditions

The degree of substitutability between domestic and imported wooden cabinets and vanities depends upon factors such as price, quality (including grade standards, defect rates, etc.), and conditions of sale (including price discounts, lead times, and product services).[188] Also affecting substitutability are that most of the domestic product are made-to-order with longer lead times, while most subject imports are sold from inventory with shorter lead times.[189]

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[180] *Calculated from* CR/PR at Table III-4 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[181] *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[182] *Calculated from* CR/PR at Table III-4 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[183] A number of respondents argue that various domestic producers misreported their production capacity, noting that several firms reported low capacity utilization rates with strong financial performance, as well as firms misreporting "normal" capacity given reported labor shortages. Cabinet Coalition Postconference Br. at 25 & 34-37 & Exh. 39; CNFP Postconference Br. at 10; Vanity Coalition Postconference Br. at 10-11. We will examine further in any final phase of these investigations how U.S. firms report their capacity and capacity utilization rates.

[184] CR/PR at Table III-3. *** reported acquiring *** firms during the POI, and *** shortly afterwards. Three other firms reported acquiring a single firm during the POI. *Id*.

[185] CR/PR at Table IV-6. By quantity as well, subject imports accounted for the second largest market share during the POI, with this share increasing from 28.9 percent in 2016 to 31.9 percent in 2017, and 38.2 percent in 2018. *Id*.

[186] CR/PR at Table IV-6. Nonsubject imports accounted for the smallest market share by quantity and decreased overall during the POI, initially increasing from 8.1 percent in 2016 to 10.2 percent in 2017, and then decreasing to 6.2 percent in 2018. *Id*.

[187] CR at II-7; PR at II-5.

[188] CR at II-14; PR at II-10.

[189] CR at II-14; PR at II-10. U.S. producers reported that 72 percent of their commercial U.S. shipments were made to order, with an average lead time of 22 days; U.S. importers reported that 18.8

Available record evidence suggests that there is a moderate-to-high degree of substitutability between domestically produced wooden cabinets and vanities, and subject imports.[190] Nearly all responding U.S. producers reported that domestically produced wooden cabinets and vanities and subject imports are "always" or "frequently" interchangeable, while the majority of U.S. importers also reported that such products are "always" or "frequently" interchangeable.[191] Nearly all U.S. producers reported that non-price differences are "sometimes" or "never" significant in comparisons of domestically produced wooden cabinets and vanities and subject imports; the majority of responding U.S. importers reported that non-price differences are "always" or "frequently" significant.[192] U.S. purchasers asked to identify factors affecting their purchasing decisions most frequently cited price, followed by quality.[193] We find that price is an important factor in purchasing decisions for wooden cabinets and vanities.

Effective September 24, 2018, subject imports were subject to a 10 percent ad valorem duty pursuant to Section 301 of the Trade Act of 1974 ("Section 301 tariffs").[194] The vast majority of U.S. producers reported that the Section 301 tariffs had not changed demand or supply in the U.S. market for wooden cabinets and vanities; an equal number of U.S. producers reported that Section 301 tariffs had resulted in no change or an increase in prices; and a majority reported that the tariffs had resulted in increases in raw material costs.[195] A plurality of U.S. importers reported that Section 301 tariffs had resulted in a decrease in demand in the U.S. market for wooden cabinets and vanities, and that such tariffs resulted in no change in

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percent of their commercial U.S. shipments were made-to-order, with lead times averaging 61.6 days. U.S. importers reported that 77.3 of their commercial U.S. shipments were from inventory, with average lead times of 6.4 days; U.S. producers reported that 28 percent of their commercial U.S. shipments were from inventory, with average lead times of 14.0 days. *Id*.

[190] CR at II-14; PR at II-10.

[191] CR/PR at Table II-7. Forty-eight of 49 responding U.S. producers reported that wooden cabinets and vanities produced in the United States and subject imports are "always" or "frequently" interchangeable; 55 of 84 responding U.S. importers reported that the products are "always" or "frequently" interchangeable. *Id*.

[192] CR/PR at Table II-8. Forty-four of 49 responding U.S. producers reported that non-price differences were "sometimes" or "never" significant; 71 of 84 responding U.S. importers reported that non-price differences were "always" or "frequently" significant. *Id*.

[193] CR/PR at Table II-6. Of 13 responding purchasers, 11 listed price as one of their top three purchasing factors, and 10 listed quality. *Id*.

[194] CR at II-12; PR at II-9. While the duty was originally scheduled to increase to 25 percent effective January 1, 2019, this increase has been delayed "until further notice." *Id*.

[195] CR/PR at Table II-5. Twenty-one of 31 responding U.S. producers reported that Section 301 tariffs had not changed demand or supply for wooden cabinets and vanities; 13 of 31 responding U.S. producers reported that they had resulted in price increases and 13 also reported no change in prices; 18 of 30 responding U.S. producers reported that they had resulted in increases in raw material costs. *Id*.

supply.[196] The majority of U.S. importers reported that Section 301 tariffs had resulted in increases in prices and raw material costs.[197]

Both Petitioner and respondents identify three categories of wooden cabinets -- stock cabinets, semi-custom cabinets, and custom cabinets. Both parties agree that subject imports are primarily stock cabinets, while domestically produced cabinets are primarily semi-custom and custom cabinets.[198] The parties disagree, however, on the degree to which these categories are distinct from each other. Petitioner argues that these categories represent a continuum of products, and that the sizes and options in stock cabinets have increased to the point that there is little distinction between stock and semi-custom cabinets.[199] The Cabinet Coalition, in contrast, provides definitions for these segments that it maintains are industry standard and that distinguish certain characteristics of each category.[200] Apart from the parties' arguments, the available record evidence on these categories is limited. In any final phase of these investigations, we plan to evaluate the distinctions in these categories, and we invite parties to submit proposals regarding data collection in comments on the Commission's draft questionnaires.[201]

A number of respondents argue that competition is attenuated because of differences in shipping and lead times. They note that subject imports are shipped in unassembled/RTA flat packs and that they are sold from inventory with quick delivery, whereas domestically-manufactured articles are made-to-order and shipped in assembled form. Given these differences, the respondents argue that subject imports serve a "market niche" that prioritizes quick delivery that is unserved by domestic producers.[202] The evidence in these preliminary investigations, however, is mixed as to whether there is attenuated competition between the domestic product and subject imports. While responding U.S. importers reported more U.S. shipments of subject imports (by value and quantity) in RTA flat pack form, they nonetheless

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[196] CR/PR at Table II-5. Twenty-eight of 80 responding U.S. importers reported that Section 301 tariffs resulted in a decrease in demand, while 25 of 80 responding importers reported no change in demand. Thirty of 77 responding importers reported that the tariffs resulted in no change in supply, and 26 of 77 reported that they resulted in a decrease in supply. *Id*.

[197] CR/PR at Table II-5. Sixty-five of 79 responding U.S. importers reported that Section 301 tariffs resulted in price increases, and 43 of 70 responding importers reported that they resulted in increases in raw material costs. *Id*.

[198] Petitioner's Postconference Br. at 12; Conference Tr. at 211 (Brightbill); Cabinet Coalition Postconference Br. at 4; Affordable Home Postconference Br. at 4-5.

[199] Petitioner's Postconference Br. at Exh. 1, 19-20.

[200] Cabinet Coalition Postconference Br. at 4. It defines stock cabinets as those offered in a limited range of colors, styles, and finishes that are sold in three inch increments; semi-custom cabinets as those having a broader set of styles and options than stock and being sold in one-inch increments; and custom cabinets as those made to any size, style, or dimension. It also provides examples of websites from domestic producers with similar definitions. *Id*. at Exh. 4-7.

[201] 19 C.F.R. § 207.20(b).

[202] Cabinet Coalition Postconference Br. at 5-7; Affordable Home Postconference Br. at 3-5; CNFP Postconference Br. at 7-8; Cabinets to Go Postconference Br. at 2-3.

reported significant shipments of fully assembled units.[203] Additionally, U.S. producers reported not insubstantial commercial U.S. shipments from inventory with shorter lead times, and U.S. importers similarly reported not insubstantial commercial U.S. shipments of made-to-order product with longer lead times.[204] Finally, only three of 13 responding U.S. purchasers reported lead time as an important purchasing factor.[205] We will explore this issue further in any final phase of these investigations.

C. 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."[206]

The volume of subject import by value increased from $1.0 billion in 2016 to $1.2 billion in 2017 and $1.6 billion in 2018, or by 56.7 percent.[207] Subject import volumes increased more than apparent U.S. consumption, resulting in increased market share for subject imports during the POI. Subject imports market share by value increased from 11.7 percent in 2016 to 13.5 percent in 2017 and 16.4 percent in 2018.[208]

For purposes of these preliminary determinations, we find that subject imports volumes, and their increase, were significant in absolute terms and relative to consumption in the United States.

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[203] CR/PR at Table IV-3. By value, U.S. importers reported U.S. shipments of RTA flat packs totaling $*** in 2016, $*** in 2017, and $*** in 2018, versus U.S. shipments of fully assembled units totaling $*** in 2016, $*** in 2017, and $*** in 2018. By quantity, U.S. importers reported U.S. shipments of RTA flat packs totaling *** units in 2016, *** units in 2017, and *** units in 2018, versus U.S. shipments of fully assembled units totaling *** units in 2016, *** in 2017, and *** in 2018. *Id*.

[204] CR at II-14; PR at II-10. U.S. producers reported that 28.0 percent of their U.S. commercial shipments were from inventory with average lead times of 14.0 days; U.S. importers reported that 18.8 percent of their commercial U.S. shipments were produced-to-order with average lead times of 61.6 days. *Id*.

[205] CR/PR at Table II-6.

[206] 19 U.S.C. § 1677(7)(C)(i).

[207] CR/PR at Table IV-6. By quantity as well, subject import volumes of full units increased over the POI, from 16 million units in 2016 to 19.4 million in 2017, and 23.5 million in 2018, or by 46.6 percent. *Id*.

[208] CR/PR at Table IV-6. By quantity, subject import market share of full units increased, from 28.9 percent in 2016 to 31.9 percent in 2017 and 38.2 percent in 2018. *Id*.

D. Price Effects of Subject Imports

Section 771(7)(C)(ii) of the Tariff 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.[209]

As stated above, the current record indicates a moderate-to-high degree of substitutability between subject imports and the domestically produced product, and that price is an important factor in purchasing decisions.

In the preliminary phase of these investigations, the Commission requested that U.S. producers and importers provide quarterly data for the total quantity and free on board value for six wooden cabinet and vanity products shipped to unrelated U.S. customers between 2016 and 2018.[210] [211] Thirty-six U.S. producers and 56 importers provided usable pricing data on sales of the requested products.[212]

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[209] 19 U.S.C. § 1677(7)(C)(ii).

[210] The pricing products were: **Product 1.**—30" width x 24"depth x 34" height cabinet with three drawers, painted white or gray, wood construction, shaker style or flush face doors; **Product 2.**—36" width base x 24" depth x 34" height cabinet with two doors and one drawer, painted white or gray, wood construction, shaker style or flush face doors; **Product 3.**—30" width wall cabinet x 12" depth x 30" height with two doors, painted white or gray, wood construction, shaker style or flush face doors; **Product 4.**—36" width x 24"depth x 34" height sink base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors; **Product 5.**—30" width x 24" depth x 34" height corner cabinet with Lazy Susan, painted white or gray, wood construction, shaker style or flush face doors; and **Product 6.**—24" width x 21"depth x 34" height vanity base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors. CR at V-6; PR at V-5.

[211] A number of respondents have argued that the pricing products proposed by Petitioner are defined overly broad and result in comparisons of dissimilar products; they have also suggested various alternative methods of collecting pricing data. Cabinet Coalition Postconference Br. at 28-29 & A-30-36; Vanity Coalition Postconference Br. at 11; CNFP Postconference Br. at 8-9. In their comments on the draft questionnaires for any final phase of these investigations, we invite parties to propose possible pricing products that will provide the most comparable products and highest coverage.

[212] CR at V-6, PR at V-5. The pricing data accounted for approximately 1.9 percent of the value of the domestic producers' U.S. shipments and 2.2 percent of the value of U.S. shipments of subject imports over the POI. CR at V-6; PR at V-5. U.S. producers reported that nearly all of their reported pricing data were for assembled units; U.S. importers reported that between 65 and 77 percent of their pricing data were for RTA flat packs. CR at V-7; PR at V-5. We note that wooden cabinets and vanities

The pricing data show that subject imports undersold the domestic like product in 32 of 72 quarterly price comparisons (involving 246,882 units) and at underselling margins ranging from 0.9 percent to 61.8 percent, for an average of 27.4 percent; the data further show that subject imports oversold the domestic like product in the remaining 40 of 72 quarterly comparisons (involving 313,746 units) at overselling margins ranging from 0.4 percent to 35.3 percent, for an average of 16.0 percent.[213] Of 13 U.S. purchasers that responded to the lost sales lost revenue survey, eight reported purchasing subject imports instead of the domestic like product, with seven of these firms reporting that subject imports were lower priced and four reporting that price was a primary reason for their purchase.[214] These reported lost sales, however, represent limited quantities relative to the pricing data.[215] Because the available pricing data, which accounts for a greater volume of products, predominantly show overselling by subject imports, we do not find underselling to be significant for purposes of these preliminary determinations.[216]

While prices of subject imports decreased for most pricing products over the POI,[217] prices for each of the domestically produced pricing products increased during the POI.[218] Available secondary data also indicate that prices for wooden cabinets and vanities were steady or increasing during the POI, with prices of wooden kitchen cabinets and bathroom vanities sold directly to customers increasing three percent over the POI and those products sold at retail

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are available in a wide range of sizes and styles, and we consequently would expect relatively limited product coverage for the pricing products. We have also removed pricing data from various U.S. importers that contained errors, such as providing retail pricing or pricing data for products with incorrect dimensions, among other errors. CR at V-7 n. 6, 7, 8 & 9; PR at V-5 n.6, 7, 8, 9. We intend to examine further in any final phase of these investigations those importers who import product directly for retail sale.

[213] CR/PR at Table V-9.

[214] CR/PR at Table V-11 & CR at V-24; PR at V-21.

[215] Those purchasers who reported purchasing subject imports instead of the domestic product reported purchasing $*** of subject imports. CR/PR at Table V-11.

[216] Petitioner argues that because subject imports' AUVs were lower than those of the domestic industry, these AUVs support underselling by subject imports. Petitioner's Postconference Br. at 25. However, because of the range of products sizes and styles for wooden cabinets and vanities, AUVs may be distorted by product mix, a point that Petitioner also acknowledges. Petitioner's Postconference Br. at Exh. 1, 30-31. Accordingly, we have not relied on AUVs in examining the price effects of subject imports.

[217] Subject imports prices decreased 37.2 percent for product 2, 9.1 percent for product 3, 7.1 percent for product 4, 14.0 percent for product 5, and 7.0 percent for product 6. Subject import prices increased 29.5 percent for product 1. CR/PR at Table V-8.

[218] Prices for the domestic product increased 23.4 percent for product 1, 2.2 percent for product 2, 5.7 percent for product 3, 18.4 percent for product 4, 3.9 percent for product 5, and 9.9 percent for product 6. CR/PR at Table V-8.

increasing nine percent.[219] Based on the record evidence of price increases for the domestically produced product, we accordingly find that subject imports did not have the effect of depressing prices of the domestic like product to a significant degree.

We have also considered whether subject imports prevented increases in prices of the domestic like product that otherwise would have occurred to a significant degree. As noted above, pricing data show price increases in the domestic product for each pricing product over the POI.[220] The domestic industry's COGS to net sales ratio was steady in 2016 and 2017, at 73.9 percent each year, but increased in 2018 to 75.4 percent.[221] The evidence demonstrates that the majority of this increase in 2018 resulted from increases in the domestic industry's other factory costs, with U.S. producer *** accounting for the largest share of this increase.[222] Thus, while the domestic industry experienced an increase in the COGS to net sales ratio in 2018, the available record evidence is unclear as to whether this increase was because subject imports prevented price increases for the domestic product or resulted from other factors. Accordingly, we cannot conclude for purposes of these preliminary determinations that subject imports did not prevent price increases that otherwise would have occurred to a significant degree.

While the available record indicates that subject imports increased their market share and that their prices largely decreased over the POI, it is not clear if the increase in market share resulted from these decreasing prices. For instance, while a majority of responding purchasers reported purchasing subject imports instead of the domestic product when it was lower priced, available pricing data predominantly show overselling by subject imports. And while the domestic industry experienced increases in its COGS to net sales ratio, some of this increase appears to have resulted from *** reported increase in other factory costs that it did not attribute to competition from subject imports. Given the contradictory record evidence of these preliminary investigations, we cannot conclude that subject imports did not increase their market share during the POI because of their decreasing prices.[223] We will examine further in any final phase of these investigations the nature of price competition between subject imports and the domestic like product.

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[219] None of the responding U.S. purchasers reported that U.S. producers had reduced prices to compete with lower-priced subject imports. CR at V-25; PR at V-22. CR/PR at Figure V-8; CR at V-21-22; PR at V-19.

[220] CR/PR at Table V-8.

[221] *Calculated from* CR/PR at Table VI-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***. For full units alone, the COGS to net sales ratio initially decreased slightly from 73.3 percent in 2016 to 73.2 percent in 2017, before increasing to 74.7 percent in 2018. *Calculated from* CR/PR at Table VI-2 *and* U.S. Producer Questionnaire, EDIS Doc. ***. For component merchant operations of U.S. producers, the ratio increased each year, from 81.8 percent in 2016 to 83.1 percent in 2017, and 84.5 percent in 2018. CR/PR at Table VI-4.

[222] CR at VI-23 n.8; PR at VI-17 n.8. *** did not describe this increase as resulting from subject import competition. Instead, it reported that its increase in other factory costs resulted from ***. *Id*.

[223] *American Lamb*, 785 F.2d at 1001.

E. Impact of the Subject Imports[224]

Section 771(7)(C)(iii) of the Tariff 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." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, 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."[225]

Increases in the domestic industry's shipments by value each year of the POI were at a rate less than apparent U.S. consumption, which resulted in a decline in the domestic industry's market share. Moreover, while the domestic industry's production and financial performance were generally steady or increased between 2016 and 2017, it experienced declines in performance in 2018.

The domestic industry's market share by value declined during the POI, from 83.2 percent in 2016 to 80.8 percent in 2017 and 77.4 percent in 2018.[226] While its capacity increased over the POI,[227] its capacity utilization declined.[228] The domestic industry's U.S.

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[224] Commerce initiated its investigation based on estimated dumping margins ranging from 177.36 percent to 262.18 percent for subject imports from China. *Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 Fed. Reg. 12587 (Dep't of Commerce, April 2, 2019).

[225] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[226] CR/PR at Table IV-6. By quantity as well, the domestic industry's market share of full units declined from 63.0 percent in 2016 to 58.0 percent in 2017 and 55.6 percent in 2018. *Id*.

[227] The domestic industry's capacity increased each year of the POI, from *** units in 2016 to *** units in 2017, and to *** units in 2018. CR/PR at Table III-4.

[228] The domestic industry's capacity utilization was *** percent in 2016, *** percent in 2017, and *** percent in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***. As noted above, we intend to examine further certain U.S. producers reported capacity and capacity utilization rates in any final phase of these investigations.

shipments[229] by value increased while its production[230] and inventories[231] fluctuated but ended the POI lower.[232]

Most employment-related indicators for the domestic industry were steady during the POI, with minor fluctuations. The number of production-related workers ("PRWs") fluctuated but increased overall during the POI; total hours worked, wages paid, and hourly wages each exhibited small increases and productivity decreased.[233]

The domestic industry's financial indicators were relatively stable in 2016 and 2017, but exhibited some declines in 2018, although the domestic industry remained profitable throughout the POI. Net sales by value increased each year of the POI.[234] While the domestic industry's operating income, net income, and gross profit were positive over the POI and increased slightly in 2016 and 2017, each of these indicators declined in 2018.[235] Similarly, operating income as a share of net sales increased between 2016 and 2017 before declining in

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[229] The domestic industry's U.S. shipments by value increased from $*** in 2016 to $*** in 2017 and $*** in 2018. By quantity of full units, the domestic industry's U.S. shipments fluctuated, initially increasing from *** units in 2016 to *** units in 2017, before declining to *** units in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[230] The domestic industry's production initially increased from *** units in 2016 to *** units in 2017, and then declined to *** units in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[231] The domestic industry's ending quantities of inventories increased from *** full units in 2016 to *** full units in 2017 before declining to *** full units in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[232] The domestic industry's export shipments by value declined from $*** in 2016 to $*** in 2017 and $*** in 2018. By quantity as well, export shipments of full units declined from *** units in 2016 to *** units in 2017 and *** units in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[233] The domestic industry's PRWs initially increased from *** in 2016 to *** in 2017, before declining to *** in 2018. Total hours worked increased from *** hours in 2016 to *** in 2017 and *** in 2018. Wages paid increased from $*** in 2016 to $*** in 2017 and $*** in 2018. Hourly wages increased from $*** in 2016 to $*** in 2017 and $*** in 2018. Productivity declined from *** units per 1,000 hours in 2016 to *** in 2017 and *** in 2018. *Calculated from* CR/PR at Table III-10 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[234] The domestic industry's net sales were $*** in 2016, $*** in 2017, and $*** in 2018. By quantity of full units, however, the domestic industry's net sales initially increased from *** units in 2016 to *** units in 2017, before declining to *** units in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[235] The domestic industry's gross profit was $*** in 2016, $*** in 2017, and $*** in 2018. Its operating income was $*** in 2016, $*** in 2017, and $*** in 2018. Its net income was $*** in 2016, $*** in 2017, and $*** in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

2018.[236] Domestic producers' capital expenditures fluctuated but ended the POI higher, while research and development expenses were steady, fluctuating within a narrow band over the POI.[237] Domestic producers also reported negative effects on investment and on growth and development due to subject imports.[238]

As discussed above, increases in the volume and market share of subject imports were significant during the POI. We cannot conclude that increases in subject imports' market share were not the result of their decreasing prices. For the same reason, we cannot conclude that the increases in subject imports at the expense of the domestic industry in an expanding market did not cause the domestic industry to lose sales and revenues it would otherwise have obtained. Moreover, the domestic industry experienced declines in operating income, net income, and gross profits in 2018. Consequently, for purposes of these preliminary determinations, we find that the increases in subject imports had a significant impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject imports. The Cabinet Coalition argues that declines in the domestic industry's performance resulted from *** closure *** in 2018, which it alleges was not related to subject imports.[239] ***, however, reported that these closures resulted from ***.[240] Regardless, the domestic industry's declines in operating income, net income, and gross profit in 2018 are not attributable to this firm alone, but also reflect declines reported by other firms.[241] In any final phase of these investigations, we intend to examine further the causes of the domestic industry's declines in performance in 2018.[242]

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[236] The domestic industry's operating income as a share of net sales increased from *** percent in 2016 to *** percent in 2017 before decreasing to *** percent in 2018. *Calculated from* CR/PR at Table C-1 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[237] Capital expenditures declined from $*** in 2016 to $*** in 2017 before increasing to $*** in 2018. Research and development expenses were $*** in 2016, $*** in 2017, and $*** in 2018. *Calculated from* CR/PR at Table VI-8 *and* U.S. Producer Questionnaire, EDIS Doc. ***.

[238] CR/PR at Table VI-10. Forty of 50 responding U.S. producers reported negative effects on investment as a result of subject imports, including cancelled or postponed projects and reductions in capital investments. Thirty-seven of 50 responding U.S. producers reported negative effects on growth and development, including reduced ability to service debt. *Id*.

[239] Cabinet Coalition Postconference Br. at 22-24.

[240] CR/PR at Table III-3.

[241] CR/PR at Table VI-5. For instance, ***, also reported declines in operating income, net income, and gross profit in 2018. *Id*.

[242] The Cabinet Coalition further argues that any declines in the domestic industry's performance resulted from competition between domestic producers, not subject imports. Cabinet Coalition Postconference Br. at 44-45 & Exh. 48. Record evidence on intra-industry competition, however, is limited for purposes of these preliminary determinations. In any final phase of these investigations, we invite parties in their comments on draft questionnaires to suggest with particularity possible data to be collected on this issue.

We have also considered the role of nonsubject imports. Such imports' share of apparent U.S. consumption by value increased during the POI from 5.2 percent in 2016 to 5.7 percent in 2017 and 6.2 percent in 2018.[243] These increases in market share by value, however, were far less than the increases of subject imports, and subject import market share was more than double that of nonsubject imports throughout the POI.[244] Further, there are no available pricing comparisons for these imports, either with the domestic like product or subject imports. Accordingly, we cannot conclude from the available evidence that nonsubject imports explain the domestic industry's declining market share and declines in performance in 2018.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of wooden cabinets and vanities from China that are allegedly sold at less than fair value and allegedly subsidized by the government of China.

[243] CR/PR at Table IV-6. By quantity, nonsubject imports' market share of full units fluctuated, initially increased from 8.1 percent in 2016 to 10.2 percent in 2017, before declining to 6.2 percent in 2018. *Id*.

[244] CR/PR at Table IV-6.

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") by the American Kitchen Cabinet Alliance on March 6, 2019, 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 wooden cabinets and vanities ("WCVs")[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
March 6, 2019	Petitions filed with Commerce and the Commission; institution of Commission investigations (84 FR 8890, March 12, 2019)
March 26, 2019	Commerce's notice of initiation of countervailing duty investigation (84 FR 12581, April 2, 2019); Commerce's notice of initiation of antidumping investigation (84 FR 12587, April 2, 2019)
March 27, 2019	Commission's conference
April 19, 2019	Commission's vote
April 22, 2019	Commission's determinations
April 29, 2019	Commission's views

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses who appeared at the conference is presented in appendix B.

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--[4]

> *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 decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

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.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged 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.

MARKET SUMMARY

WCVs are generally used for storage and easy access of various household items such as utensils and food in the case of cabinets and toiletries and other bathroom-related products in the case of vanities. The leading U.S. producers of WCVs are ***, while leading producers of WCVs in China include ***. The leading U.S. importers of WCVs from China are ***. The leading importers of WCVs from nonsubject countries are ***. U.S. purchasers of WCVs include distributors, designers or dealers, retailers, and general contractors.

Apparent U.S. consumption of WCVs totaled approximately 61.5 million units ($9.6 billion) in 2018. Currently, 50 firms are known to produce WCVs in the United States. U.S. producers' U.S. shipments of WCVs totaled approximately 34.2 million units ($7.5 billion) in 2018, and accounted for 55.6 percent of apparent U.S. consumption by quantity and 77.4 percent by value. U.S. imports from subject sources totaled approximately 23.5 million units ($1.6 billion) in 2018 and accounted for 38.2 percent of apparent U.S. consumption by quantity and 16.4 percent by value. U.S. imports from nonsubject sources totaled approximately 3.8

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

million units ($599.3 million) in 2018 and accounted for 6.2 percent of apparent U.S. consumption by quantity and by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C.[6] Except as noted, U.S. industry data are based on questionnaire responses of 50 firms that account for most U.S. production of WCVs during 2018.[7] U.S. import data for full units are based on official import statistics under HTS statistical reporting number 9403.40.9060. U.S. import data for components are based on questionnaire responses from 93 firms that account for 63.0 percent of imports from China, by value, under HTS statistical reporting number 9403.40.9060. Foreign industry data are based on usable responses from 107 firms in China. These firms accounted for 62.9 percent of U.S. imports of full WCV units and components from China, by value, in 2018.

PREVIOUS AND RELATED INVESTIGATIONS

WCVs have not been the subject of prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On April 2, 2019, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on WCVs from China.[8] Commerce identified the following government programs in China:

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[6] The official import statistics do not provide quantity data for imports classified under HTS statistical reporting numbers 9403.40.9060, 9403.60.8081, and 9403.90.7080. Furthermore, quantity data for the various components that are subject to these investigations cannot be reliably collected with a single unit of measurement. Consequently, the Commission collected only value data for U.S. producers' and U.S. importers' commercial U.S. shipments of components, making value the closest data that is co-extensive with the scope of these investigations. Due to these factors, value is the primary metric used to analyze trends in the U.S. producers' and U.S. importers' shipment data, although quantity data for full cabinet units are included as reported in the questionnaire responses.

[7] The petitioner, the American Kitchen Cabinet Alliance, stated that their members and Masco Corporation accounted for approximately *** percent of U.S. shipments of WCVs in 2017. The Commission received a questionnaire response from all American Kitchen Cabinet Alliance members, Masco Corporation, and other U.S. producers. Based on these calculations, Commission staff believes that the 50 responses represent most U.S. production of WCVs in 2018.

[8] *Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 84 FR 12581, April 2, 2019.

A. Provision of Inputs for Less than Adequate Remuneration

1. Provision of Standing Timber for LTAR
2. Provision of Cut Timber for LTAR
3. Provision of Veneers for LTAR
4. Provision of Plywood for LTAR
5. Provision of Formaldehyde for LTAR
6. Provision of Urea for LTAR
7. Provision of Urea-Formaldehyde Resin for LTAR
8. Provision of Electricity for LTAR
9. Provision of Water for LTAR

B. Provision of Land for Less than Adequate Remuneration

1. Provision of Land – Use Rights by GOC to Encouraged Industries for LTAR
2. Provision of Land to SOEs by the GOC for Less than Adequate Remuneration

C. Loan Programs

1. Policy Loans to the Wooden Cabinet and Vanity Industry
2. Preferential Loans for State-Owned Enterprises
3. Loan and Interest Subsidies Provided Pursuant to Northeast Revitalization Program

D. Grant Programs

1. Foreign Trade Development Fund Grants
2. Export Assistance Grants
3. Export Interest Subsidies
4. Interest Loan Subsidies for the Forestry Industry
5. Sub-Central Government Subsidies for Development of Famous Brands and china World Top Brands
6. Funds for Outward Expansion of Industries in Guangdong Province
7. Provincial Fund for Fiscal and Technological innovation
8. State Key Technology Renovation Fund
9. Shandong Province's Special Fund for the Establishment of Key Enterprise Technology Centers
10. Shandong Province's Environmental Protection Industry Research and Development Funds
11. Funds of Guangdong Province to Support the Adoption of E-Commerce by Foreign Trade Enterprises
12. Waste Water Treatment Subsidies
13. Technology to Improve Trade Research and Development Fund

E. Tax Benefit Programs

1. Income Tax Reductions under Article 28 of the Enterprise Income Tax
2. Tax Offsets for Research and Development under the Enterprise Income Tax
3. Preferential Income Tax Policy for Enterprises in the Northeast Region
4. Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
5. Income Tax Credits for Domestically-Owned Companies Purchasing Domestically-Produced Equipment

F. Value-Added Tax Programs

1. Value-Added Tax and Import Duty Exemptions for Use of Imported Equipment
2. Value-Added Tax Rebate Exemptions on FIE Purchases of Chinese-Made Equipment

G. Export Credit Subsidies

1. Export Sellers' Credit
2. Export Buyers' Credit

Alleged sales at LTFV

On April 2, 2019, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on WCVs from China.[9] Commerce has initiated antidumping duty investigations based on estimated dumping margins ranging from 177.36 percent to 262.18 percent for WCVs from China.

THE SUBJECT MERCHANDISE

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

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

[9] *Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 12587, April 2, 2019.

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

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

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

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

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

(1) Aftermarket accessory items which may be added to or installed into an interior of a cabinet and which are not considered a structural or core component of a wooden cabinet or vanity. Aftermarket accessory items may be made of wood, metal, plastic, composite material, or a combination thereof that can be inserted into a cabinet and which are utilized in the function of organization/accessibility on the interior of a cabinet; and include:
    - Inserts or dividers which are placed into drawer boxes with the purpose of organizing or dividing the internal portion of the drawer into multiple areas for the purpose of containing smaller items such as cutlery, utensils, bathroom essentials, etc.
    - Round or oblong inserts that rotate internally in a cabinet for the purpose of accessibility to foodstuffs, dishware, general supplies, etc.
(2) Solid wooden accessories including corbels and rosettes, which serve the primary purpose of decoration and personalization.
(3) Non-wooden cabinet hardware components including metal hinges, brackets, catches, locks, drawer slides, fasteners (nails, screws, tacks, staples), handles, and knobs.

Also excluded from the scope of these investigations are:

(1) All products covered by the scope of the antidumping duty order on *Wooden Bedroom Furniture from the People's Republic of China. See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture from the People's Republic of China*, 70 FR 329 (January 4, 2005).
(2) All products covered by the scope of the antidumping and countervailing duty orders on *Hardwood Plywood from the People's Republic of China See Certain Hardwood Plywood Products from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value, and Antidumping Duty Order*, 83 FR 504 (January 4, 2018); *Certain Hardwood Plywood Products from the People's Republic of China: Countervailing Duty Order*, 83 FR 513 (January 4, 2018).

Imports of subject merchandise are classified under Harmonized Tariff Schedule of the United States (HTSUS) statistical numbers 9403.40.9060 and 9403.60.8081. The subject component parts of wooden cabinets and vanities may be entered into the United States under HTSUS statistical number 9403.90.7080. Although the HTSUS subheadings are provided for

convenience and customs purposes, the written description of the scope of these investigations is dispositive.[10]

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in subheadings 9403.40.90, 9403.60.80, and 9403.90.70 (statistical reporting numbers 9403.40.9060, 9403.60.8081, and 9403.90.7080, respectively) of the Harmonized Tariff Schedule of the United States ("HTS"). The 2019 general rate of duty is free for all three subheadings. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Section 301 tariff treatment

Merchandise classifiable in HTS subheadings 9403.40.90, 9403.60.80, and 9403.90.70 was included among the group of products from China that are subject to an additional duty of 10 percent ad valorem, under HTS subheading 9903.88.03.[11]

THE PRODUCT[12]

Description and applications

WCVs are wood-constructed products used for permanently installed cabinetry that are usually found in the kitchen (in the case of cabinets) or the bathroom (in the case of vanities). WCVs have physical characteristics applicable to the intended use for storage and easy access of various household items. Typically, items for storage include kitchen equipment, utensils, and food in the case of cabinets, and toiletries, medicine, cosmetics, and other bathroom-related products in the case of vanities. In the United States, cabinets are usually "framed" (a structural frame in the front of the cabinet), while in Europe and Asia cabinets are usually "frameless,"[13] which provides easier access and additional space.

Wooden cabinets are generally categorized as "stock," "custom," and "semi-custom." Stock cabinets have standard—and limited—measurements and styles. While not designed to precisely fit a specific kitchen, they offer consumers a less expensive option than customs or semi-customs cabinets. Customs cabinets are measured and designed to fit a specific kitchen, have more available styles, and are usually more expensive than stock cabinets. Semi-customs

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[10] *Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 84 FR 12587, April 2, 2019.

[11] *HTSUS (2019) Revision 2,* USITC Publication No. 4886, March 2019, pp. 99-III-21 and 99-III-44.

[12] Unless otherwise noted, the information in this section is based on Petition, Volume I, pp. 7-14.

[13] Conference transcript, pp. 115-116 (Wellborn), (Trexler), and (Allen).

cabinets are generally in between stock and customs cabinets, particularly in terms of the number of options and the cost.[14]

WCVs may be sold in a fully assembled form, where the product is ready for installation, or in a "flat pack" or "ready to assemble" ("RTA") form, which contains most or all of the items required to assemble a cabinet or vanity into its completed form.

WCVs are designed, manufactured, and offered for sale in various styles with the cabinets typically being designed of the same material and/or in the same finish, so that the various individual cabinets will be coordinated when installed in a kitchen or bathroom. Modular or built-in bathroom vanities include those that are manufactured to incorporate one or more sinks, as well as bathroom vanity linen closets. Wooden cabinets and vanities both encompass different individual articles (e.g., kitchen cabinets, vertical pantries, bathroom vanities) with different configurations and sizes, all of which share the physical characteristics imparted by their common primary material of natural or engineered wood. WCVs are typically intended to be permanently installed (e.g., physically affixed to a wall, permanently hung from a ceiling, permanently attached to a floor, mated with plumbing fixtures rendering the item immobile) and are not designed to be moved.

WCVs are manufactured wholly or in part from wood products, including natural wood (such as ash, beech, birch, cherry, hickory, maple, oak, and poplar) and engineered wood products (including those made from wood particles, fibers, or other wooden materials such as plywood, oriented strand board, block board, particle board, medium density fiberboard, or hardboard), or bamboo. In addition to the wood components found in wooden cabinets and vanities, these products may contain certain quantities of non-wood material such as glass, vinyl, plastics, metal drawer slides, metal door hinges, organizing racks, dividers, shelves, circular turntables (known as Lazy Susans), or other accessories, which are physically incorporated into cabinets and vanities. WCVs may be sold in a natural finish state (i.e., the natural-wood grain is visible and unobscured), stained, painted, coated with urethane, or covered with paper, vinyl material, phenolic film, or other obscuring coatings. The faces of a kitchen or other cabinet or vanity may be sanded, smoothed or given a "distressed" appearance through such methods as handscraping or wire brushing.

Manufacturing processes

The manufacturing process for WCVs requires a variety of inputs and is done in at least three phases. The first phase of production involves the collection of sheets of natural or engineered wood products which are intended as the predominant composition of the vast majority of a subject WCV. The wood can be pure hardwood (representing a variety of wood species), a plywood made from hardwood or softwood or other wood products, or an engineered wooden product, or a mix of these products. Prior to the manufacturing process, the moisture content of the wood input must be reduced, generally in kilns or using other

[14] https://kitchencabinetkings.com/glossary/, accessed March 26, 2019.

equipment and processes.[15] The wood is then cut to shape using a variety of wood cutting and forming machinery to form the outer faces, interior drawers, backings, cabinet frames, door frames, drawer faces, and any other component that, when assembled, constitutes a completed cabinet.

Aside from the forming of wooden components into the proper size and shape, components may be drilled, notched, punched or otherwise processed, where required. For example, a door face may be drilled for the eventual inclusion of a door handle. A door may also be beveled to allow for a finger grip where the cabinet does not contain handles. Frames can be punched for hinges and screw holes for inlaid glass inserts.

In the second phase of production, the components are typically painted, stained, coated or overlaid with other components or coverings, yielding a finished component. The inputs here include primer, paints and stains, clear coat protective lacquers, enamels, glazing materials, vinyl or other plastic overlay materials. At this stage, mounting and assembly hardware and components, such as hinges, screws, dowels, cams, and slides may be attached to the cabinet parts.

In the third phase of production, depending on the order and customer, the finished parts may be assembled into a finished cabinet that is then shipped to a customer, or the various parts may be arranged in a RTA package. Under the assembled cabinet method, the finished parts are joined together using fastening hardware and tools, resulting in a fully manufactured and assembled cabinet. Items such as nails, screws, glues, resins, and some of the hardware identified in the second phase are used in the final assembly of a cabinet unit. The finished cabinet unit is then packed into a shipping carton along with protective materials to prevent damage during shipping. Under the RTA method, the various finished parts are carefully laid out and packaged in a large flat shipping case along with necessary hardware for assembly, including screws, dowels, hinges (if not already installed), cams, adhesive glues, slides, assembly tools (e.g., Allen keys and screwdrivers), instruction sheets, and packing materials. The RTA boxes are then sealed and prepared for shipment to the customer or to an assembler.

DOMESTIC LIKE PRODUCT ISSUES[16]

The petitioner states that WCVs are a single like product, co-extensive with the scope of these investigations.[17] The petitioner also notes that wooden components of cabinets and vanities and the full WCVs unit should constitute a single like product.[18] In addition to the above definitions of the domestic like product, the petitioner states that kitchen cabinets and

[15] Conference transcript, pp.111-114 (Trexler), (Sabine), (Wellborn), and (Allen).

[16] U.S. producers' and U.S. importers' responses to questions concerning the Commission's semi-finished product analysis are presented in appendix D.

[17] Petitioner's postconference brief, p. 4.

[18] Petitioner's postconference brief, p. 4.

bathroom vanities should constitute a single like product.[19] Petitioners contend that components of WCVs have the singular purpose of incorporation into the production of full WCVs units and therefore have the same general market, characteristics, and functions as full WCVs units. Wooden components of cabinets and vanities also account for the majority of the full WCVs units' price. The petitioner states that wooden cabinets and wooden bathroom vanities possess similar physical characteristics and uses, are interchangeable, have similar channels of distribution, are viewed as a single continuum of product, are manufactured in common facilities, and are comparably priced.[20] The petitioner also states that the domestic like product should also include bathroom furniture vanities and WCVs sold to the hospitality industry, which the petitioner states do not have any meaningful differences from other WCVs.[21]

The Chinese National Forest Products Industry Association asserts that kitchen cabinets and bathroom vanities should be considered separate like products.[22] They contend that bathroom vanities are produced to different dimensions, are not interchangeable, have different end uses, are perceived differently by consumers, and are priced higher.[23] The Coalition of Vanity Importers, a respondent, assert that bathroom furniture vanities should be a separate like product.[24] It stated that bathroom furniture vanities are physically different from bathroom cabinet vanities, are not interchangeable, are distributed through different channels of distribution (showrooms and online), are produced using a different production processes, are perceived differently by consumers (typically listed as bathroom furniture, not kitchen products), and are much higher priced.[25] Respondent Kimball Hospitality contends that hospitality furniture is a separate like product, stating that they have different physical characteristics from WCVs, are produced on separate production lines, are sold through different channels of distribution (major hotel brands), are not interchangeable, are perceived differently by consumers, and are higher priced.[26]

[19] Ibid.
[20] Ibid., answers to staff questions, pp. 3-8.
[21] Ibid., pp. 8-10.
[22] Respondent China National Forest Products Industry Association's postconference brief, p. 2.
[23] Ibid., pp. 2-5.
[24] Respondent The Coalition of Vanity Importers' postconference brief, p. 1.
[25] Ibid., pp. 2-8.
[26] Respondent Kimball Hospitality's postconference brief, pp. 7-20.

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

U.S. MARKET CHARACTERISTICS

WCVs are designed, manufactured, and offered for sale in various styles, with cabinets typically designed using the same material and/or in the same finish so that the various individual cabinets will be coordinated when installed in a kitchen or bathroom. WCVs are typically intended to be permanently installed and are not designed to be moved.[1] WCVs may be imported into the United States in a fully assembled form ready for installation, or may be imported in a "ready-to-assemble" (RTA) flat pack form, which contains most or all of the items required to assemble the cabinet or vanity.[2] Demand for WCVs derives from new residential construction and demand for "replace and remodel" ("R&R").[3] According to petitioners, demand for WCVs has increased 15 percent during the 2016-18 period of investigation ("POI").[4] U.S. producers and importers sell WCVs to distributors, retailers, designers and independent dealers, and to end users like general contractors as either stock, semi-custom, or custom cabinets.[5] Petitioners stated that modifications or upgrades traditionally were considered custom, however these features have become standard options.[6] Petitioners stated that fully custom cabinets are a small portion of the U.S. market (5-10 percent) while respondents stated custom cabinets account for 20 percent of the market, stock cabinets account for 60 percent and semi-custom cabinets account for 20 percent. [7]

Most responding U.S. producers (30 of 50) reported that there has been a significant change in the product range, product mix, and/or marketing of WCVs since January 1, 2016, while most importers (64 of 93) reported that there has not been a significant change. Among the firms reporting a change, several firms reported a shift toward simpler styles (particularly shaker style doors) and an increase in the demand for painted product (particularly white), as well as a wider variety of paint colors and coatings. Several firms reported an increase in the demand for frameless cabinets and lower-priced RTA products (which are produced primarily in China).

Apparent U.S. consumption of WCVs increased by 11.0 percent in terms of quantity and 11.3 percent in terms of value between 2016 and 2018. U.S. producers reported a decrease in the quantity of their shipments of 2.0 percent during this time, but an increase in the value of

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[1] Petition, p. 8.

[2] Petition, p. 9.

[3] Petition, p. 28. R&R is sometimes referenced as 'replace and remodel,' or 'renovation and restoration.'

[4] Conference transcript, p. 23 (Brightbill).

[5] Conference transcript, p. 22 (Brightbill). Petitioners described semi-custom cabinets as stock cabinets that are modified in some way. Conference transcript, p. 62 (Wellborn). Respondents described semi-custom cabinets as made-to-order cabinets from a broad set of options. Conference transcript, p. 124 (Graff).

[6] Conference transcript, pp. 63-64 (Sabine).

[7] Conference transcript, p. 64 (Allen) and p. 125 (Graff).

their shipments of 3.6 percent. Subject import shipments increased in both quantity and value terms, by 46.6 percent and 56.7 percent, respectively, between 2016 and 2018.

CHANNELS OF DISTRIBUTION

U.S. producers and importers of Chinese WCVs reported selling to all four specified channels during 2016-18 (table II-1). U.S. producers reported selling a plurality to retailers, while subject importers reported selling a plurality to designers/dealers. Importers from nonsubject countries reported selling the large majority of their WCVs to retailers.

Table II-1
WCVs: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2016-18

Item	Calendar year		
	2016	2017	2018
	Share of reported shipments (percent)		
U.S. producers' U.S. commercial shipments of WCVs:			
Distributors	14.0	13.8	13.6
Designers/dealers	31.0	31.0	32.2
Retailers	40.0	39.1	37.0
End users	15.0	16.1	17.2
U.S. importers' U.S. commercial shipments of WCVs from China:			
Distributors	15.7	15.6	15.4
Designers/dealers	32.4	31.1	32.5
Retailers	28.2	28.6	27.6
End users	23.6	24.6	24.5
U.S. importers' U.S. commercial shipments of WCVs from all other countries:			
Distributors	***	***	***
Designers/dealers	***	***	***
Retailers	***	***	***
End users	***	***	***
U.S. importers' U.S. commercial shipments of WCVs from all countries:			
Distributors	***	***	***
Designers/dealers	***	***	***
Retailers	***	***	***
End users	***	***	***

Note: Channels data does not reflect sales of components.

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

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling WCVs to all regions in the United States, with no discernable geographic concentrations (table II-2). More than one-half of the responding U.S. producers and more than one-third of the responding importers reported

selling to all U.S. regions. For U.S. producers, 22.9 percent of sales were within 100 miles of their production facilities, 60.3 percent were between 101 and 1,000 miles, and 16.8 percent were over 1,000 miles. Importers sold 58.6 percent within 100 miles of their U.S. points of shipment, 33.4 percent between 101 and 1,000 miles, and 8.1 percent over 1,000 miles.

Table II-2
WCVs: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	40	61
Midwest	40	54
Southeast	41	63
Central Southwest	41	46
Mountain	40	46
Pacific Coast	35	51
Other[1]	17	17
All regions (except Other)	28	35
Reporting firms	50	89

[1] All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding WCVs from U.S. producers and from China. Among responding firms, U.S. production capacity was two-and-a-half to three times larger than capacity in China during 2016-18. U.S. producers reported a decrease in capacity utilization while Chinese producers reported an increase in capacity utilization. U.S. and Chinese producers reported increased capacity, relatively low levels of inventory, and little ability to switch production from alternate products to WCVs.

Table II-3
WCVs: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (units)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2018 (percent)		Able to shift to alternate products
Country	2016	2018	2016	2018	2016	2018	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	59,733,601	61,864,938	58.9	55.6	1.5	1.5	99.3	0.7	5 of 50
China	19,446,030	25,421,430	56.3	76.5	2.6	2.3	20.5	3.1	3 of 101

Note.--Responding U.S. producers accounted for more than half of U.S. production of WCVs in 2018. Responding foreign producer/exporter firms accounted for more than half of U.S. imports of WCVs from China during 2018. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of WCVs have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced WCVs to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors mitigating the responsiveness of supply include the limited availability of inventories, a limited ability to shift shipments from alternate markets, and a limited ability to shift production to or from alternate products.

U.S. producers' overall capacity increased while their total production decreased between 2016 and 2018, leading to a decrease in capacity utilization. U.S. producers' inventories remained low and unchanged during 2016-18. Domestic producers also reported very low levels of export shipments, equivalent to less than 1 percent of total shipments in 2018. Relatively few U.S. producers (5 of 50) reported being able to shift production from other products to WCVs. The five firms reporting an ability to shift production reported producing the following products on the same equipment as WCVs: hospitality furniture; outdoor cabinets made from a marine-grade polymer; office furniture, vanities and cabinets not corresponding to merchandise in the scope, seating, and upholstered products; architectural products, and window and door components.

Subject imports from China

Based on available information, Chinese producers of WCVs have the ability to respond to changes in demand with moderate changes in the quantity of shipments of WCVs to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of unused capacity. Factors mitigating the responsiveness of supply include the limited availability of inventories, a limited ability to shift shipments from alternate markets, and a limited ability to shift production to or from alternate products.

Chinese producers' overall capacity increases were outpaced by production increases, leading to an increase in capacity utilization from 2016 to 2018. Chinese producers reported

exporting to a wide variety of markets including ***. Three firms reported an ability to shift production on the same equipment as WCVs; reported other products include: office furniture, chairs and tables, interior doors, bedroom furniture, decorative solid wood moldings, mirror and picture frames. Factors affecting foreign producers' ability to shift production include demand, the types of customers, machinery upgrades, and considerable time and money needed to retool equipment and retrain workers. Chinese producer *** reported that it would take 8 to 10 weeks and cost around $50,000 to change its production flow layout for new products.

Imports from nonsubject sources

Nonsubject imports accounted for 27.5 percent of responding importers' value of total U.S. imports during 2018. The most frequently listed nonsubject import sources during 2016-18 were Vietnam (listed by 6 firms), Canada, Italy, and Mexico (2 firms each), and Taiwan (1 firm). As a share of the value of apparent U.S. consumption, nonsubject imports increased from 5.2 percent in 2016 to 6.2 percent in 2018.

Supply constraints

Most U.S. producers (46 of 50) and importers (68 of 93) reported that they have not refused, declined, or been unable to supply WCVs since January 1, 2016. Among the four U.S. producers reporting supply constraints, one reported that it declined to supply a small percentage of its customers due to credit concerns; one reported that it declined an order because it was unable to deliver within the requested time (60 days); one reported being unable to accept new customers due to a labor shortage; and one reported turning down new projects while it increases manufacturing capacity. Among importers, firms reported the following supply constraints:

- Chinese inventory management problems – 4 firms
- Chinese government regulations or policies (typically related to the environment) – 4 firms
- Long factory lead times – 4 firms
- General (unspecified) supply problems – 3 firms
- Natural disasters or climate-related shipping delays – 3 firms
- Chinese holidays (New Year) – 2 firms
- Port delays/issues – 2 firms
- Short term demand rush due to tariffs on Chinese product – 2 firms
- Shipping delays due to trade tensions – 1 firm
- Inability to supply within requested timeline – 1 firm
- Inability to supply requested quantity – 1 firm
- Inability to supply specific product type – 1 firm
- Supply chain problems – 1 firm
- Capacity problems – 1 firm

- Raw material shortages (alder and maple) – 1 firm

U.S. demand

Based on available information, the overall demand for WCVs is likely to experience small-to-moderate changes in response to changes in price. Demand for WCVs derives from new residential construction and demand for renovation and remodeling. Purchases of WCVs for a kitchen or bathroom remodel is a discretionary purchase. According to an industry study conducted by the Freedonia Group, ***.[8] The main contributing factor to this level of responsiveness is the limited use of substitute products.

End uses

U.S. demand for WCVs depends on demand for new residential construction as well as in R&R.[9] WCVs are used as decorative storage primarily in single-family homes, but also in multi-family housing units (i.e. apartment or condominium buildings) as well as commercial, industrial, and public buildings (such as office buildings, hotels, and libraries). The most frequently reported specific end uses were kitchen cabinets and bathroom vanities. Other reported uses were utility storage (such as in a garage, laundry room, or mudroom), as well as in bars, bedroom closets, or as entertainment centers or bookshelves.

Business cycles

Most U.S. producers (35 of 49) and a considerable minority of importers (40 of 92) reported that the market for WCVs was subject to business cycles. Most of the firms reporting business cycles indicated that the WCVs market follows seasonal construction trends, with higher demand in the spring, summer, and fall, and lower demand in the winter. In general, demand for WCVs used in new homes tends to increase during the warmer months (commonly March/April through October/November), with several firms noting that sales are higher in the fall (after the framing of a new home has taken place). Others noted that general economic trends – including interest rates – can influence the WCVs market, and that tax refunds tend to drive the increase in spring sales, mostly for the R&R market.

Most responding firms (39 of 49 U.S. producers and 72 of 92 importers) reported that the WCVs market is not subject to distinct conditions of competition. Among the U.S. producers that did report distinct conditions of competition, most cited an increase in the availability of lower-priced imports, particularly Chinese imports. One U.S. producer also cited population movements from northern states to southern states as a distinct condition of competition, and another U.S. producer cited "lead times, quality, {and} style." Among importers that reported distinct conditions of competition, several cited greater demand for consumer-focused

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[8] Freedonia Group, *Cabinets Market in the U.S., 10th Edition*, September 2017, ***. Petitioners postconference brief, Exh. 2 and Ad Hoc Coalition of Cabinet Importers postconference brief, Exh. 2.

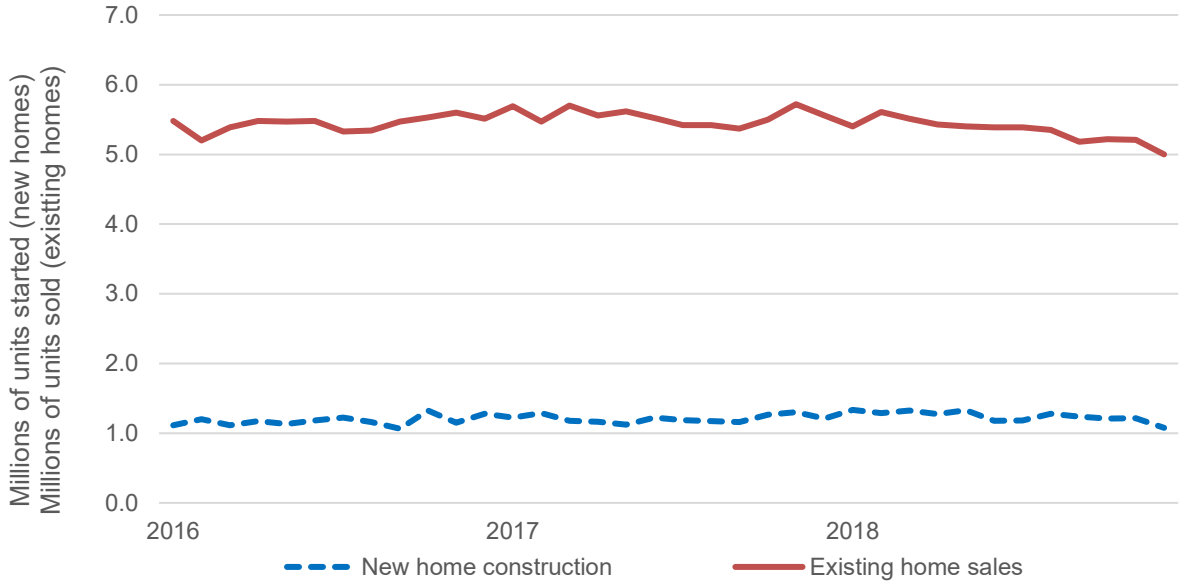
[9] Petition, p. 28.

conveniences, most notably shorter lead times, but also style and color availability, ease of experience/ordering, personalization, and flexibility. One importer also cited growth in the R&R market creating more demand for in-stock (as opposed to produced-to-order) product, and another cited an increase in domestic producers' purchasing of Chinese components.

Demand trends

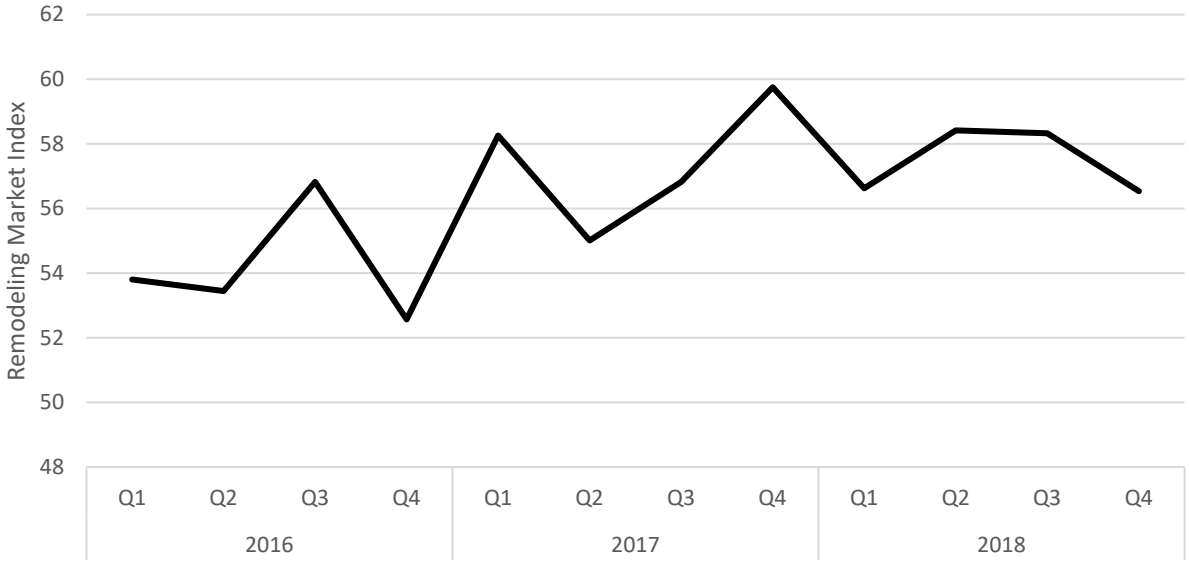
As shown in figures II-1 and II-2, new home construction and existing home sales were relatively steady but declined overall between January 2016 and December 2018, while the remodeling market index for the R&R market increased between the first quarter of 2016 and the last quarter of 2018. The number of new privately owned housing units started decreased by 3 percent and the number of existing home sales decreased by 9 percent between January 2016 and December 2018. The remodeling market index increased by 5 percent between the first quarter of 2016 and the last quarter of 2018.

Figure II-1
Home construction and sales: New privately owned housing units started, seasonally adjusted, monthly; existing home sales, seasonally adjusted annual rate, monthly, January 2016-December 2018



Sources: Census Bureau, http://www.census.gov/construction/nrc/historical_data/index.html; National Association of Realtors, http://www.realtor.org/topics/existing-home-sales; retrieved March 7, 2019.

Figure II-2
Remodeling market index,[1] quarterly, January 2016-December 2018



[1] The remodeling market index (RMI) is an average of two major component indices: current market conditions and future market indicators. For more on the components and methodology of RMI, see https://www.nahb.org/en/research/housing-economics/housing-indexes/remodeling-market-index.aspx.

Source: National Association of Homebuilders, https://www.nahb.org/en/research/housing-economics/housing-indexes/remodeling-market-index.aspx, retrieved March 7, 2019.

Most U.S. producers and importers reported an increase in U.S. demand for WCVs since January 1, 2016 (table II-4). Pluralities also reported an increase in demand for WCVs outside the United States. Most firms cited growth in the housing market and general economic growth as explanations for the increase in demand. Several U.S. producers also stated that imports from China have captured a large portion of this demand increase.

Table II-4
WCVs: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	44	3	1	2
Importers	72	5	4	16
Demand outside the United States				
U.S. producers	2	1	1	1
Importers	12	6	2	9

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

Impacts of section 301 investigation and tariffs

U.S. producers and importers were asked a series of questions related to the U.S. implementation of duties on WCVs from China pursuant to the U.S. Trade Representative's (USTR) investigation of Chinese trade practices under Section 301 of the Trade Act of 1974.[10] First, firms were asked whether their business and/or the WCVs market in the United States as a whole had been impacted by the announcements and duties. Most responding U.S. producers (25 of 37) reported that the announcements and subsequent implementation did not have an impact on the WCVs market, 12 report it had, and 13 did not know. Most responding importers (72 of 85), on the other hand, reported that the announcement and subsequent implementation of the 301 tariffs had an impact on the WCVs market, 13 reported it had not, and 8 did not know.

Firms were then asked to assess the impact of the announcement and subsequent implementation of the 301 tariffs on demand, supply, prices, and raw material costs. As shown in table II-5, most U.S. producers reported that the announcement and tariffs did not change the demand or supply for WCVs in the U.S. market, but that they increased the prices for the raw materials used to make them. Regarding the impact on prices of WCVs themselves, an equal number of U.S. producers reported an increase as reported that there was no change. Among importers, a plurality of firms reported that the announcement and tariffs decreased demand in the U.S. market, while the next most firms reported that it did not change demand. Most importers reported that the announcement and tariffs did not change the supply of WCVs, while a majority reported that the announcement and tariffs increased the price of WCVs as well as the raw materials used to make them.

[10] On June 20, 2018, USTR provided notice of initial action in the Section 301 investigation into the acts, policies, and practices of the Chinese government related to technology transfer, intellectual property, and innovation, imposing a 25 percent ad valorem duty on certain products from China. *See Request for Comments Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellection Property, and Innovation*, 83 Fed. Reg. 33608 (July 17, 2018). . On September 21, 2018, notice was published in the Federal Register that additional products, including those imported under HTS statistical reporting number 9403.40.90 ("Furniture (o/than seats) of wood (o/than bentwood) nesoi of a kind used in the kitchen & not design. for motor vehicle use"), would be subject to a 10 percent ad valorem duty, and that the duty will increase to 25 percent on or after January 1, 2019. *See Notice of Modification of Section 301 Action: China's Acts Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 Fed. Reg. 47974 (Sept. 21, 2018). On December 19, 2018, notice was published in the Federal Register amending the effective date of the duty increase to March 2, 2019. *See Modification of Section 301 Action: China's Acts Policies, and Practices Related to Technology Transfer, Intellectual Property Rights, and Innovation*, 83 Fed. Reg. 65,198 (Dec. 19, 2018). On March 5, 2019, notice was published in the Federal Register of a further delay in the duty increase "until further notice." *See Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 Fed. Reg. 7966 (March 5, 2019).

Table II-5
WCVs: U.S. producers' and importers' responses regarding the impact of the 301 investigation and tariffs

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
U.S. producers				
Demand	2	21	4	4
Supply	3	21	2	4
Prices	13	13	3	2
Raw material costs	18	7	1	4
Importers				
Demand	12	25	28	15
Supply	14	30	26	7
Prices	65	7	3	4
Raw material costs	43	15	---	12

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

Substitute products

The large majority of responding firms (47 of 50 U.S. producers and 85 of 90 importers) reported that there are no substitutes for WCVs. Three U.S. producers identified metal cabinets as a substitute, and one identified "tables {and} shelves" as a substitute in kitchens and baths. Three importers also mentioned metal cabinets, frames, vanities, and bases as substitutes, while one listed non-wood cabinets, and one listed "shelving" as substitutes.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported WCVs depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically produced WCVs and WCVs imported from China. A primary factor affecting substitutability is that most domestic product is produced-to-order and sold fully assembled while most subject imports are sold from inventory in RTA flat packs with shorter lead times. Other factors affecting substitutability include quality, selection, and brand preference.

Lead times

Most WCVs sold by U.S. producers are produced-to-order, while most importers sell from inventory. U.S. producers reported that 72.0 percent of their commercial shipments were produced-to-order, with lead times averaging 22 days, while importers reported that 18.8 percent of their commercial shipments were produced-to-order, with lead times averaging 61.6 days. Importers reported that 77.3 percent of their commercial shipments were from inventory, with lead times averaging 6.4 days, while U.S. producers reported that 28.0 percent of their commercial shipments were from inventory, with lead times averaging 14.0 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[11] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for WCVs (table II-6). The major purchasing factors identified by firms were price (cited by 11 firms), quality (10 firms), service (4 firms), and lead time (3 firms). Price was the most frequently identified first-most important factor, and was tied with quality as most frequently identified second-most important factor. Service was the most frequently identified third-most important factor.

Table II-6
WCVs: Ranking of factors used in purchasing decisions, as reported by purchasers, by factor

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Price	5	4	2	11
Quality	4	4	2	10
Service	---	1	3	4
Lead time	1	---	2	3
All other factors[1]	6	2	5	13

[1] Other factors included all wood product, availability, construction, delivery, manufacturing capability, market value, production times, relationship, and supply source.

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

Comparison of U.S.-produced and imported WCVs

In order to determine whether U.S.-produced WCVs can generally be used in the same applications as imports from China, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-7, most U.S. producers reported that U.S. and Chinese product can “always” be used interchangeably, while most importers reported that U.S. and Chinese product can either “always” or “frequently” be used interchangeably.

[11] This information is compiled from responses by purchasers identified by the petitioners to the lost sales lost revenue allegations. See Part V for additional information.

Table II-7
WCVs: Interchangeability between WCVs produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	30	18	---	1	27	28	22	7
Nonsubject countries comparisons:								
U.S. vs. nonsubject	19	19	2	1	18	22	13	3
China vs. nonsubject	14	13	1	---	15	21	14	1

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

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

In explaining the factors that limit interchangeability, one U.S. producer reported that cabinet components are less interchangeable than the flat or assembled cabinets and vanities, and another U.S. producer reported that very few countries other than China offer products for sale in the United States with any measurable frequency. One U.S. producer also indicated that a wider variety of offerings by domestic producers limits interchangeability with Chinese product, since Chinese products "are all fixed on style, color, construction, and hardware," and have a limited number of sizes. Among importers, one firm reported that the domestic RTA market has limited color and size selection, while another firm reported that U.S. producers do not offer RTA products. Three importers reported that no other country aside from China offers the kinds of products that the U.S. market demands. One importer reported that Chinese product serves the mid-range market, while U.S. product serves the high-end market. Several importers also reported that the lower prices of Chinese WCVs make them less interchangeable with domestic product.

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of WCVs from the United States, subject, or nonsubject countries. As seen in table II-8, most U.S. producers reported that differences other than price were "sometimes" significant when comparing U.S. and Chinese product, U.S. and nonsubject product, and Chinese and nonsubject product. Most importers reported that differences other than price were "always" significant when comparing U.S. and Chinese product, and pluralities of importers reported that differences other than price were "always" significant when comparing U.S. and nonsubject product as well as Chinese and nonsubject product.

Table II-8
WCV: Significance of differences other than price between WCVs produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	4	1	27	17	44	27	11	2
Nonsubject countries comparisons:								
U.S. vs. nonsubject	3	1	25	11	18	16	12	1
China vs. nonsubject	---	---	17	9	15	13	14	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Few U.S. producers elaborated on their response, although one U.S. producer reported that U.S. producers typically make products to-order, while Chinese product is sold from inventory, and one U.S. producer/importer reported that U.S. producers do not offer components for sale because they use them in their own operations. Among importers, several firms reported that Chinese product is typically of the RTA variety (while U.S. produced product is usually produced-to-order), which has a shorter lead time but a more limited selection. Several importers reported that Chinese product is of higher quality due to the use of plywood as opposed to particle board (as in the United States). One importer also reported that country-of-origin and brand preferences are important non-price factors.

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 subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of 50 firms that accounted for most U.S. production of WCVs during 2018.

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to 121 firms based on information contained in the petition. Fifty firms provided usable data on their production operations.[1] Staff believes that these responses represent most known U.S. production of WCVs in 2018.[2] Table III-1 lists U.S. producers of WCVs, their production locations, positions on the petition, and shares of total reported sales of full WCV units and share of reported total U.S. shipments.

[1] Four firms *** only reported U.S. shipments of cabinet components. They did not produce full WCV units during 2016-18.

[2] As discussed in part I, the petitioner, the American Kitchen Cabinet Alliance, stated that their members and Masco Corporation accounted for approximately *** percent of U.S. shipments of WCVs in 2017. The Commission received a questionnaire response from all the American Kitchen Cabinet Alliance members, Masco Corporation, and other U.S. producers. Based on these calculations, Commission staff believes that the 50 responses represent most U.S. production of WCVs in 2018.

Table III-1
WCVs: U.S. producers of WCV, their positions on the petition, production locations, and shares of reported sales, 2018

Firm	Position on petition	Production location(s)	Share of US sales (percent)	Producer of full units	Merchant producer of components
ACPI	Petitioner	Thompsontown, PA Mt Union, PA	***	***	***
All Wood	***	Bartow, FL	***	***	***
Alpine	***	Timnath, CO	***	***	***
American Woodmark	Petitioner	Cumberland, Maryland Gas City, Indiana Humboldt, Tennessee Jackson, Georgia Kingman, Arizona Monticello, Kentucky	***	***	***
Avon	Petitioner	Bradenton, FL	***	***	***
Bellmont	Petitioner	Sumner, WA	***	***	***
Bertch	Petitioner	Waterloo, IA Jesup, IA Oelwein, IA	***	***	***
Bishop	Petitioner	Montgomery, AL	***	***	***
Bridgewood	***	Chanute, KS	***	***	***
Cabinetry 1	***	Chanute, KS	***	***	***
Cabinets 2000	Petitioner	Norwalk, CA	***	***	***
Canyon Creek	***	Monroe, WA	***	***	***
Conestoga	***	East Earl, Pa Kenly, NC Beavertown, PA Beaver Springs, PA Kent, WA	***	***	***

Table continued on next page.

Table III-1--Continued
WCVs: U.S. producers of WCV, their positions on the petition, production locations, and shares of reported sales, 2018

Firm	Position on petition	Production location(s)	Share of US sales (percent)	Producer of full units	Merchant producer of components
Corsi	Petitioner	Indianapolis IN Elkins WV	***	***	***
Crystal	Petitioner	Princeton, MN	***	***	***
Dura Supreme	Petitioner	Howard Lake, MN Pierz	***	***	***
Grandview	Petitioner	Parsons, KS Cherryvale, KS	***	***	***
Hardware	***	Bossier City, LA	***	***	***
Hilton	***	Phoenix, AZ	***	***	***
Indiana	***	Logansport, IN	***	***	***
Kimball	***	Jasper, IN	***	***	***
Kitchen Kompact	Petitioner	Jeffersonville, IN	***	***	***
Koch	Petitioner	Seneca, Ks Hiawatha, Ks Whitesburg, TN Topeka, Ks	***	***	***
Kountry	Petitioner	Nappanee, IN	***	***	***
Lanz	Petitioner	Eugene, OR	***	***	***
Leedo	Petitioner	East Bernard, TX El Campo, TX	***	***	***
Legacy	***	Eastaboga, AL	***	***	***
Marsh	Petitioner	High Point	***	***	***
Masco	***	Middlefield, OH Duncanville, TX Culpeper, VA Mt. Sterling, KY Sayre, PA Mt. Jackson, VA	***	***	***
Master WoodCraft	Petitioner	Marshall, TX Jefferson, TX	***	***	***

Table continued on next page.

Table III-1--Continued
WCVs: U.S. producers of WCV, their positions on the petition, production locations, and shares of reported sales, 2018

Firm	Position on petition	Production location(s)	Share of US sales (percent)	Producer of full units	Merchant producer of components
Masterbrand	Petitioner	Arthur, IL Ferdinand, IN Goshen, IN Grants Pass, OR Huntingburg, IN Jasper, IN	***	***	***
Medallion	Petitioner	Aurora, CO Waconia, MN Culver, IN Independence, OR Mifflingburg, PA	***	***	***
Mid-America	Petitioner	Gentry, AR	***	***	***
Nations	Petitioner	San Antonio TX	***	***	***
Olympia	***	Salt Lake City, UT	***	***	***
Republic	***	Marshall, TX	***	***	***
Showplace	Petitioner	Harrisburg, SD Beresford, SD	***	***	***
Signature	***	Ephrata. Pa	***	***	***
Smart	Petitioner	New Paris, IN	***	***	***
Sollid	***	Tempe, AZ	***	***	***
Southern Finishing	***	Stoneville, NC Martinsville, VA Kingman	***	***	***
Spencer	***	Monroe, WA	***	***	***
Tru-Wood	Petitioner	Ashland, AL Lineville, AL	***	***	***

Table continued on next page.

Table III-1--Continued
WCVs: U.S. producers of WCV, their positions on the petition, production locations, and shares of reported sales, 2018

Firm	Position on petition	Production location(s)	Share of US sales (percent)	Producer of full units	Merchant producer of components
Wellborn	Petitioner	Ashland, AL	***	***	***
Wellborn Forest	Petitioner	Alexander City, AL	***	***	***
Wisenbaker	***	Hillsboro, Texas	***	***	***
Woodcraft	***	St. Cloud, MN Foreston, MN Greenville, PA Molalla, OR Orwell, OH Wahpeton, ND	***	***	***
Woodland	Petitioner	Sisseton, SD	***	***	***
Woodmont	Petitioner	Dallas, TX Cedar Hill, TX	***	***	***
WW Wood	Petitioner	Dudley, MO	***	***	***
Total			***	46	9

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of WCVs. No U.S. producers are related to Chinese producers of the subject merchandise while four U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, nine U.S. producers directly imported the subject merchandise and eleven firms purchased the subject merchandise from U.S. importers.

Table III-2
WCVs: U.S. producers' ownership, related and/or affiliated firms, 2018

* * * * * * *

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2016. Two firms reported plant openings; five firms reported plant closings; 20 firms reported expansions; eight firms reported acquisitions; one firm reported a consolidation; 11 firms reported prolonged shutdowns or curtailments; three firms reported revised labor agreements; and ten firms reported other changes in operations.

Table III-3
WCVs: U.S. producers' reported changes in operations, since January 1, 2016

* * * * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. From 2016 to 2018, U.S. producers' annual production capacity increased by 3.6 percent, with the majority of the increase occurring from 2016 to 2017. Three companies ***, accounted for *** of the overall increase. Among the 46 responding U.S. producers that manufactured full WCV units, 43 firms either increased their production capacity or maintained the same level of production capacity during 2016-18. Production capacity for the 12 largest responding U.S. producers increased by 2.8 percent from 2016 to 2018. These firms accounted for 87.7 percent, 87.6 percent, and 87.1 percent of all responding U.S. producers' production capacity in 2016, 2017, and 2018, respectively. According to the petitioner, the increase in production capacity reflects investments made by several U.S. producers earlier in the period of investigation that were based on projections of strong U.S. demand for WCVs.[3]

U.S. producers' production increased by 1.2 percent from 2016 to 2017, but then decreased by 3.4 percent in 2018, ending 2.3 percent lower in 2018 than in 2016. *** accounted for just over *** percent of the total decrease in production during this period. Although 30 out of 46 responding U.S. producers of full WCV units reported more production in 2018 than in 2016, the increase in these firms' production was offset by the decrease in *** production. Production for the 12 largest responding U.S. producers decreased by 4.0 percent from 2016 to 2018. These producers accounted for 87.3 percent, 86.7 percent, and 85.7 percent of all responding U.S. producers' production in 2016, 2017, and 2018, respectively.

U.S. producers' capacity utilization decreased from 58.9 percent in 2016 to 57.8 percent in 2017 and to 55.6 percent in 2018. Of the 46 companies that reported production of full WCV units, 30 reported lower capacity utilization in 2018 than in 2016. Some U.S. producers' production increased at a slower rate than production capacity while many other U.S. producers experienced a decrease in production despite production capacity increasing or remaining constant. Average capacity utilization largely reflects the average capacity utilization of the 12 largest responding U.S. producers, which was lower than the average capacity utilization of all other firms in 2016, 2017, and 2018.

[3] Petitioner's postconference brief, answers to staff questions, p. 29; conference transcript pp. 80-81 (Allen); conference transcript p. 82 (Sabine); conference transcript, pp. 83-84 (Miller).

Table III-4
WCVs: U.S. producers' production, capacity, and capacity utilization, 2016-18

Item	Calendar year		
	2016	2017	2018
	Capacity (units)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12 (by production)	52,401,838	53,911,255	53,890,021
All other firms	7,331,763	7,663,619	7,974,917
Total capacity	59,733,601	61,574,874	61,864,938
	Production (units)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12 (by production)	30,705,352	30,864,756	29,479,247
All other firms	4,483,317	4,729,054	4,910,014
Total production	35,188,669	35,593,810	34,389,261

Table continued on next page.

Table III-4--Continued
WCVs: U.S. producers' production, capacity, and capacity utilization, 2016-18

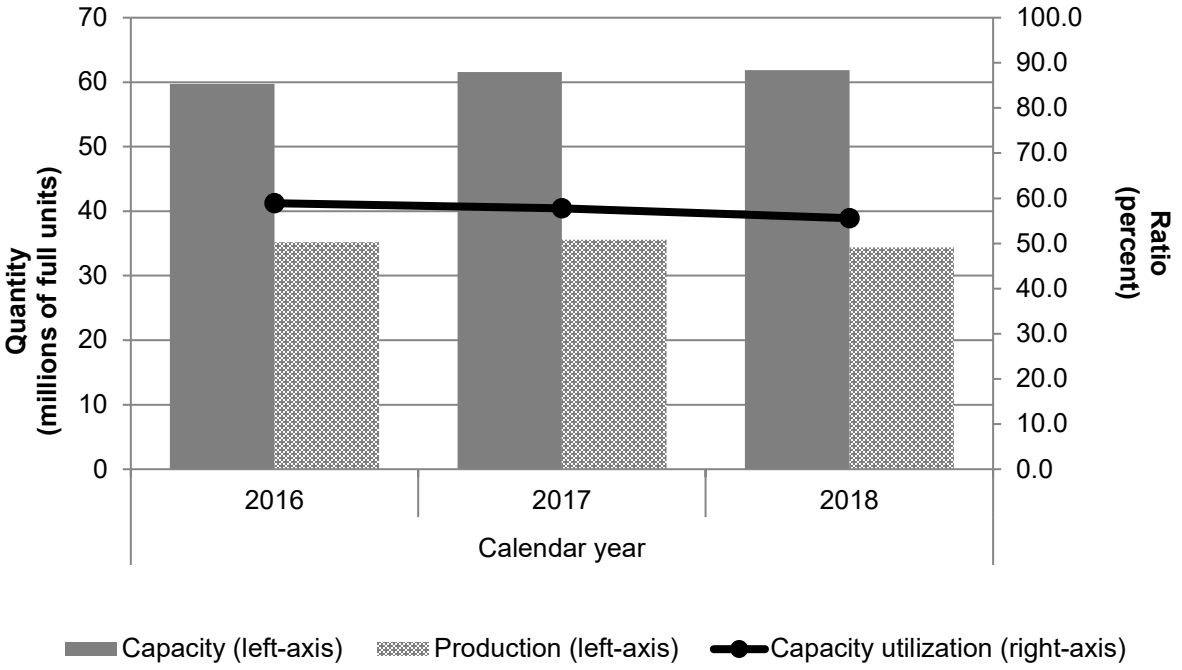
Item	Calendar year		
	2016	2017	2018
	Capacity utilization (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12 (by production)	58.6	57.3	54.7
All other firms	61.1	61.7	61.6
Average capacity utilization[1]	58.9	57.8	55.6

[1] Commission staff believes that U.S. producers' production capacity is overstated in 2016, 2017, and 2018 because *** based their production capacity on the number of shifts that they historically operated, not on the number of shifts they actually operated during the period of investigation. Consequently, Commission staff believes that U.S. producers' average capacity utilization is understated throughout 2016-18.

Note.— ***. Production capacity and production data are for full WCV units only. The Commission only collected shipment data, by value, for components.

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

Figure III-1
WCVs: U.S. producers' production, capacity, and capacity utilization, 2016-18



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

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORTS

Table III-5 presents U.S. producers' U.S. shipments and export shipments of full WCV units, by value and quantity, and U.S. shipments of components by value. By value,[4] U.S. producers' U.S. shipments of full WCV units and components accounted for more than 99.0 percent of their total shipments of full WCV units and components throughout 2016-18. Full WCV units accounted for over 93.0 percent of total U.S. shipments, by value, in each year during 2016-18. From 2016 to 2018, the value of U.S. shipments of full WCV units and the value of U.S. shipments of components increased by *** percent and *** percent, respectively. The majority of the increase in the value of U.S. shipments of full WCV units and the value of U.S. shipments of components occurred from 2016 to 2017. Thirty-five out of 46 U.S. producers of full WCV units reported higher values of U.S. shipments of full WCV units in 2018 than in 2016.

[4] As discussed in part I, the official import statistics do not provide quantity data for imports classified under HTS statistical reporting numbers 9403.40.9060, 9403.60.8081, and 9403.90.7080. Furthermore, quantity data for the various WCV components that are subject to these investigations cannot be reliably collected with a single unit of measurement. Consequently, the Commission only collected value data for U.S. producers' commercial U.S. shipments of components, making value the closest data that is co-extensive with the scope of these investigations. Due to these factors, value is the primary metric used to analyze trends in the U.S. producers' shipment data, although quantity data for full WCV units are included as reported in the questionnaire responses.

Seven out of the 9 U.S. producers that had U.S. shipments of components reported a higher value of such shipments in 2018 than in 2016.

By quantity, U.S. shipments accounted for over 98.9 percent of all U.S. shipments of full WCV units in each year during 2016-18. The quantity of U.S. shipments of full WCV units increased by 1.1 percent from 2016 to 2017, but then decreased by 3.1 percent in 2018, ending 2.0 percent lower in 2018 than in 2016. Although 31 of the 46 U.S. producers that produced full WCV units reported more U.S. shipments, by quantity, in 2018 than 2016, those firms' increases were entirely offset by the decrease in *** U.S. shipments of full WCV units over the same period.

Table III-5
WCVs: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
U.S. shipments.--			
Full units	6,751,228	6,973,352	6,991,939
Components	453,713	469,078	470,980
Both full units and components	7,204,941	7,442,430	7,462,919
Export shipments	56,815	42,834	33,880
Total shipments	7,261,756	7,485,264	7,496,799
	Quantity (units)		
U.S. shipments	34,916,303	35,309,923	34,208,322
Export shipments	***	***	***
Total shipments	***	***	***
	Unit value (dollars per full unit)		
U.S. shipments	193	197	204
Export shipments	***	***	***
Total shipments	***	***	***
	Share of value (percent)		
U.S. shipments.--			
Full units	93.0	93.2	93.3
Components	6.2	6.3	6.3
Both full units and components	99.2	99.4	99.6
Export shipments	0.8	0.6	0.4
Total shipments	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. shipments	***	***	***
Export shipments	***	***	***
Total shipments	100.0	100.0	100.0

Note. — The Commission collected quantity and value data for U.S. producers' U.S. shipments and exports of full WCV units. However, the Commission only collected value data for U.S. producers' U.S. shipments and exports of components. Consequently, the average unit value data is only for U.S. producers' U.S. shipments and exports of full WCV units.

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

The average unit value of U.S. producers' U.S. shipments of full WCV units increased from $193 per unit in 2016 to $197 per unit in 2017 and to $204 per unit in 2018. There was some variance in the unit values reported by responding U.S. producers. Seventeen firms reported a unit value under $200 per unit, 13 firms reported a unit value between $200 and $300 per unit, and 16 firms reported a unit value greater than $300 per unit. U.S. producers' average unit value was driven by *** U.S. shipments of full WCV units, which accounted for *** percent of all U.S. shipments of full WCV units. These firms' unit values ranged from $*** per cabinet to $*** per cabinet during 2016-18. According to the petitioner, the firm-by-firm variance in unit values may be attributed, in part, to product mix.[5] The petitioner notes that wood type, features, sizing, and finishes can impact the value of a cabinet or vanity.[6] Furthermore, the petitioner states that unit values for WCVs increase as higher-value inputs, such as thicker plywood, and higher-value features, such as soft-close hinges, are incorporated into the production process.[7]

U.S. producers' export shipments of full WCV units, by value, accounted for less than one percent of U.S. producers' total shipments in each full year. Six firms reported export shipments with *** accounting for over *** percent of total export shipments, by value, in each year during 2016-18. The value of export shipments of full WCV units decreased by 24.6 percent from 2016 to 2017, and by 20.9 percent in 2018, ending 40.4 percent lower in 2018 than in 2016.

By quantity, export shipments of full WCV units accounted for *** percent, *** percent, and *** percent of total U.S. shipments of full WCV units in 2016, 2017, and 2018, respectively. The quantity of U.S. producers' export shipments of full WCV units decreased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent lower in 2018 than in 2016. *** had the largest share of export shipments, by quantity, accounting for over *** percent throughout 2016-18. All six producers that exported full WCV units reported fewer such shipments, by quantity, in 2018 than in 2016. The average unit value of export shipments of full WCV units increased from $*** per unit in 2016 to $*** per unit in 2017, but then decreased to $*** per unit in 2018. All six firms exported to ***. *** also exported to the ***.

U.S. producers' U.S. shipments of WCVs by type

Table III-6 presents U.S. producers' U.S. shipments of full cabinets and vanities by type during 2016-18. From 2016 to 2018, the value of U.S. producers' U.S. shipments of fully-assembled WCVs increased by 3.7 percent, with the majority of the increase occurring from 2016 to 2017. Thirty-four out of the 45 U.S. producers that shipped fully assembled WCVs in the United States reported a higher value of such shipments in 2018 than in 2016. Conversely, the value of U.S. producers' U.S. shipments of ready-to-assemble ("RTA") flat pack WCVs decreased by 11.2 percent from 2016 to 2018, with the majority of the decrease occurring from 2017 to

[5] Petitioners' postconference brief, answers to staffs' questions, p. 30.
[6] Ibid.
[7] Ibid.

2018. Although 4 out of the 5 firms that shipped RTA flat pack WCVs during 2016-18 reported a higher value of such shipments in 2018 than in 2016, the increase in the value of those firms' shipments was entirely offset by the decrease in the value of *** U.S. shipments of RTA flat pack WCVs.

Table III-6
WCVs: U.S. producers' U.S. shipments of full cabinets by type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. producers U.S. shipments.-- Fully assembled	6,709,865	6,932,536	6,955,224
RTA flat pack	41,363	40,816	36,715
All product types	6,751,228	6,973,352	6,991,939
	Quantity (units)		
U.S. producers U.S. shipments.-- Fully assembled	34,365,521	34,776,444	33,793,265
RTA flat pack	550,782	533,479	415,057
All product types	34,916,303	35,309,923	34,208,322
	Unit value (dollars per units)		
U.S. producers U.S. shipments.-- Fully assembled	195	199	206
RTA flat pack	75	77	88
All product types	193	197	204
	Share of value (percent)		
U.S. producers U.S. shipments.-- Fully assembled	99.4	99.4	99.5
RTA flat pack	0.6	0.6	0.5
All product types	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. producers U.S. shipments.-- Fully assembled	98.4	98.5	98.8
RTA flat pack	1.6	1.5	1.2
All product types	100.0	100.0	100.0

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

By quantity, the vast majority of U.S. producers' U.S. shipments of WCVs was fully assembled WCVs. A representative from Master WoodCraft Cabinetry, a member of the American Kitchen Cabinet Alliance, noted that their customers want WCVs that are fully assembled and installed in the kitchen.[8] Furthermore, a representative from Kountry Wood, another member of the American Kitchen Cabinet Alliance, stated that their customers never request RTA flat pack cabinets.[9] The quantity of U.S. producers' U.S. shipments of fully assembled WCVs increased by 1.2 percent from 2016 to 2017, but then decreased by 2.8 percent in 2018, for an overall decrease of 1.7 percent during 2016-18. While 30 out of 50 U.S. producers reported more U.S. shipments of fully assembled WCVs between 2016 and 2018, the increase in those firms' shipments was nearly offset by the decrease in *** shipments of fully assembled WCVs.

The quantity of U.S. shipments of RTA flat pack WCVs decreased by *** percent from 2016 to 2018. This decrease largely reflects *** RTA flat pack WCV shipments, which offset the increase in other firms' shipments of RTA flat pack WCVs. The average unit value of U.S. shipments of fully assembled WCVs was more than double the average unit value of U.S. shipments of RTA flat pack WCVs in each year during 2016-18.

U.S. producers' U.S. shipments of components by type

Table III-7 presents U.S. producers' commercial U.S. shipments of components by type. Doors accounted for the largest share of commercial U.S. shipments of components in 2018 (*** percent), followed by other components (*** percent), and drawers (13.8 percent). Commercial U.S. shipments of doors, drawers, and back and end panels were higher in 2018 than in 2016 while commercial U.S. shipments of boxes were lower. Commercial U.S. shipments of frames increased from 2016 to 2017, but returned to 2016 levels in 2018. Nine of the 50 responding U.S. producers reported commercial U.S. shipments of components during 2016-18, with *** accounting for over *** percent of such shipments in each year during 2016-18.

[8] Conference transcript, p. 69 (Trexler).
[9] Conference transcript, p. 70 (Miller).

Table III-7
WCVs: U.S. producers' U.S. shipments of components by type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. producers commercial U.S. shipments.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	59,106	64,426	65,033
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components	453,713	469,078	470,980
	Share of value (percent)		
U.S. producers commercial U.S. shipments.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	13.0	13.7	13.8
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components	100.0	100.0	100.0

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

U.S. PRODUCERS' INVENTORIES

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** Fluctuating year to year, U.S. producers' end-of-period inventories increased by *** percent from 2016 to 2017, but then decreased by *** percent in 2018, ending *** percent lower in 2018 than in 2016. Twenty-seven firms reported inventories during 2016-18, with *** accounting for over *** percent of all inventories in each year during 2016-18. The ratio of U.S. producers' inventories to their production and U.S. shipments were between 1.5 and 1.6 percent during 2016-18.

Table III-8
WCVs: U.S. producers' inventories, 2016-18

Item	Calendar year		
	2016	2017	2018
	Quantity (units)		
U.S. producers' end-of-period inventories	547,104	552,107	509,231
	Ratio (percent)		
Ratio of inventories to.--			
U.S. production	1.6	1.6	1.5
U.S. shipments	1.6	1.6	1.5
Total shipments	1.5	1.6	1.5

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-9 presents data for U.S. producers' U.S. imports of WCVs and components. Eight U.S. producers imported WCVs from China during 2016-18. Among those firms, 7 imported full WCV units and one, ***, imported components. In each year during 2016-18, the ratios of *** imports from China to their U.S. shipments were under *** percent. The ratios of *** imports from China to their U.S. shipments reached a high of *** percent and *** percent, respectively, in 2017. The ratio of *** U.S. imports from China to its U.S. shipments ranged from *** percent to *** percent during 2016-18. The ratio of *** imports from China to its U.S. shipments was over *** percent in each year during 2016-18.

Five U.S. producers imported WCVs from nonsubject sources during 2016-18. The ratios of *** U.S. imports from nonsubject sources to their U.S. shipments were under *** percent in each year during 2016-18. *** imported WCVs from nonsubject sources only in 2018 and the ratio of its U.S. imports from China to its U.S. production in that year was *** percent. The ratio of *** U.S. imports from nonsubject sources to its U.S. shipments ranged from *** percent in 2016 to *** percent in 2018. The ratio of *** U.S. imports from nonsubject sources to its U.S. shipments ranged from *** percent in 2018 to *** percent in 2017. Eleven U.S. producers purchased WCVs that were produced in the United States or in other countries during 2016-18.

Table III-9
WCVs: U.S. producers' U.S. shipments and imports, 2016-18

* * * * * * *

Five U.S. producers imported WCVs from nonsubject sources during 2016-18. The ratios of *** U.S. imports from nonsubject sources to their U.S. shipments were under *** percent in each year during 2016-18. *** imported WCVs from nonsubject sources only in 2018 and the ratio of its U.S. imports from China to its U.S. production in that year was *** percent. The ratio of *** U.S. imports from nonsubject sources to its U.S. shipments ranged from *** percent in 2016 to *** percent in 2018. The ratio of *** U.S. imports from nonsubject sources to its U.S. shipments ranged from *** percent in 2018 to *** percent in 2017. Eleven U.S. producers purchased WCVs that were produced in the United States or in other countries during 2016-18.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-10 presents U.S. producers' employment-related data during 2016-18. The number of production-related workers ("PRWs") increased by 2.6 percent from 2016 to 2017, but then decreased by 0.9 percent in 2018, ending 1.7 percent higher in 2018 than in 2016. Thirty-four out of 50 U.S. producers of WCVs and components reported an increase in the number of PRWs from 2016 to 2018. Productivity decreased from 491.5 units per 1,000 hours in 2016 to 467.6 units per 1,000 hours in 2018, with the majority of the decrease occurring from 2017 to 2018. Unit labor costs increased by 2.6 percent from 2016 to 2017 and by 10.1 percent in 2018, ending 13.0 percent higher in 2018 than in 2016.

Table III-10
WCVs: U.S. producers' employment related data, 2016-18

Item	Calendar year		
	2016	2017	2018
Production and related workers (PRWs) (number)	33,400	34,255	33,961
Total hours worked (1,000 hours)	71,594	72,489	73,549
Hours worked per PRW (hours)	2,144	2,116	2,166
Wages paid ($1,000)	1,145,896	1,188,658	1,264,714
Hourly wages (dollars per hour)	$16.01	$16.40	$17.20
Productivity (units per 1,000 hours)	491.5	491.0	467.6
Unit labor costs (dollars per units)	$32.56	$33.40	$36.78

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

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 84 firms believed to be importers of subject WCVs, as well as to all known U.S. producers of WCVs.[1] Usable questionnaire responses were received from 93 companies,[2] representing 63.0 percent of U.S. imports of full WCV units from China, by value, in 2018 under HTS subheading 9403.40.9060.[3] Table IV-1 lists all responding U.S. importers of WCVs from China and other sources, their locations, and their shares of U.S. imports in 2018.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of ***, may have accounted for more than 0.5 percent of total imports from China and from all other sources under HTS statistical reporting number 9403.40.9060 in 2018.

[2] *** certified they have not imported WCVs since 2016. U.S. importer questionnaire responses from *** were not received in time to be incorporated into the staff report. The Commission received four U.S. importer questionnaire responses which were omitted due to data concerns.

[3] Based upon the scope set forth by the Department of Commerce, the merchandise subject to these investigations are imported under statistical reporting numbers 9403.40.9060, 9403.60.8081, and 9403.90.7080 of the Harmonized Tariff Schedule of the United States ("HTS"). However, the vast majority of WCVs are believed to enter into the United States under HTS subheading 9403.40.9060. See also Petitioners' postconference brief, p. 20 and p. 25.

Table IV-1
WCVs: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports value by source (percent)			Importers of full units (count)	Importers of components (count)
		China	Nonsubject sources	All import sources		
21st Century	Moorestown, NJ	***	***	***	***	***
6 Square	Edina, MN	***	***	***	***	***
A1 Cabinet	Lincoln, NE	***	***	***	***	***
ACProducts	The Colony, TX	***	***	***	***	***
Adornus	Doral, FL	***	***	***	***	***
Affordable Home	Chanute, KS	***	***	***	***	***
Aline	Mokena, IL	***	***	***	***	***
All Wood	Bartow, FL	***	***	***	***	***
American Woodmark	Winchester, VA	***	***	***	***	***
Anaheim	Anaheim, CA	***	***	***	***	***
APRO	Casselberry, FL	***	***	***	***	***
Bathtrends	Doral, FL	***	***	***	***	***
BGI	Acworth, GA	***	***	***	***	***
Brokering	Glasgow, KY	***	***	***	***	***
Builder Supply	Madison, TN	***	***	***	***	***
Cabinets Direct	Beltsville, MD	***	***	***	***	***
Cabinets TO Go	Lawrenceburg, TN	***	***	***	***	***
Casa	Rancho Cucamonga, CA	***	***	***	***	***
Casework	San Leandro, CA	***	***	***	***	***
China Stone	South El Monte, CA	***	***	***	***	***
Choice	Bedford Heights, OH	***	***	***	***	***
Chung Hua	Flushing, NY	***	***	***	***	***
Clark	East Sparta, OH	***	***	***	***	***
Classic	Mount Crawford, VA	***	***	***	***	***
CNC	Melbourne, FL	***	***	***	***	***
CNC Associates	South Plainfield, NJ	***	***	***	***	***
Craftmark	Rancho Cucamonga, CA	***	***	***	***	***
Design and Stone	Phoenix, AZ	***	***	***	***	***
Design Element	Rancho Cucamonga, CA	***	***	***	***	***
Direct Import	Cleveland, OH	***	***	***	***	***
East Front	Norfolk, VA	***	***	***	***	***

Table continued on the next page.

Table IV-1--Continued
WCVs: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports value by source (percent)			Importers of full units (count)	Importers of components (count)
		China	Nonsubject sources	All import sources		
East Star	San Francisco, CA	***	***	***	***	***
Ecowood	Springfield, VA	***	***	***	***	***
Eucucina	Doral, FL	***	***	***	***	***
Fabuwood	Newark, NJ	***	***	***	***	***
Foremost	East Hanover, NJ	***	***	***	***	***
Furniture Style Vanities	Dallas, TX	***	***	***	***	***
FX Cabinets	City Of Industry, CA	***	***	***	***	***
Golden Home	Cranbury, NJ	***	***	***	***	***
GoldenHome	City Of Industry, CA	***	***	***	***	***
Grand JK	Kent, WA	***	***	***	***	***
Grand JKC	City Of Industry, CA	***	***	***	***	***
Green Forest	Chesapeake, VA	***	***	***	***	***
Greencastle	South El Monte, CA	***	***	***	***	***
GreenStar	New York, NY	***	***	***	***	***
HDI	Pinellas Park, FL	***	***	***	***	***
Highland	Phoenix, AZ	***	***	***	***	***
Hilton	Phoenix, AZ	***	***	***	***	***
HMS	San Fernando, CA	***	***	***	***	***
Home Depot	Atlanta, GA	***	***	***	***	***
Home Meridian	High Point, NC	***	***	***	***	***
Hornings	Hegins, PA	***	***	***	***	***
IE	Earth City, MO	***	***	***	***	***
Jarlin	Fort Lauderdale, FL	***	***	***	***	***
JK 10 Cabinetry	Denver, CO	***	***	***	***	***
JK 8	Pompano Beach, FL	***	***	***	***	***
JK2 Georgia	Norcross, GA	***	***	***	***	***
JK Cabinetry	Westbury, NY	***	***	***	***	***
JSI	Fall River, MA	***	***	***	***	***
KCD	Raleigh, NC	***	***	***	***	***
Kimball	Jasper, IN	***	***	***	***	***
Kitchen and Beyond	Hilo, HI	***	***	***	***	***
KZ Kitchen	San Jose, CA	***	***	***	***	***

Table continued on the next page.

Table IV-1--Continued
WCVs: U.S. importers, their headquarters, and share of total imports by source, 2018

Firm	Headquarters	Share of imports value by source (percent)			Importers of full units (count)	Importers of components (count)
		China	Nonsubject sources	All import sources		
Lily Ann	Adrian, MI	***	***	***	***	***
Madeli	Miami, FL	***	***	***	***	***
Major Kitchen	Brooklyn, NY	***	***	***	***	***
Masco	Ann Arbor, MI	***	***	***	***	***
MasterBrand	Jasper, IN	***	***	***	***	***
Milzen	Oakland, CA	***	***	***	***	***
Modular	Lakewood, NJ	***	***	***	***	***
Mstone	Lagrange, GA	***	***	***	***	***
Multi Family	Charlotte, NC	***	***	***	***	***
NGY	Chino, CA	***	***	***	***	***
NKB	Concord, NC	***	***	***	***	***
Northtimber	Foxboro, MA	***	***	***	***	***
Ove Decors	Laval, QC	***	***	***	***	***
PCTC	Anaheim, CA	***	***	***	***	***
PF Sales	Philadelphia, PA	***	***	***	***	***
Ronbow	Livermore, CA	***	***	***	***	***
RTA	Dallas, TX	***	***	***	***	***
Sandi	Chino, CA	***	***	***	***	***
Shekia	Edison, NJ	***	***	***	***	***
Skyline	Farmers Branch, TX	***	***	***	***	***
Skyview	Maspeth, NY	***	***	***	***	***
Snaidero	Torrance, CA	***	***	***	***	***
Solid Wood	Levittown, PA	***	***	***	***	***
Spectrum	Syosset, NY	***	***	***	***	***
Stone Denver	Denver, CO	***	***	***	***	***
Stone Florida	Cutler Bay, FL	***	***	***	***	***
Sunco	South Easton, MA	***	***	***	***	***
Water	Ontario, CA	***	***	***	***	***
Wolf	Virginia Beach, VA	***	***	***	***	***
Woodcraft	St. Cloud, MN	***	***	***	***	***
Total		***	***	***	***	***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. IMPORTS[4]

Table IV-2 and figure IV-1 present data for U.S. imports of WCVs from China and all other sources. Imports of full WCV units from China accounted for 73.0 percent of U.S. imports from all sources (by value) in 2018, an increase from 69.0 percent in 2016. During 2016-18, U.S. imports of full WCV units from China increased by 57.4 percent, by value. Overall, U.S. imports of full WCV units as well as U.S. imports of components experienced similar upward trends by value. Combined, U.S. imports of full WCV units and components from China increased by 22.9 percent from 2016 to 2017 and by 27.5 percent from 2017 to 2018, by value. While the average unit value of U.S. imports of WCVs from China increased by 7.0 percent from 2016 to 2018, (from $57 to $61 per unit), it was consistently lower than average unit values from nonsubject sources in each year during 2016-18. The average unit value of U.S. imports of WCVs from nonsubject sources experienced different trends and decreased from $91 in 2016 to $77 in 2017, and then increased to $139 in 2018. The ratio of U.S. imports of WCVs from China to U.S. production increased from 45.6 percent in 2016 to 68.4 percent in 2018. In contrast, the ratio of U.S. imports of WCVs from nonsubject sources to U.S. production fluctuated year-on-year, increasing from 12.8 percent in 2016 to 17.4 percent in 2017, and then decreasing to 11.1 percent in 2018.

[4] Data presented in this section for full units were derived from official import statistics. Data for components were obtained from questionnaire responses to the Commission.

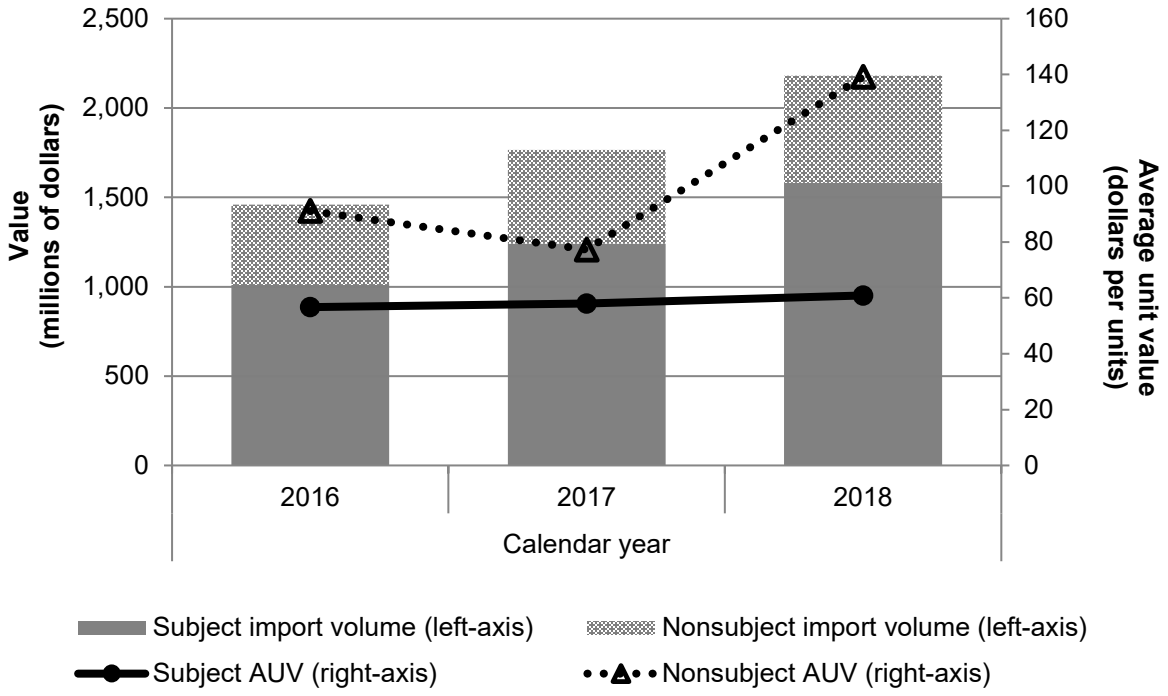
Table IV-2
WCVs: U.S. imports by source, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value of full units (1,000 dollars)		
U.S. imports from.--			
China	909,508	1,125,030	1,431,518
Nonsubject sources	409,307	477,868	529,592
All import sources	1,318,815	1,602,898	1,961,110
	Value of components (1,000 dollars)		
U.S. imports from.--			
China	99,957	115,622	150,139
Nonsubject sources	40,536	47,354	69,712
All import sources	140,493	162,976	219,851
	Value of full units and components (1,000 dollars)		
U.S. imports from.--			
China	1,009,465	1,240,652	1,581,657
Nonsubject sources	449,843	525,222	599,304
All import sources	1,459,308	1,765,874	2,180,961
	Quantity (units)		
U.S. imports from.--			
China	16,042,068	19,408,740	23,516,893
Nonsubject sources	4,492,131	6,182,327	3,804,084
All import sources	20,534,199	25,591,067	27,320,976
	Unit value (dollars per unit)		
U.S. imports from.--			
China	57	58	61
Nonsubject sources	91	77	139
All import sources	64	63	72
	Share of value (percent)		
U.S. imports from.--			
China	69.2	70.3	72.5
Nonsubject sources	30.8	29.7	27.5
All import sources	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. imports from.--			
China	78.1	75.8	86.1
Nonsubject sources	21.9	24.2	13.9
All import sources	100.0	100.0	100.0
	Ratio to U.S. production		
U.S. imports from.--			
China	45.6	54.5	68.4
Nonsubject sources	12.8	17.4	11.1
All import sources	58.4	71.9	79.4

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Unit values are calculated using full units only (i.e., excluding the value of components).

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

Figure IV-1
WCVs: U.S. import volumes and prices, 2016-18



Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

U.S. importers' U.S. shipments

Table IV-3 presents data on U.S. importers' U.S. shipments of WCVs by product type. During 2016-18, fully assembled WCVs accounted for approximately half of all U.S. importers' U.S. shipments of WCVs from China, by value (48.9 percent in 2016, 50.3 percent in 2017, and 50.6 in 2018). U.S. importers' U.S. shipments of fully assembled WCVs increased by 50.7 percent from 2016 to 2018, by value. RTA flat packs accounted for the remainder of all U.S. importers' U.S. shipments of WCVs from China, by value (51.1 percent in 2016, 49.7 percent in 2017, and 49.4 percent in 2018). U.S. importers' U.S. shipments of WCVs RTA flat packs from China increased by 41.3 percent during 2016-18, by value. In 2016 and 2018, U.S. importers' U.S. shipments of WCVs from nonsubject sources were ***. In 2017, RTA flat packs accounted for *** percent of the U.S. importers' U.S. shipments of WCVs from nonsubject sources.

Table IV-3
WCVs: U.S. importers' U.S. shipments by product type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. importers U.S. shipments: China.-- Fully assembled	387,060	488,013	583,309
RTA flat pack	403,796	482,619	570,524
All product types	790,856	970,632	1,153,833
	Quantity (units)		
U.S. importers U.S. shipments: China.-- Fully assembled	2,545,486	3,227,869	3,822,047
RTA flat pack	4,948,878	6,255,525	7,272,106
All product types	7,494,364	9,483,394	11,094,153
	Unit value (dollars per units)		
U.S. importers U.S. shipments: China.-- Fully assembled	152	151	153
RTA flat pack	82	77	78
All product types	106	102	104
	Share of value (percent)		
U.S. importers U.S. shipments: China.-- Fully assembled	48.9	50.3	50.6
RTA flat pack	51.1	49.7	49.4
All product types	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. importers U.S. shipments: China.-- Fully assembled	34.0	34.0	34.5
RTA flat pack	66.0	66.0	65.5
All product types	100.0	100.0	100.0

Table continued on the next page.

Table IV-3--Continued
WCVs: U.S. importers' U.S. shipments by product type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. importers U.S. shipments: Nonsubject sources.--			
Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	398,424	405,423	461,950
	Quantity (units)		
U.S. importers U.S. shipments: Nonsubject sources.--			
Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	2,131,554	2,467,578	2,884,728
	Unit value (dollars per units)		
U.S. importers U.S. shipments: Nonsubject sources.--			
Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	187	164	160
	Share of value (percent)		
U.S. importers U.S. shipments: Nonsubject sources.--			
Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. importers U.S. shipments: Nonsubject sources.--			
Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	100.0	100.0	100.0

Table continued on the next page.

Table IV-3--Continued
WCVs: U.S. importers' U.S. shipments by product type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. importers U.S. shipments: All import sources.--Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	1,189,280	1,376,055	1,615,783
	Quantity (units)		
U.S. importers U.S. shipments: All import sources.--Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	9,625,918	11,950,972	13,978,881
	Unit value (dollars per units)		
U.S. importers U.S. shipments: All import sources.--Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	124	115	116
	Share of value (percent)		
U.S. importers U.S. shipments: All import sources.--Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	100.0	100.0	100.0
	Share of quantity (percent)		
U.S. importers U.S. shipments: All import sources.--Fully assembled	***	***	***
RTA flat pack	***	***	***
All product types	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. imports of components

Table IV-4 presents data on U.S. imports of components from China by type. Doors accounted for the largest share of U.S. imports of components from China in 2016 through 2018 (*** percent in 2016, *** percent in 2017, and *** percent in 2018). In 2016 and 2017, drawers accounted for the second largest share, and in 2018, boxes had the second largest share. In 2018, frames, back and end panels, and other components accounted for approximately *** percent each of imports of components from China. Similarly, doors accounted for the largest share of U.S. imports of components from nonsubject sources in 2016 through 2018 (*** percent in 2016, *** percent in 2017 and *** percent in 2018). Drawers accounted for the second highest share of U.S. imports of components from nonsubject sources. There were no U.S. imports of back and end panels and other components from nonsubject sources.

Table IV-4
WCVs: U.S. importers' U.S. imports of components, by component type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. imports from China.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: China	99,957	115,622	150,139
	Share of value (percent)		
U.S. imports from China.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: China	100.0	100.0	100.0
	Value (in $1,000)		
U.S. imports from nonsubject sources.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: Nonsubject sources	40,536	47,354	69,712
	Share of value (percent)		
U.S. imports from nonsubject sources.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: Nonsubject sources	100.0	100.0	100.0

Table continued on the next page.

Table IV-4—Continued
WCVs: U.S. importers' U.S. imports of components, by component type, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. imports from all import sources.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: All import sources	140,493	162,976	219,851
	Share of value (percent)		
U.S. imports from all import sources.-- Component: Frames	***	***	***
Component: Boxes	***	***	***
Component: Doors	***	***	***
Component: Drawers	***	***	***
Component: Back and end panels	***	***	***
Component: Other	***	***	***
All components: All import sources	100.0	100.0	100.0

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Act, as amended, as imports from a 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 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.[6] As presented in table IV-5, imports from China accounted for 76.8 percent of total imports of WCVs by value during March 2018 through February 2019.

[5] 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)).

[6] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Table IV-5
WCVs: U.S. imports in the 12-month period preceding the filing of the petition, March 2018 through February 2019

Item	March 2018 through February 2019	
	Value (in $1,000)	Share value (percent)
U.S. imports from.--		
China	849,605	76.8
Nonsubject sources	256,570	23.2
All import sources	1,106,175	100.0

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

APPARENT U.S. CONSUMPTION[7]

Table IV-6 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for WCVs. Apparent U.S. consumption of WCVs increased by 11.3 percent, by value, during 2016-18. Between 2016 and 2018, U.S. producers' U.S. shipments increased by 3.5 percent, U.S. imports from China increased by 56.7 percent, and nonsubject imports increased by 33.2 percent, respectively, by value. U.S. producers' market share of WCVs, by value, remained well above 75 percent during 2016-18, but decreased by 2.4 percentage points from 2016 to 2017, and then by 3.4 percentage points from 2017 to 2018. In comparison, the market share of U.S. imports of WCVs from China, by value, remained below 20 percent, but increased by 1.8 percentage points from 2016 to 2017 and by 2.9 percentage points from 2017 to 2018. The market share of imports of nonsubject WCVs, by value, increased from 5.2 to 5.7 percent between 2016 and 2017 and from 5.7 to 6.2 percent between 2017 and 2018.

[7] The data trends presented in this section are largely by value since official U.S. imports statistics for HTS number 9403.40.9060 are not available in quantity measures.

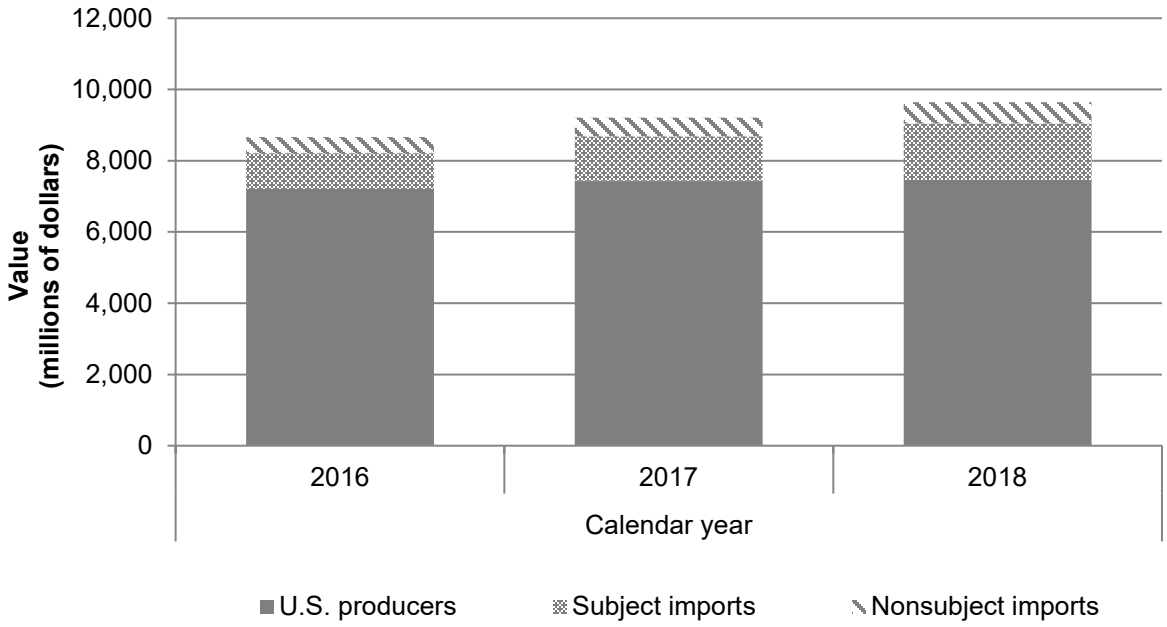
Table IV-6
WCVs: Apparent U.S. consumption and market shares, 2016-18

Item	Calendar year		
	2016	2017	2018
	Value (in $1,000)		
U.S. producers' U.S. shipments	7,204,941	7,442,430	7,462,919
U.S. imports from.--			
China	1,009,465	1,240,652	1,581,657
Nonsubject sources	449,843	525,222	599,304
All import sources	1,459,308	1,765,874	2,180,961
Apparent U.S. consumption	8,664,249	9,208,304	9,643,880
	Quantity (units)		
U.S. producers' U.S. shipments	34,916,303	35,309,923	34,208,322
U.S. imports from.--			
China	16,042,068	19,408,740	23,516,893
Nonsubject sources	4,492,131	6,182,327	3,804,084
All import sources	20,534,199	25,591,067	27,320,976
Apparent U.S. consumption	55,450,502	60,900,990	61,529,298
	Share of value (percent)		
U.S. producers' U.S. shipments	83.2	80.8	77.4
U.S. imports from.--			
China	11.7	13.5	16.4
Nonsubject sources	5.2	5.7	6.2
All import sources	16.8	19.2	22.6
	Share of quantity (percent)		
U.S. producers' U.S. shipments	63.0	58.0	55.6
U.S. imports from.--			
China	28.9	31.9	38.2
Nonsubject sources	8.1	10.2	6.2
All import sources	37.0	42.0	44.4

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Value data, presented first, is the closest data that is co-extensive with the scope of these investigations which covers both components and full units.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

Figure IV-2
WCVs: Apparent U.S. consumption, 2016-18



Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

PART V: PRICING DATA

FACTORS AFFECTING PRICES

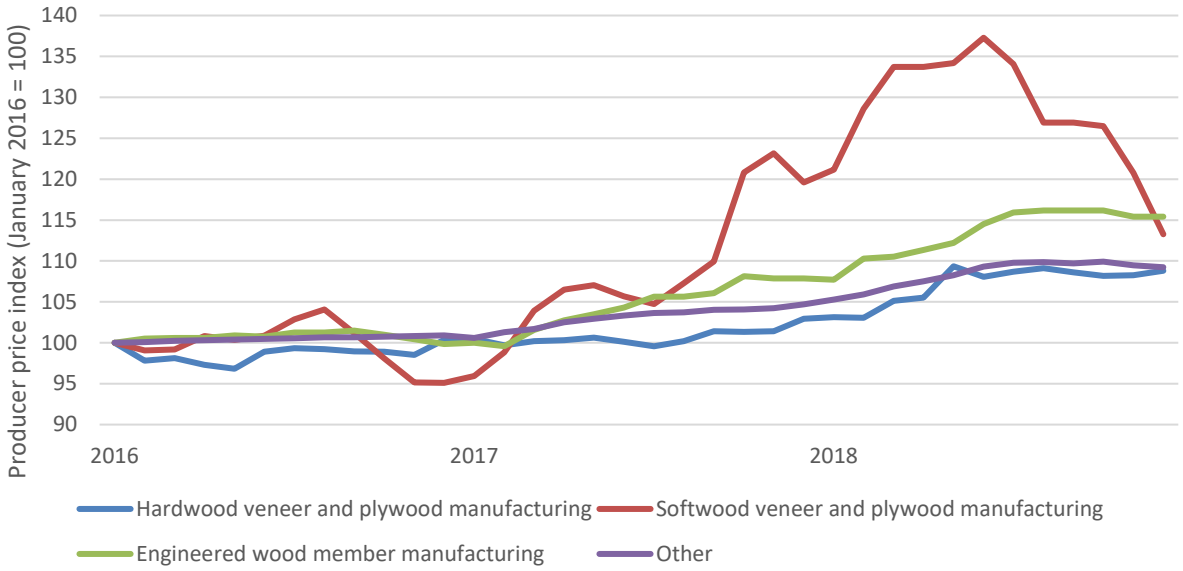
Raw material costs

WCVs are manufactured wholly or in part from wood products, including solid wood and engineered wood products (e.g. plywood, strand board, block board, particle board, or fiberboard), or bamboo.[1] WCVs may also contain non-wood material, including glass, vinyl, plastics, metal drawer slides, metal door hinges, organizing racks, dividers, shelves, Lazy Susans, or other accessories.[2] Raw materials, as a share of cost of goods sold (COGS), accounted for between 48.9 and 50.6 percent during 2016-18.

The price of wood products increased during 2016-18 (figure V-1). The prices of hardwood veneer and plywood, softwood veneer and plywood, engineered wood, and other types of wood products followed similar patterns: the price was relatively stable in 2016 through March 2017 and increased through December 2018. The price of hardwood veneer and plywood declined slightly in 2016, was relatively stable in 2017, and increased through 2018; the price of hardwood veneer and plywood increased by 9 percent overall between January 2016 and December 2018. The price of softwood veneer and plywood fluctuated a bit more dramatically over the period; the price remained within a 4 percent range from January 2016 to March 2017, increased irregularly to its peak in June 2018, and declined through December 2018; the price of softwood veneer and plywood increased by 13 percent overall between January 2016 and December 2018. The price of engineered wood also remained within a small (2 percent) range from January 2016 to March 2017, and increased steadily through December 2018; the price of engineered wood products increased 15 percent from January 2016 to December 2018.

[1] Petition, p. 8.
[2] Ibid.

Figure V-1
Producer price indices: hardwood veneer and plywood, softwood veneer and plywood, engineered wood member manufacturing, and other, 2016-18



Source: Bureau of Labor Statistics, Producer Price Index Industry Data, https://data.bls.gov/cgi-bin/dsrv?pc, retrieved March 12, 2019.

The vast majority of U.S. producers and importers reported that the cost of raw materials increased during 2016-18. Specifically, firms stated that the cost of solid wood, finishing materials, hardware, and panel products have all increased. Firms also reported that U.S. tariffs, such as the 301 duties and hardwood plywood antidumping and countervailing duties, have increased raw material costs. Many U.S. producers stated that their margins have been impacted because they are unable to increase their prices to cover the increased raw materials costs. Importer *** stated that China has imposed a 25 percent duty on all imported lumber from the United States, including maple and oak, which it uses to produce its cabinets. Many firms reported that the increased raw material cost has caused them to change wood species.

Transportation costs to the U.S. market

Transportation costs for WCVs shipped from China to the United States averaged 9.1 percent during 2018. These estimates were derived from official import data and represent the transportation and other charges on imports.[3]

[3] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2018 and then dividing by the customs value based on the HTS statistical reporting number 7303.00.0030.

U.S. inland transportation costs

Most responding U.S. producers (44 of 49) and importers (66 of 87) reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 1 to 23 percent, with the majority of responding firms reporting between 5 and 10 percent. Most importers reported costs of 1 to 20 percent, with the majority of responding firms reporting between 1 and 15 percent.[4]

PRICING PRACTICES

Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, price lists, and other methods to set prices (table V-1). Other methods included price quotes for custom projects; using discount multipliers; and using a cost calculator that takes into account size, style, and species and then adds a markup. The majority of responding U.S. producers and importers reported using set price lists.

Table V-1
WCVs: U.S. producers' and importers' reported price setting methods, by number of responding firms[1]

Method	U.S. producers	Importers
Transaction-by-transaction	11	30
Contract	17	21
Set price list	35	61
Other	6	11
Responding firms	50	91

[1] The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

U.S. producers reported that about half of their 2018 U.S. commercial shipments were on an annual or long-term contract basis, and most of the remainder were on a spot basis (table V-2). On the other hand, the vast majority of subject import shipments were sold on a spot basis.

[4] Two importers reported inland transportation costs were 44 percent of the cost of WCV, one reported 67 percent, one reported 70 percent, and one reported 75 percent.

Table V-2
WCVs: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018

Type of sale	U.S. producers	Importers
Long-term contracts	26.5	9.3
Annual contracts	23.1	6.2
Short-term contracts	9.3	5.7
Spot sales	41.1	78.8
Total	100.0	100.0

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 reported that their long-term contracts can last from just over a year to up to five years, or can be "open ended", and typically allow for price renegotiation. A majority of responding U.S. producers' annual contracts fix price or fix both price and quantity, and half of responding firms reported prices can be renegotiated during the contract. U.S. producers reported short-term contracts lasting from 30 to 270 days, and that they fix both price and quantity but do not allow price renegotiation. The majority of responding firms that sell under any type of contract do not index wooden cabinet and vanities prices to raw material prices; three U.S. producers and three importers reported indexing contracts to raw material prices, and cited the Hardwood Market Material report and the Hardwood Review Weekly as sources for indexing. U.S. producer *** stated that the Hardwood Market Material Report is used only as a reference.

Sales terms and discounts

U.S. producers quote prices on either an f.o.b. or delivered basis while a majority of responding importers typically quote prices on an f.o.b. basis. Most responding U.S. producers and importers reported offering quantity, total volume, and other discounts, including promotional discounts, discounts by customer type (e.g. distributor, dealer, contractor, retail) or project type, loyalty programs, and prompt payment terms. U.S. producer *** stated that promotions have become the "norm" in the industry, and there is tremendous pressure to have aggressive promotions to compete against lower price point products, primarily from China. U.S. producer *** stated that standard industry practice is to use set price lists and then apply a purchasing multiplier or cost factor to customers.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following WCVs products shipped to unrelated U.S. customers during 2016-18.

Product 1.-- 30" width x 24" depth x 34" height cabinet with three drawers, painted white or gray, wood construction, shaker style or flush face doors.

Product 2.-- 36" width base x 24" depth x 34" height cabinet with two doors and one drawer, painted white or gray, wood construction, shaker style or flush face doors.

Product 3.-- 30" width wall cabinet x 12" depth x 30" height with two doors, painted white or gray, wood construction, shaker style or flush face doors.

Product 4.-- 36" width x 24" depth x 34" height sink base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

Product 5.-- 30" width x 24" depth x 34" height corner cabinet with Lazy Susan, painted white or gray, wood construction, shaker style or flush face doors.

Product 6.-- 24" width x 21" depth x 34" height vanity base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

Thirty-six U.S. producers and 56 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[5] Pricing data reported by these firms accounted for approximately 1.9 percent of U.S. producers' U.S. shipments of WCVs and 2.2 percent of U.S. shipments of subject imports from China in 2018.[6] [7] [8] [9]

Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-2 to V-7. U.S. producers and importers were asked to report the share of their 2018 sales, by product, which were sold as fully assembled cabinets and as ready-to-assemble (RTA) flat packs. U.S. producers reported that nearly all of their commercial sales of products 1-6 were fully assembled while importers reported that between 65 percent and 77 percent of their commercial sales of products 1-6 were RTA flat packs.

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[5] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[6] Several firms reported retail price data, including ***. Staff has removed these confirmed retail sales from the pricing data.

[7] Importer *** reported data for product 6 that included ***. Staff removed these data due to the *** of cabinets reported within the pricing product.

[8] Importer *** reported price data for ***. See staff email with *** dated April 1, 2019. Staff has removed these data ***.

[9] Importer *** reported ***. Staff asked the company for revisions, but the revised data submitted ***. Staff has not included these data in the pricing data.

Table V-3
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	271	5,482	186	5,589	31.3
Apr.-June	293	5,940	269	4,262	8.3
July-Sept.	225	9,521	153	9,377	31.7
Oct.-Dec.	296	5,794	150	9,876	49.4
2017:					
Jan.-Mar.	298	6,276	114	17,829	61.8
Apr.-June	312	6,923	144	13,513	53.8
July-Sept.	314	7,022	255	6,123	18.7
Oct.-Dec.	311	6,668	184	10,067	40.7
2018:					
Jan.-Mar.	319	6,915	227	8,154	28.7
Apr.-June	319	8,099	229	9,324	28.4
July-Sept.	329	7,495	147	17,469	55.2
Oct.-Dec.	334	7,351	241	8,942	27.9

[1] Product 1: 30" width x 24" depth x 34" height cabinet with three drawers, painted white or gray, wood construction, shaker style or flush face doors.

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

Table V-4
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	163	21,849	179	7,441	(9.9)
Apr.-June	166	22,710	176	9,323	(5.7)
July-Sept.	174	21,789	172	10,834	0.9
Oct.-Dec.	163	25,595	170	11,376	(4.3)
2017:					
Jan.-Mar.	172	24,217	177	11,930	(3.1)
Apr.-June	173	27,702	115	4,164	33.1
July-Sept.	168	28,786	115	5,175	31.6
Oct.-Dec.	167	27,086	113	5,771	32.4
2018:					
Jan.-Mar.	165	29,449	108	6,016	34.1
Apr.-June	174	30,599	107	6,709	38.4
July-Sept.	175	30,293	112	7,026	36.0
Oct.-Dec.	166	32,414	112	7,409	32.5

[1] Product 2: 36" width base x 24" depth x 34" height cabinet with two doors and one drawer, painted white or gray, wood construction, shaker style or flush face doors.

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

Table V-5
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	85	38,004	115	4,164	(35.3)
Apr.-June	88	36,117	115	5,175	(30.3)
July-Sept.	95	32,048	113	5,771	(19.3)
Oct.-Dec.	94	32,165	108	6,016	(15.6)
2017:					
Jan.-Mar.	88	40,179	107	6,709	(22.6)
Apr.-June	89	42,326	112	7,026	(25.9)
July-Sept.	87	44,720	112	7,409	(28.8)
Oct.-Dec.	91	40,201	110	7,988	(20.6)
2018:					
Jan.-Mar.	88	41,859	106	10,013	(20.8)
Apr.-June	91	42,097	105	11,757	(15.3)
July-Sept.	92	42,033	103	11,908	(12.1)
Oct.-Dec.	90	41,294	105	11,488	(16.4)

[1] Product 3: 30" width wall cabinet x 12" depth x 30" height with two doors, painted white or gray, wood construction, shaker style or flush face doors.

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

Table V-6
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	116	43,643	155	7,285	(34.0)
Apr.-June	120	46,289	150	9,344	(25.3)
July-Sept.	123	44,800	152	9,579	(23.4)
Oct.-Dec.	122	47,063	149	9,388	(22.7)
2017:					
Jan.-Mar.	123	49,507	149	10,935	(21.5)
Apr.-June	122	57,272	151	12,661	(23.6)
July-Sept.	133	59,064	150	13,125	(13.0)
Oct.-Dec.	132	57,565	150	12,882	(14.1)
2018:					
Jan.-Mar.	132	57,135	145	15,400	(10.2)
Apr.-June	136	62,858	142	17,883	(4.1)
July-Sept.	139	62,623	139	19,288	(0.4)
Oct.-Dec.	137	60,255	144	17,877	(5.2)

[1] Product 4: 36" width x 24" depth x 34" height sink base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

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

Table V-7
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 5,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	192	12,790	241	961	(25.8)
Apr.-June	202	14,395	239	1,353	(18.4)
July-Sept.	202	13,917	232	1,428	(15.0)
Oct.-Dec.	198	14,780	228	1,412	(15.2)
2017:					
Jan.-Mar.	200	15,288	228	1,521	(14.2)
Apr.-June	206	16,921	228	1,838	(11.0)
July-Sept.	195	18,082	234	1,845	(20.4)
Oct.-Dec.	202	16,081	243	1,941	(20.5)
2018:					
Jan.-Mar.	198	16,529	211	2,129	(6.8)
Apr.-June	205	18,142	207	2,710	(1.2)
July-Sept.	197	18,461	203	2,745	(2.7)
Oct.-Dec.	199	18,316	208	2,722	(4.2)

[1] Product 5: 30" width x 24" depth x 34" height corner cabinet with Lazy Susan, painted white or gray, wood construction, shaker style or flush face doors.

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

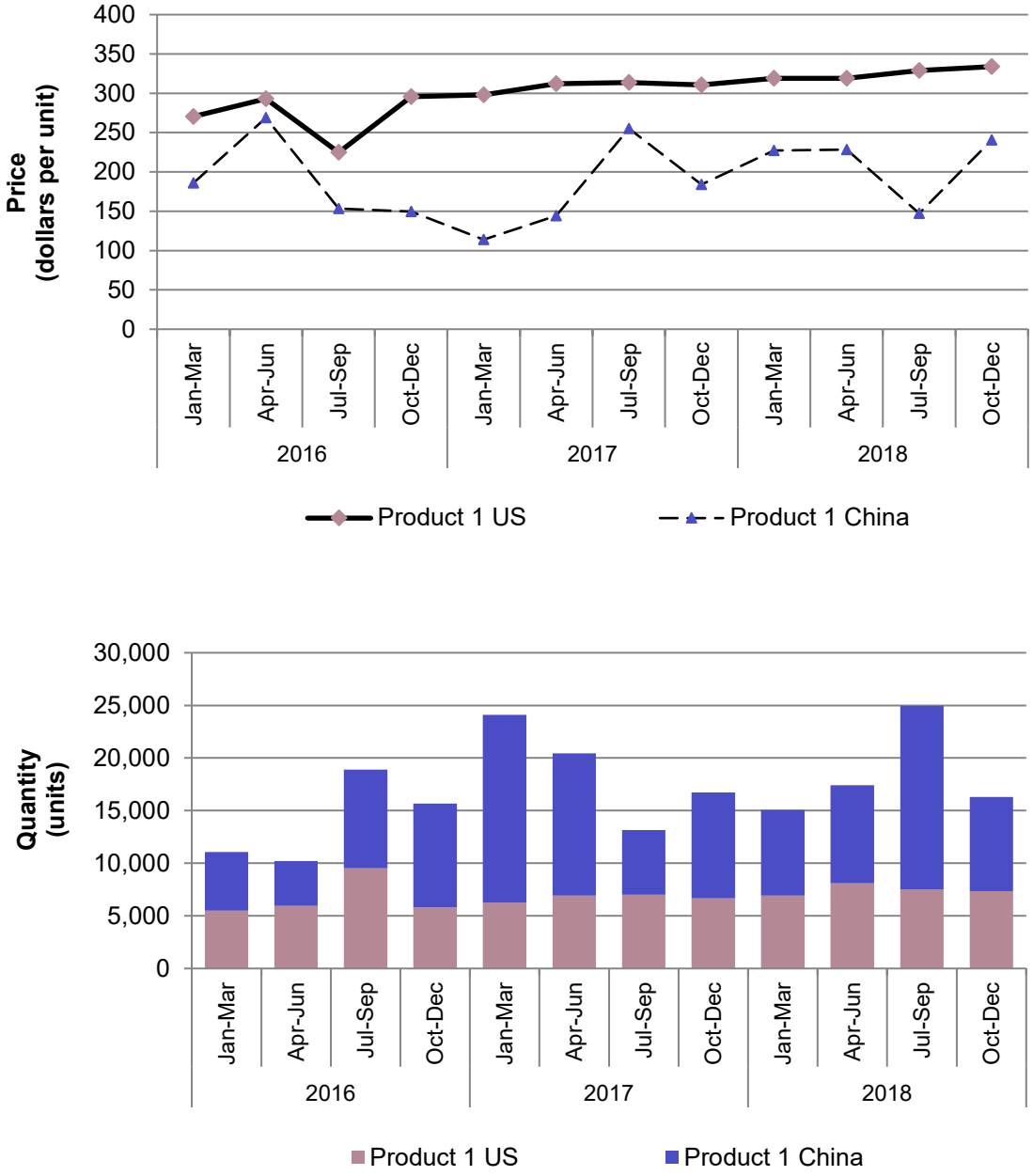
Table V-8
WCVs: Weighted-average f.o.b. prices and quantities of domestic and imported product 6,[1] and margins of underselling/(overselling), by quarters, 2016-18

Period	United States		China		
	Price (dollars per cabinet)	Quantity (cabinets)	Price (dollars per cabinet)	Quantity (cabinets)	Margin (percent)
2016:					
Jan.-Mar.	125	4,199	113	2,931	9.8
Apr.-June	124	5,661	107	4,433	13.5
July-Sept.	121	5,613	109	4,223	9.5
Oct.-Dec.	123	5,350	107	4,305	12.8
2017:					
Jan.-Mar.	125	5,613	105	4,979	15.6
Apr.-June	130	6,332	109	5,822	15.8
July-Sept.	126	6,070	106	6,391	15.5
Oct.-Dec.	132	5,310	106	6,154	19.6
2018:					
Jan.-Mar.	128	5,979	105	7,436	17.7
Apr.-June	135	7,085	103	8,699	23.9
July-Sept.	135	6,097	103	8,818	23.6
Oct.-Dec.	137	6,154	105	9,062	23.6

[1] Product 6: 24" width x 21" depth x 34" height vanity base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

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

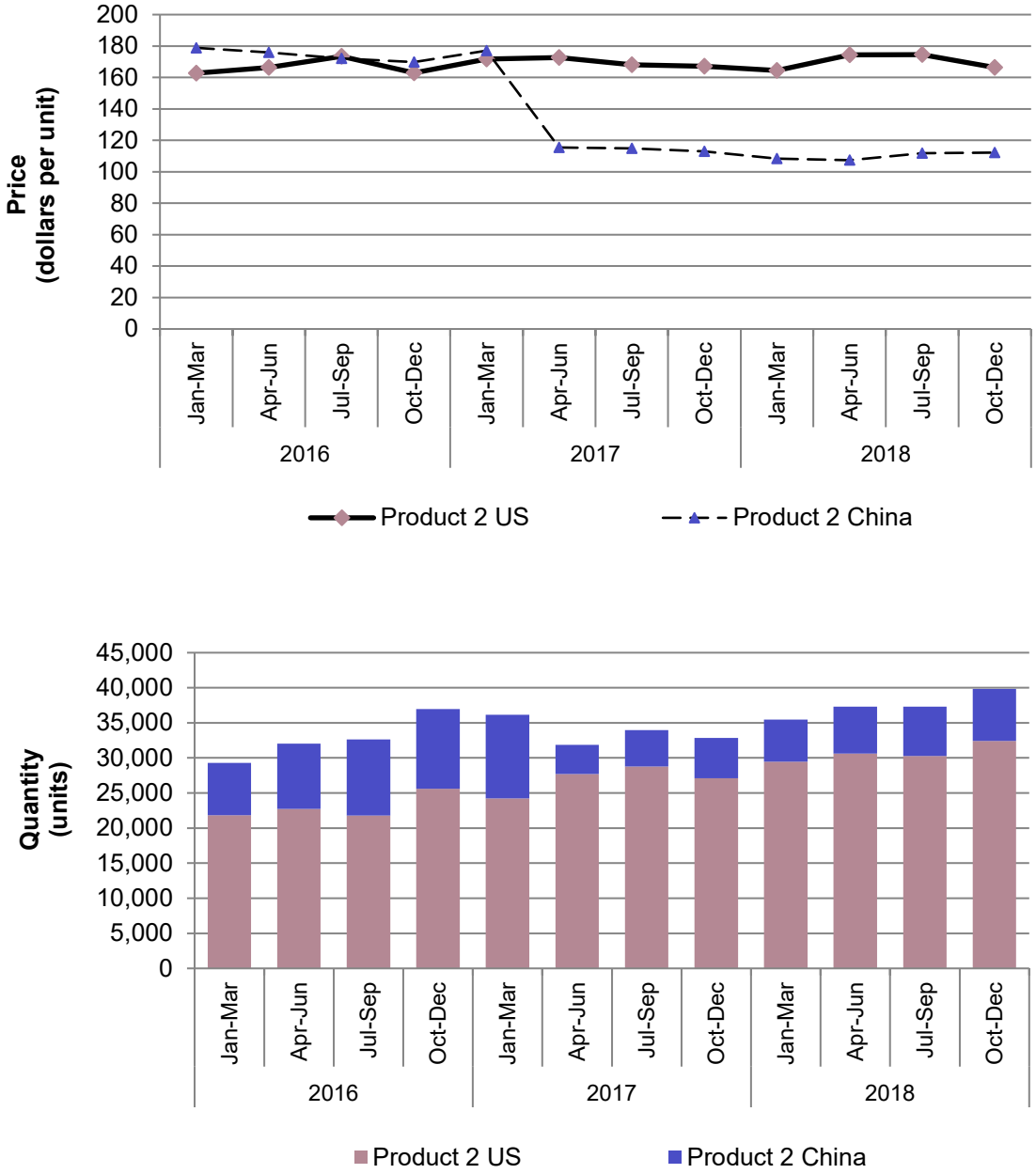
Figure V-2
WCVs: Weighted-average prices and quantities of domestic and imported product 1,[1] by quarters, 2016-18



[1] Product 1: 30" width x 24" depth x 34" height cabinet with three drawers, painted white or gray, wood construction, shaker style or flush face doors.

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

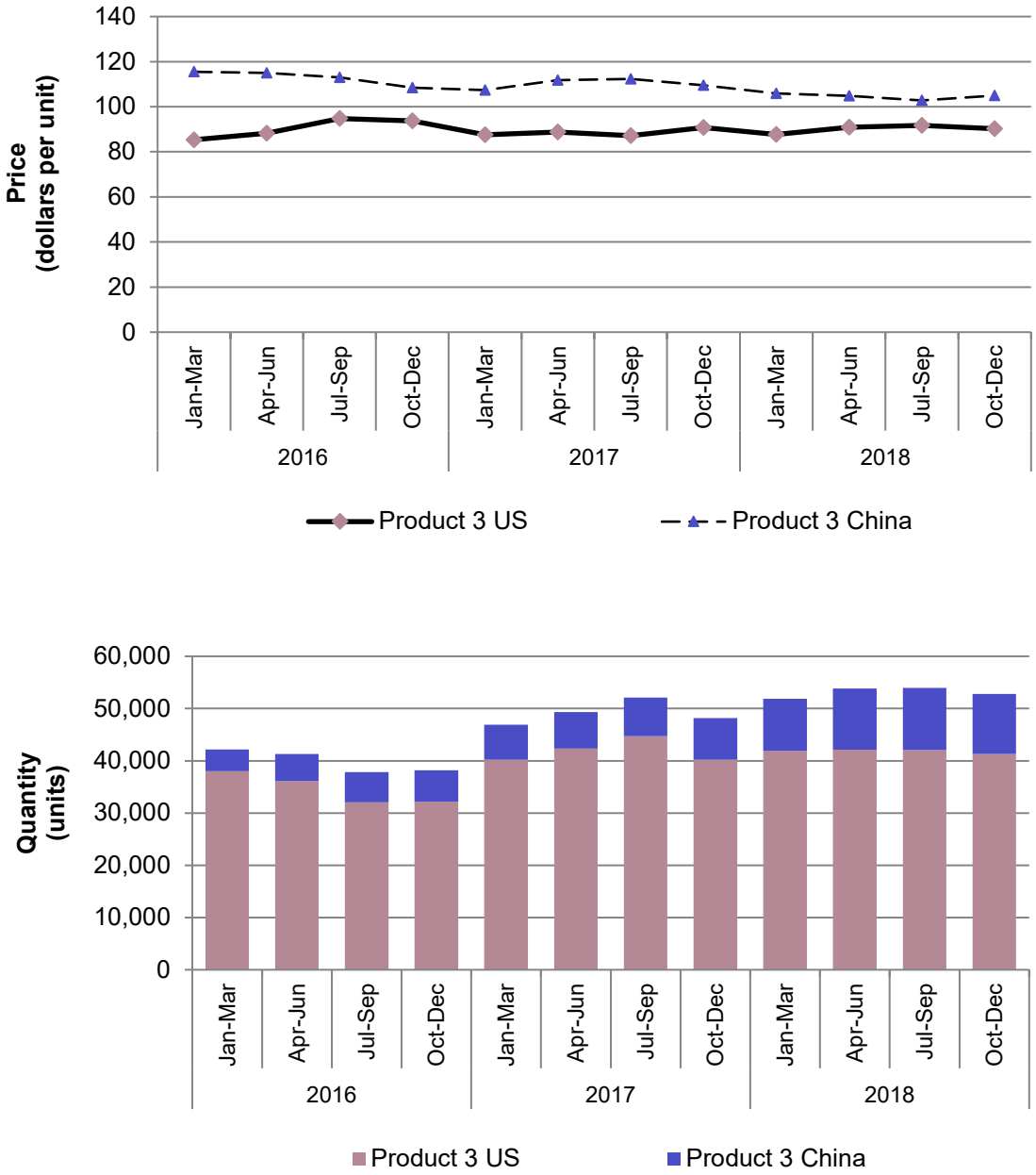
Figure V-3
WCVs: Weighted-average prices and quantities of domestic and imported product 2,[1] by quarters, 2016-18



[1] Product 2: 36" width base x 24" depth x 34" height cabinet with two doors and one drawer, painted white or gray, wood construction, shaker style or flush face doors.

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

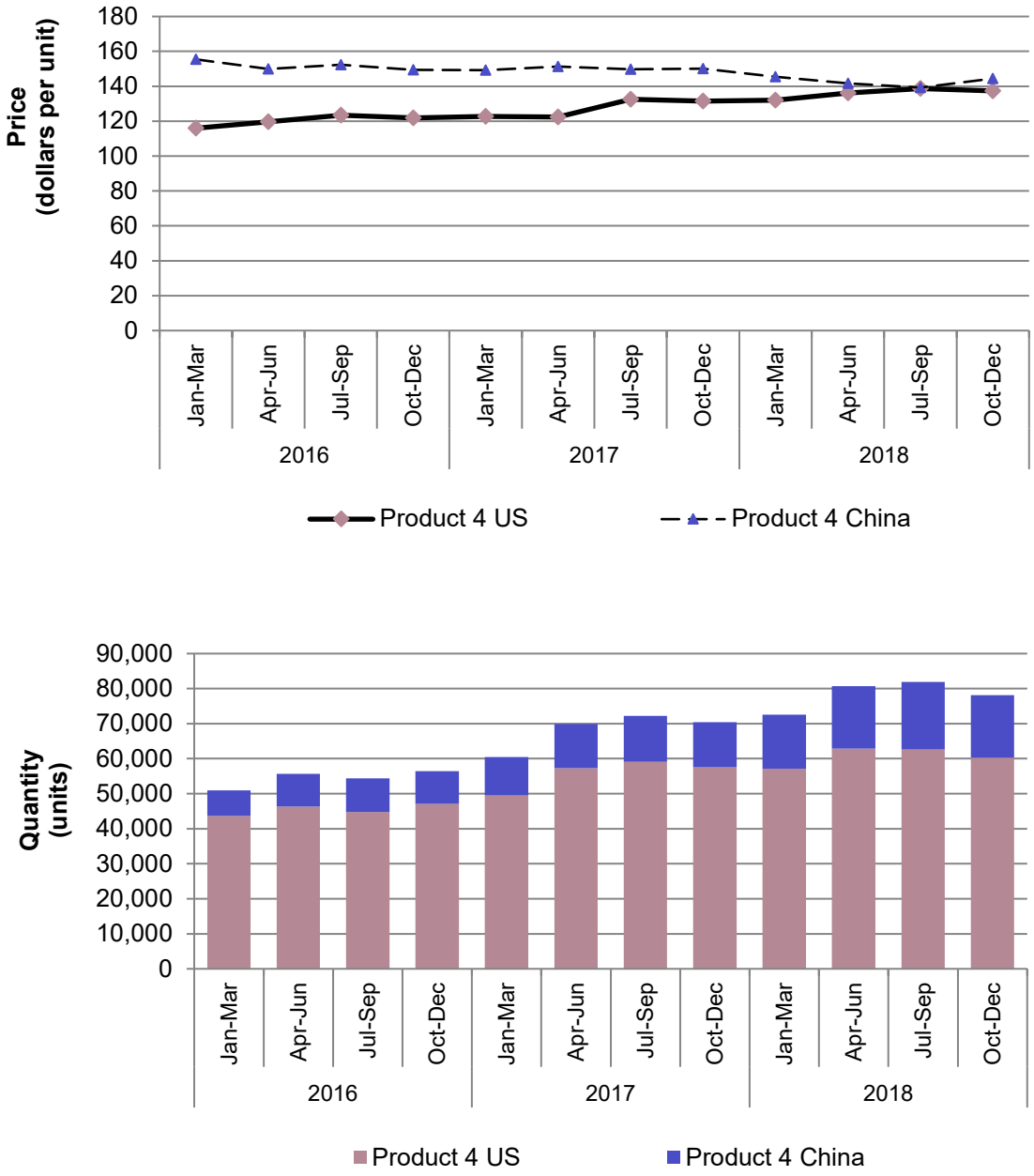
Figure V-4
WCVs: Weighted-average prices and quantities of domestic and imported product 3,[1] by quarters, 2016-18



[1] Product 3: 30" width wall cabinet x 12" depth x 30" height with two doors, painted white or gray, wood construction, shaker style or flush face doors.

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

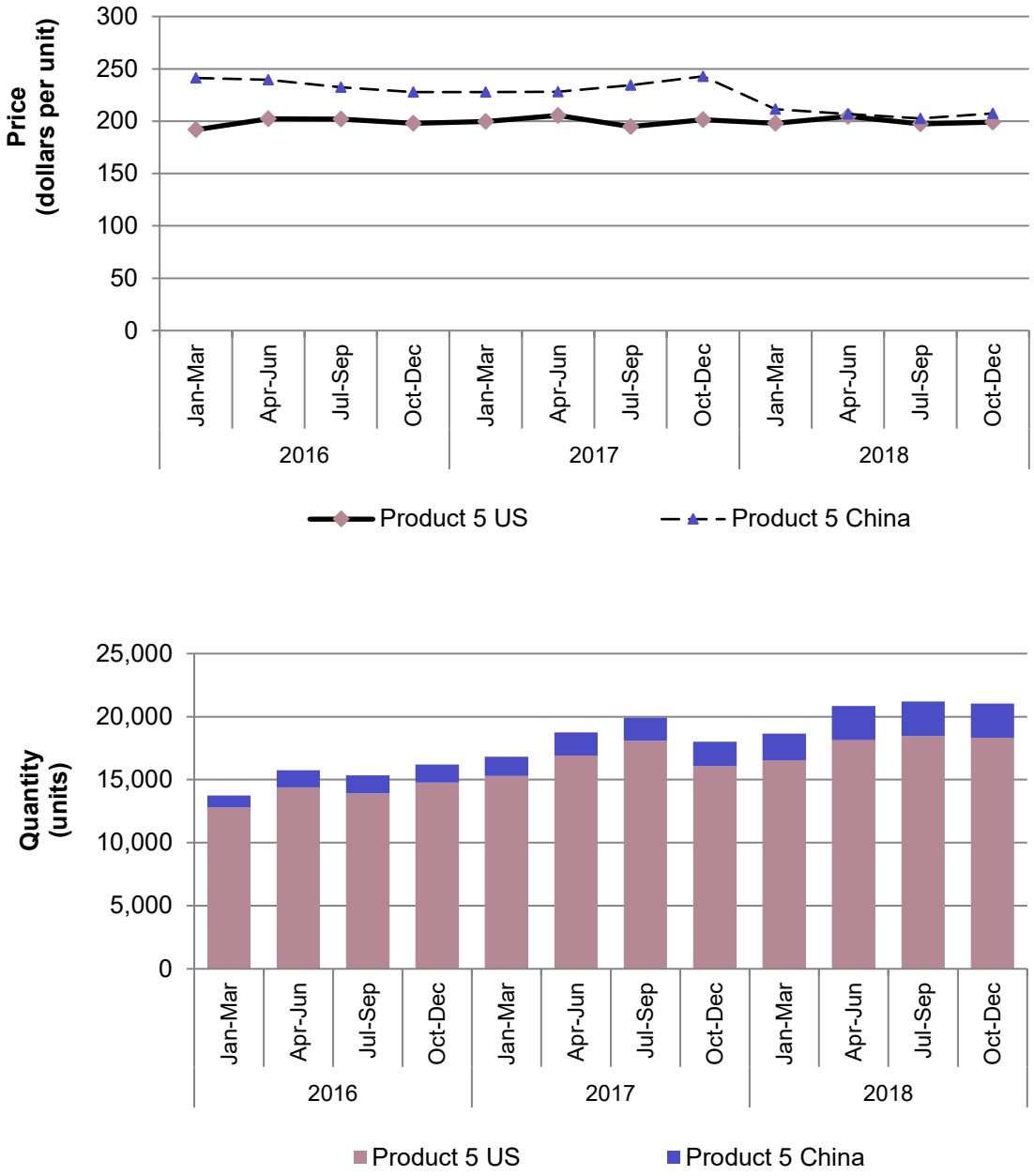
Figure V-5
WCVs: Weighted-average prices and quantities of domestic and imported product 4,[1] by quarters, 2016-18



[1] Product 4: 36" width x 24" depth x 34" height sink base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

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

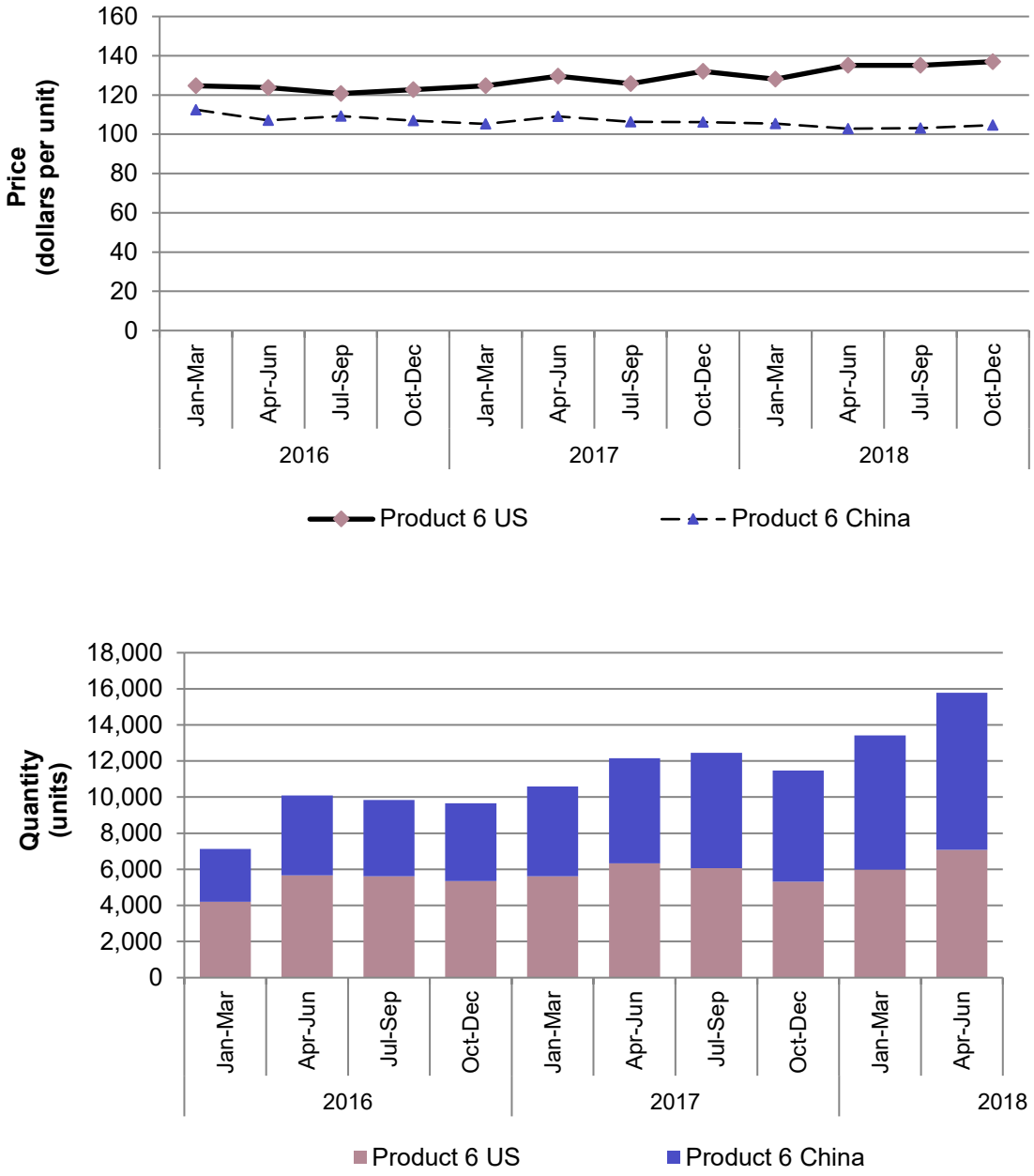
Figure V-6
WCVs: Weighted-average prices and quantities of domestic and imported product 5,[1] by quarters, 2016-18



[1] Product 5: 30" width x 24" depth x 34" height corner cabinet with Lazy Susan, painted white or gray, wood construction, shaker style or flush face doors.

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

Figure V-7
WCVs: Weighted-average prices and quantities of domestic and imported product 6,[1] by quarters, 2016-18



[1] Product 6: 24" width x 21" depth x 34" height vanity base with two doors and faux drawer face, painted white or gray, wood construction, shaker style or flush face doors.

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

Price trends

In general, prices domestic prices increased and subject import prices decreased during 2016-18. Table V-8 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from 2.2 to 23.4 percent during 2016-18. The import price for product 1 increased 29.5 percent while import prices for products 2-6 decreased between 7.0 to 37.2 percent.

Table V-8
WCVs: Summary of weighted-average f.o.b. prices for products 1-6 from the United States and China

Item	Number of quarters	Low price (per cabinet)	High price (per cabinet)	Change in price[1] (percent)
Product 1				
United States	12	225	334	23.4
China	12	114	269	29.5
Product 2				
United States	12	163	175	2.2
China	12	107	179	(37.2)
Product 3				
United States	12	85	95	5.7
China	12	103	115	(9.1)
Product 4				
United States	12	116	139	18.4
China	12	139	155	(7.1)
Product 5				
United States	12	192	206	3.9
China	12	203	243	(14.0)
Product 6				
United States	12	121	137	9.9
China	12	103	113	(7.0)

[1] Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Price comparisons

As shown in table V-9, prices for WCVs imported from China were below those for U.S.-produced WCVs in 32 of 72 instances (246,882 cabinets); margins of underselling ranged from 0.9 to 61.8 percent. In the remaining 40 instances (313,746 cabinets), prices for WCVs from China were between 0.4 and 35.3 percent above prices for the domestic WCVs.

Table V-9
WCVs: Instances of underselling/overselling and the range and average of margins, by product, 2016-18

Source	Underselling				
	Number of quarters	Quantity[1] (cabinets)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	12	120,525	36.3	8.3	61.8
Product 2	8	53,104	29.9	0.9	38.4
Product 3	0	0	---	---	---
Product 4	0	0	---	---	---
Product 5	0	0	---	---	---
Product 6	12	73,253	16.7	9.5	23.9
Total	32	246,882	27.4	0.9	61.8
Source	**(Overselling)**				
	Number of quarters	Quantity[1] (cabinets)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	0	0	---	---	---
Product 2	4	40,070	(5.8)	(3.1)	(9.9)
Product 3	12	95,424	(21.9)	(12.1)	(35.3)
Product 4	12	155,647	(16.5)	(0.4)	(34.0)
Product 5	12	22,605	(12.9)	(1.2)	(25.8)
Product 6	0	0	---	---	---
Total	40	313,746	(16.0)	(0.4)	(35.3)

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

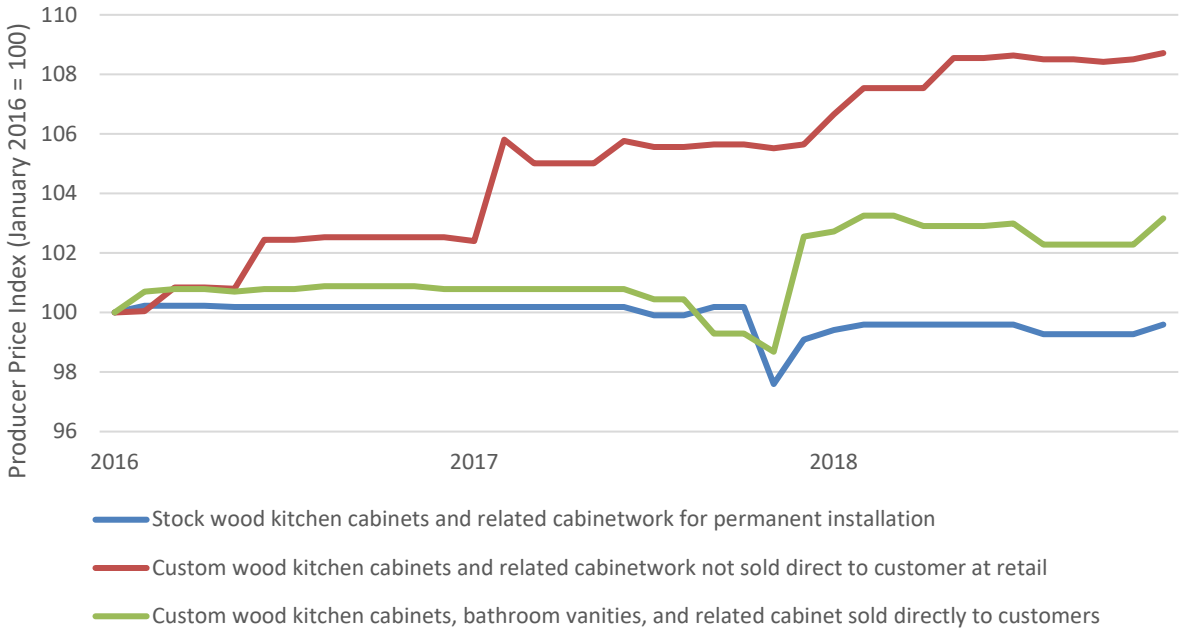
Source: Compiled from data submitted in response to Commission questionnaires.

Secondary price information

Publically available producer price index data for wood kitchen cabinets indicate that prices were stable to increasing during 2016 to 2018. As shown in figure V-8, the price of stock wood kitchen cabinets for permanent installation was stable from January 2016 through October 2017, and declined in November 2017 before rebounding through December 2018. Overall, the price of stock wood kitchen cabinets declined by less than one percent between 2016-18. The price of custom wood kitchen cabinets, bathroom vanities sold directly to customers followed a similar trend as stock wood kitchen cabinets, with steady prices from January 2016 to August 2017, a brief decline from September to November 2017, and then a rebound and subsequent increase in prices through December 2018. Overall these prices increased by about 3 percent between 2016-18. The price of custom wood kitchen cabinets not sold direct to customers at retail increased by nearly 9 percent during 2016-18.

Figure V-8

Producer price indices: Stock wood kitchen cabinets for permanent installation; custom wood kitchen cabinets, bathroom vanities, and related cabinets sold directly to customers at retail; and custom wood kitchen cabinets and related cabinetwork not sold direct to customer at retail, 2016-18



Source: Bureau of Labor Statistics, Producer Price Index Industry Data, https://data.bls.gov/cgi-bin/dsrv?pc, retrieved March 12, 2019.

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of WCVs report purchasers where they experienced instances of lost sales or revenue due to competition from imports of WCVs from China during 2016-18. Of the 50 responding U.S. producers, 27 reported that they had to reduce prices, 22 reported they had to roll back announced price increases, and 40 firms reported that they had lost sales. Eight U.S. producers submitted lost sales and lost revenue allegations, identifying 161 firms where they lost sales or revenue (81 consisting lost sales allegations, 12 consisting of lost revenue allegations, and 77 consisting of both types of allegations). The majority of allegations were in 2017 and 2018, and a few allegations were in 2019 and 2020.

Staff contacted 93 purchasers and received responses from 13 purchasers. Responding purchasers reported purchasing $144 million of WCVs during 2016-18 (table V-10).

Table V-10
WCVs: Purchasers' responses to purchasing patterns

* * * * * * *

During 2018, responding purchasers purchased 38 percent from U.S. producers and 62 percent from China.[10] Of the responding purchasers, five reported increasing purchases from domestic producers, five reported no change, none reported decreasing or fluctuating purchases, and one did not purchase any domestic product. Explanations for increasing purchases of domestic product included business development and growth, predictable lead times, broad range of options, colors, and supplier relationship. Five purchasers increased purchases from China because of high demand in the market and company growth.

Of the 13 responding purchasers, 8 reported that, since 2016, they had purchased imported WCVs from China instead of U.S.-produced product. Seven of these purchasers reported that subject import prices were lower than U.S.-produced product, and four of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Four purchasers estimated the value of WCVs from China purchased instead of domestic product; values ranged from $*** to $*** (table V-11). Purchasers identified availability, quality, design options, and supplier relationship as non-price reasons for purchasing imported rather than U.S.-produced product.

Table V-11
WCVs: Purchasers' responses to purchasing subject imports instead of domestic product

		If purchased imports instead of domestic, was price a primary reason		
Purchaser	Purchased imports instead of domestic (Y/N)	Y/N	If Yes, quantity purchased instead of domestic ($1,000)	If No, non-price reason
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total	Yes--8; No--5	Yes--4; No--4	***	***

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

[10] No purchasers reported purchasing from nonsubject countries or unknown sources in 2018.

None of the 13 responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China (three reported that they did not know).

In responding to the lost sales lost revenue survey, some purchasers provided additional information on purchases and market dynamics. *** reported that it has an established relationship with two firms that provide high quality, all wood product that is not offered or is marked up at a premium price domestically. *** stated that it does not choose cabinets for the customers but offers the lines of cabinets for customers to choose from. *** reported that there are many Chinese cabinet suppliers in the U.S. market who sell directly to customers, builders, and contractors and it is unable to compete with the Chinese prices.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Fifty U.S. producers provided usable financial results on their WCV operations. Thirty-seven of the U.S. producers reported financial data on a calendar year basis.[1] Forty-eight of the responding U.S. producers provided their financial data on the basis of generally accepted accounting principles ("GAAP").[2] Net sales of WCVs include both full units and merchant market components ("components").[3] Net sales of full units, by value, accounted for 93.6 percent of total net sales revenue of WCVs during the period examined. While WCV revenue primarily represents commercial sales, a very small amount of internal consumption was reported. Internal consumption represented *** percent of total net sales value in 2018, and thus is not shown separately in this section of the report.

OPERATIONS ON WCVS

Table VI-1 presents aggregated value data on U.S. producers' operations in relation to WCVs for both full units and components over the period examined.[4] Table VI-2 presents aggregated data on U.S. producers' full unit operations in relation to WCVs, while table VI-3 presents changes in the average unit value ("AUV") data for the data presented in table VI-2. Table VI-4 presents aggregated value data on U.S. producers' operations in relation to WCVs for merchant components. Table VI-5 presents selected company-specific financial data for full units and table VI-6 presents company-specific financial data for components.

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[1] Another six companies reported data on a basis that approximates a calendar year end (e.g., a 4-5-4 year or a fiscal year ending the last Sunday of December, etc.). ***.

[2] ***.

[3] Forty-one of the responding companies produced only full units, four of the responding companies (***) produced only merchant components, and five companies (***) produced both full units and merchant components. However, *** did not provide cost data for its merchant components, so only its full unit data are included in this section.

[4] The industry standard reporting unit for WCVs is by full unit cabinets or vanities. In order to not distort the quantity and unit value data, the Commission's questionnaire requested firms to report income-and-loss data for full units and components separately, with only value data collected for the components. The discussion in this section of the report will focus on combined full units and component data ("combined data") for all value data and ratios to net sales (table VI-1), but will also utilize full unit data for all quantity and AUV discussions (tables VI-2, VI-3, and VI-5). Full units accounted for 93.6 percent of the combined net sales value of WCVs during the period examined, therefore using the quantities and AUVs of full units is reasonably representative of the combined data.

Table VI-1
WCVs: Results of full unit and component operations of U.S. producers, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Value (1,000 dollars)		
Total net sales	7,206,534	7,490,161	7,547,530
Cost of goods sold.-- Raw materials	2,690,904	2,750,366	2,781,974
Direct labor	977,200	1,013,251	1,028,741
Other factory costs	1,654,779	1,768,635	1,878,280
Total COGS	5,322,883	5,532,252	5,688,995
Gross profit	1,883,651	1,957,909	1,858,535
SG&A expense	1,152,736	1,190,455	1,306,573
Operating income or (loss)	730,915	767,454	551,962
Interest expense	86,591	92,742	94,946
All other expenses	57,023	59,463	57,796
All other income	14,751	12,931	11,430
Net income or (loss)	602,052	628,180	410,650
Depreciation/amortization	154,375	165,164	194,276
Cash flow	756,427	793,344	604,926
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	37.3	36.7	36.9
Direct labor	13.6	13.5	13.6
Other factory costs	23.0	23.6	24.9
Average COGS	73.9	73.9	75.4
Gross profit	26.1	26.1	24.6
SG&A expense	16.0	15.9	17.3
Operating income or (loss)	10.1	10.2	7.3
Net income or (loss)	8.4	8.4	5.4
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	50.6	49.7	48.9
Direct labor	18.4	18.3	18.1
Other factory costs	31.1	32.0	33.0
Average COGS	100.0	100.0	100.0
	Number of firms reporting		
Operating losses	7	7	7
Net losses	9	10	10
Data	50	50	50

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

Table VI-2
WCVs: Results of full unit operations of U.S. producers, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Quantity (units)		
Total net sales (full units only)	35,790,000	36,593,945	35,506,489
	Value (1,000 dollars)		
Total net sales (full units only)	6,741,140	7,007,567	7,062,311
Cost of goods sold.-- Raw materials	2,499,455	2,547,524	2,572,831
Direct labor	867,932	904,059	920,612
Other factory costs	1,574,656	1,679,590	1,785,468
Total COGS	4,942,043	5,131,173	5,278,911
Gross profit	1,799,097	1,876,394	1,783,400
SG&A expense	1,111,199	1,145,963	1,259,926
Operating income or (loss)	687,898	730,431	523,474
Interest expense	***	***	***
All other expenses	***	***	***
All other income	***	***	***
Net income or (loss)	590,874	629,510	398,779
Depreciation/amortization	134,556	145,596	173,570
Cash flow	725,430	775,106	572,349
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	37.1	36.4	36.4
Direct labor	12.9	12.9	13.0
Other factory costs	23.4	24.0	25.3
Average COGS	73.3	73.2	74.7
Gross profit	26.7	26.8	25.3
SG&A expense	16.5	16.4	17.8
Operating income or (loss)	10.2	10.4	7.4
Net income or (loss)	8.8	9.0	5.6

Table continued on next page.

Table VI-2—Continued
WCVs: Results of full unit operations of U.S. producers, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	50.6	49.6	48.7
Direct labor	17.6	17.6	17.4
Other factory costs	31.9	32.7	33.8
Average COGS	100.0	100.0	100.0
	Unit value (dollars per unit)		
Total net sales (based on full units only)	188	191	199
Cost of goods sold.-- Raw materials	70	70	72
Direct labor	24	25	26
Other factory costs	44	46	50
Average COGS	138	140	149
Gross profit	50	51	50
SG&A expense	31	31	35
Operating income or (loss)	19	20	15
Net income or (loss)	17	17	11
	Number of firms reporting		
Operating losses	7	7	6
Net losses	8	9	9
Data	46	46	46

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

Table VI-3
WCVs: Changes in AUVs between fiscal years (full units only), 2016-18

Item	Between fiscal years		
	2016-18	2016-17	2017-18
	Change in AUVs (dollars per unit)		
Total net sales	10.55	3.14	7.41
Cost of goods sold.-- Raw materials	2.62	(0.22)	2.84
Direct labor	1.68	0.45	1.22
Other factory costs	6.29	1.90	4.39
Average COGS	10.59	2.13	8.46
Gross profit	(0.04)	1.01	(1.05)
SG&A expense	4.44	0.27	4.17
Operating income or (loss)	(4.48)	0.74	(5.22)
Net income or (loss)	(5.28)	0.69	(5.97)

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

Table VI-4
WCVs: Results of merchant component operations of U.S. producers, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Value (1,000 dollars)		
Total net sales (components only)	465,394	482,594	485,219
Cost of goods sold.-- Raw materials	191,449	202,842	209,143
Direct labor	109,268	109,192	108,129
Other factory costs	80,123	89,045	92,812
Total COGS	380,840	401,079	410,084
Gross profit	84,554	81,515	75,135
SG&A expense	41,537	44,492	46,647
Operating income or (loss)	43,017	37,023	28,488
Interest expense	***	***	***
All other expenses	***	***	***
All other income	***	***	***
Net income or (loss)	11,178	(1,330)	11,871
Depreciation/amortization	19,819	19,568	20,706
Cash flow	30,997	18,238	32,577
	Ratio to net sales (percent)		
Cost of goods sold.-- Raw materials	41.1	42.0	43.1
Direct labor	23.5	22.6	22.3
Other factory costs	17.2	18.5	19.1
Average COGS	81.8	83.1	84.5
Gross profit	18.2	16.9	15.5
SG&A expense	8.9	9.2	9.6
Operating income or (loss)	9.2	7.7	5.9
Net income or (loss)	2.4	(0.3)	2.4
	Ratio to total COGS (percent)		
Cost of goods sold.-- Raw materials	50.3	50.6	51.0
Direct labor	28.7	27.2	26.4
Other factory costs	21.0	22.2	22.6
Average COGS	100.0	100.0	100.0
	Number of firms reporting		
Operating losses	---	---	1
Net losses	1	1	2
Data	8	8	8

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

Table VI-5
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Total net sales (units)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	31,311,232	31,859,826	30,596,018
All other firms	4,478,768	4,734,119	4,910,471
Total net sales quantity	35,790,000	36,593,945	35,506,489
	Total net sales (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	5,545,524	5,708,160	5,674,876
All other firms	1,195,616	1,299,407	1,387,435
Total net sales value	6,741,140	7,007,567	7,062,311

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Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Cost of goods sold (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	4,065,154	4,178,200	4,259,464
All other firms	876,889	952,973	1,019,447
Total COGS	4,942,043	5,131,173	5,278,911
	Gross profit or (loss) (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	1,480,370	1,529,960	1,415,412
All other firms	318,727	346,434	367,988
Total gross profit or (loss)	1,799,097	1,876,394	1,783,400

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Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	SG&A expenses (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	895,432	912,176	998,767
All other firms	215,767	233,787	261,159
Total SG&A expenses	1,111,199	1,145,963	1,259,926
	Operating income or (loss) (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	584,938	617,784	416,645
All other firms	102,960	112,647	106,829
Total operating income or (loss)	687,898	730,431	523,474

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Net income or (loss) (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	503,297	529,556	320,173
All other firms	87,577	99,954	78,606
Total net income or (loss)	590,874	629,510	398,779
	COGS to net sales ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	73.3	73.2	75.1
All other firms	73.3	73.3	73.5
Average COGS to net sales ratio	73.3	73.2	74.7

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Gross profit or (loss) to net sales ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	26.7	26.8	24.9
All other firms	26.7	26.7	26.5
Average gross profit or (loss) to net sales	26.7	26.8	25.3
	SG&A expense to net sales ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	16.1	16.0	17.6
All other firms	18.0	18.0	18.8
Average SG&A expense to net sales ratio	16.5	16.4	17.8

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Op. income or (loss) to net sales ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	10.5	10.8	7.3
All other firms	8.6	8.7	7.7
Avg. op. income or (loss) to net sales	10.2	10.4	7.4
	Net income or (loss) to net sales ratio (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	9.1	9.3	5.6
All other firms	7.3	7.7	5.7
Avg. net income or (loss) to net sales	8.8	9.0	5.6

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Unit net sales value (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	177	179	185
All other firms	267	274	283
Average unit net sales value	188	191	199
	Unit raw materials (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	66	66	68
All other firms	94	97	98
Average unit raw materials	70	70	72

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Unit direct labor (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	20	21	21
All other firms	52	53	56
Average unit direct labor	24	25	26
	Unit other factory costs (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	43	45	50
All other firms	50	52	53
Average unit other factory costs	44	46	50

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Unit COGS (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	130	131	139
All other firms	196	201	208
Average unit COGS	138	140	149
	Unit gross profit or (loss) (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	47	48	46
All other firms	71	73	75
Average unit gross profit or (loss)	50	51	50

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Unit SG&A expenses (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	29	29	33
All other firms	48	49	53
Average unit SG&A expense	31	31	35
	Unit operating income or (loss) (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	19	19	14
All other firms	23	24	22
Average unit operating income or (loss)	19	20	15

Table continued on next page.

Table VI-5—Continued
WCVs: Results of full unit operations of U.S. producers, by firm, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Unit net income or (loss) (dollars per unit)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	16	17	10
All other firms	20	21	16
Average unit net income or (loss)	17	17	11

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

Table VI-6
WCVs: Results of merchant component operations of U.S. producers, by firm, 2016-18

* * * * * * *

Net sales

The industry's combined net sales value increased from $7.2 billion in 2015 to $7.5 billion in 2017. Net sales revenue for both full units and components followed similar trends, increasing from 2015 to 2017. The net sales quantity for full units increased from 2016 to 2017, but decreased in 2018, for an overall decrease from 2016 to 2018. The net sales AUV for full units increased from $188 in 2016 to $199 in 2018, which caused the net sales value for full units to increase from 2016 to 2018, despite the overall decrease in full unit net sales quantity during the same period. As seen in table VI-5, there was a wide range in full unit net sales AUVs amongst the producers. Of the largest producers, *** represent the companies with the lowest range of net sales AUVs and *** represents the highest. In response to questions from staff, ***.[5] ***.[6] Lastly, ***.[7]

[5] ***.
[6] ***.
[7] ***.

Cost of goods sold and gross profit or (loss)

Raw material costs, direct labor, and other factory costs for combined full units and components accounted for an average of 49.7, 18.2, and 32.0 percent of total COGS, respectively, for the reporting period. As a ratio to net sales, raw materials decreased irregularly, direct labor remained relatively unchanged, and other factory costs increased from 2016 to 2018, with total COGS increasing from 73.9 percent in 2016 to 75.4 percent in 2018. On an actual basis, aggregate COGS increased by 6.9 percent from 2016 to 2018, while combined net sales value increased by 4.7 percent.[8] As a result of the larger increase in COGS compared to revenue, gross profit declined by 1.3 percent overall from $1.88 billion in 2016 to $1.86 billion in 2018.

Similar to the net sales AUVs of full units, the COGS AUVs for full units also vary noticeably between the companies (see table VI-5). The AUV of COGS for full units increased from $138 per unit in 2016 to $149 per unit in 2018. Table VI-7 presents a break-out of the raw material costs, by type, for fiscal year 2018.

Table VI-7
WCVs: U.S. producers' raw materials, by type, 2018

Item	Fiscal year 2018		
	Full units and components	Full units	Components
	Value (1,000 dollars)		
Solid or natural wood	1,070,088	***	***
Engineered wood	722,092	***	***
Other	989,793	***	***
Raw materials	2,781,974	***	***
	Share of value (percent)		
Solid or natural wood	38.5	***	***
Engineered wood	26.0	***	***
Other	35.6	***	***
Raw materials	100.0	***	***
	Unit value for full units (dollars per unit)		
Solid or natural wood	---	***	---
Engineered wood	---	***	---
Other	---	***	---
Raw materials	---	***	---

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

[8] While all three components of COGS increased from 2016 to 2018, other factory costs accounted for the majority of the increase in total COGS. *** accounted for the largest share of the increase in other factory costs. In response to questions from staff, *** reported that its increase in other factory costs was attributable to ***.

SG&A expenses and operating income

As seen in table VI-1, the industry's SG&A expenses increased by 13.3 percent from $1.15 billion in 2016 to $1.31 billion in 2018. *** accounted for the largest share of the increase. The company reported several non-recurring charges in SG&A expenses, which accounted for the majority of its increase in SG&A expenses from 2016 to 2018. The company reported ***.[9] As a ratio to net sales, SG&A expenses decreased from 16.0 percent in 2016 to 15.9 percent in 2017, but increased to 17.3 percent in 2018. The industry's operating income increased from $730.9 million in 2015 to $767.5 million in 2016, but decreased to $552.0 million in 2018. The industry's operating margin was 10.1 percent in 2016, 10.2 percent in 2017, and 7.3 percent in 2018.

Other expenses and net income or (loss)

The industry's total interest expense increased from $86.6 million in 2016 to $94.9 million in 2018. All other expenses increased irregularly from $57.0 million in 2016 to $57.8 million in 2018, while all other income decreased from $14.8 million in 2016 to $11.4 million in 2018. Net income followed a similar trend as operating income, increasing from $602.1 million in 2016 to $628.2 million in 2017, before decreasing to $410.7 million in 2018.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-8 presents capital expenditures and research and development ("R&D") expenses, by firm. Aggregate capital expenditure data increased from $212.0 million in 2016 to $253.6 million in 2018. *** accounted for the *** of capital expenditures during the period examined. Combined, these companies accounted for *** of the total reported capital expenditures.[10] R&D expenses were relatively stable during the period examined, increasing from $22.2 million in 2016 to $22.4 million in 2017, and decreasing to $22.2 million in 2018.

[9] ***.

[10] *** U.S. producer questionnaire responses, section III-13.

Table VI-8
WCVs: Capital expenditures and R&D expenses of U.S. producers, 2016-18

Item	Fiscal year		
	2016	2017	2018
	Capital expenditures (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	155,970	151,823	173,625
All other firms	56,063	59,664	79,979
Total capital expenditures	212,033	211,487	253,604
	Research and development expenses (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	10,751	10,809	10,934
All other firms	11,410	11,608	11,267
Total R&D expenses	22,161	22,417	22,201

Note.—***.

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

ASSETS AND RETURN ON ASSETS

Table VI-9 presents data on the U.S. producers' total assets and their return on assets ("ROA"). [11] The total assets utilized in the production, warehousing, and sale of WCVs increased

[11] The return on assets ("ROA") is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets

from $6.1 billion in 2016 to $6.8 billion in 2018, while the operating ROA decreased irregularly from 12.0 percent in 2016 to 8.1 percent in 2018. *** accounted for the majority of the increase in assets during the period examined. ***.[12] ***.[13]

Table VI-9
WCVs: U.S. producers' total assets and return on assets, 2016-18

Firm	Fiscal years		
	2016	2017	2018
	Total net assets (1,000 dollars)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	5,318,362	5,576,322	5,980,941
All other firms	757,805	790,648	826,702
Total net assets	6,076,167	6,366,970	6,807,643
	Operating return on assets (percent)		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Top 12	11.0	11.1	7.0
All other firms	13.6	14.2	12.9
Average operating ROA	12.0	12.1	8.1

Note.— ***.

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

---

which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

[12] ***.

[13] ***.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of WCVs to describe any actual or potential negative effects of imports of WCVs from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-10 presents the number of firms reporting an impact in each category and table VI-11 provides the U.S. producers' narrative responses.

Table VI-10
WCVs: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2016

Item	No	Yes
Negative effects on investment	10	40
Cancellation, postponement, or rejection of expansion projects		14
Denial or rejection of investment proposal		2
Reduction in the size of capital investments		17
Return on specific investments negatively impacted		11
Other		18
Negative effects on growth and development	13	37
Rejection of bank loans		1
Lowering of credit rating		2
Problem related to the issue of stocks or bonds		0
Ability to service debt		7
Other		30
Anticipated negative effects of imports	5	45

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

Table VI-11
WCVs: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2016

* * * * * * *

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise 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,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the 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

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

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.

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 67 firms believed to produce and/or export WCVs from China.[3] Usable responses to the Commission's questionnaire were received from 107 firms (72 producers of full WCV units and components, 18 producers of components, and 17 resellers).[4] In 2018, these firms' exports to the United States accounted for approximately 62.9 percent of U.S. imports of full WCV units and components from China, by value.[5] These firms did not provide a reliable estimate in their questionnaire responses of the percentage of total Chinese production they collectively represent. Table VII-1 presents information on the WCVs operations of the responding producers in China and Table VII-2 presents information on the operations of responding component producers in China.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] After the Commission issued foreign producer questionnaires, 110 members of The Chinese National Forest Products Industry Association filed an entry of an appearance as a respondent party. Seventy-two firms produced full WCV units

[5] As discussed in Part I, quantity data for the various components that are subject to these investigations cannot be reliably collected with a single unit of measurement. Consequently, the Commission collected only value data for Chinese producers' exports of components. Due to these factors, the share of U.S. imports that were accounted by the responding Chinese exporters was calculated based on value.

Table VII-1
WCVs: Summary data for full cabinet producers in China, 2018

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Adler Cabinetry	***	***	***	***	***	***
Adornus Cabinetry	***	***	***	***	***	***
Aershin Cabinets	***	***	***	***	***	***
Amazing Furniture	***	***	***	***	***	***
Ancientree Cabinet	***	***	***	***	***	***
Baijyulan Furniture	***	***	***	***	***	***
Baoliwood Industry	***	***	***	***	***	***
Baozhu Furniture	***	***	***	***	***	***
Beichen Wood	***	***	***	***	***	***
Changfa Wood	***	***	***	***	***	***
Compete Wood	***	***	***	***	***	***
Dewell Wooden Products	***	***	***	***	***	***
Dongyi Wood	***	***	***	***	***	***
Foremost Woodwork	***	***	***	***	***	***
Fusheng Wood	***	***	***	***	***	***
Fuxing Wood	***	***	***	***	***	***
Goldenhome Company	***	***	***	***	***	***
Hanlong Furniture	***	***	***	***	***	***
Heyond Cabinet	***	***	***	***	***	***
Home Dee Sanitary Ware	***	***	***	***	***	***
Hongtai Home Furniture	***	***	***	***	***	***
Hongzhou Cabinet	***	***	***	***	***	***
Hongzhou Wood	***	***	***	***	***	***
Hongzingchengda Wood Industry	***	***	***	***	***	***
Hua Yin Trading Development	***	***	***	***	***	***
Huamei Industrial	***	***	***	***	***	***
Huanmei Wood	***	***	***	***	***	***
Hui Zhou Mandarin	***	***	***	***	***	***
Jiamu Industry and Trade	***	***	***	***	***	***
Jianlian Wood	***	***	***	***	***	***
Jiaxiuwood	***	***	***	***	***	***
Jiaye Wood	***	***	***	***	***	***
Jinxiangyuan Home Furniture	***	***	***	***	***	***
Jujia Furniture	***	***	***	***	***	***
Kaipu Furniture	***	***	***	***	***	***
Kaylang Bright Cabinetry	***	***	***	***	***	***
Kitchinet Corporation	***	***	***	***	***	***

Table continued on next page.

Table VII-1--Continued
WCVs: Summary data for full cabinet producers in China, 2018

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Kunlun Wood	***	***	***	***	***	***
Lan Gu Wood	***	***	***	***	***	***
Leifeng Cabinetry	***	***	***	***	***	***
Linyi Bonn Flooring	***	***	***	***	***	***
Longsen Woods	***	***	***	***	***	***
Mebo	***	***	***	***	***	***
Meisen Woodworking	***	***	***	***	***	***
Minlian Wood	***	***	***	***	***	***
Morewood Cabinetry	***	***	***	***	***	***
New Building Material	***	***	***	***	***	***
Oulu Jin Xin International Trade	***	***	***	***	***	***
Panda Home Furnishings	***	***	***	***	***	***
Pengjia Cabinetry	***	***	***	***	***	***
Roc Furniture	***	***	***	***	***	***
Rongxin Cabinets	***	***	***	***	***	***
Sanfortune Home and Furniture	***	***	***	***	***	***
Sangyang Wood	***	***	***	***	***	***
Senyi Kitchen Cabinet	***	***	***	***	***	***
Sunco Timber	***	***	***	***	***	***
Sunlight Sanitary	***	***	***	***	***	***
Sunwell Cabinetry	***	***	***	***	***	***
Supree Wood	***	***	***	***	***	***
Swanch Cabinetry	***	***	***	***	***	***
Tonghe Woodwork	***	***	***	***	***	***
Uni Fung	***	***	***	***	***	***
Weisen Houseware	***	***	***	***	***	***
Xingsen Wooden Products	***	***	***	***	***	***
Xinyu Furniture	***	***	***	***	***	***
Xinyuanda Cupboard	***	***	***	***	***	***
Yiemi Woodwork	***	***	***	***	***	***
Yihe Wood	***	***	***	***	***	***
Yuanlin Woodenware	***	***	***	***	***	***
Yusheng Kitchen	***	***	***	***	***	***
Zbom Home	***	***	***	***	***	***
Zhengheng Woodwork	***	***	***	***	***	***
Total	19,456,776	100.0	14,832,170	100.0	19,407,479	76.4

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

Table VII-2
WCVs: Summary data on component producers in China exporting to the United States, 2018

Firm	Component exported to the United States (1,000 dollars)	Share of components exported to the United States (percent)
Adornus Cabinetry	***	***
Aiwood Home Supplies	***	***
Baoliwood Industry	***	***
Baozhu Furniture	***	***
Dalin Wood	***	***
Dewell Wooden Products	***	***
Dongmeng Wood	***	***
Dongyi Wood	***	***
Foremost Woodwork	***	***
Golden Huanan	***	***
Goldenhome Company	***	***
Hanlong Furniture	***	***
Heyond Cabinet	***	***
Home Right Trade	***	***
Hongzhou Cabinet	***	***
Hongzingchengda Wood Industry	***	***
Kitchinet Corporation	***	***
Kunlun Wood	***	***
Longsen Woods	***	***
Master Door and Cabinet	***	***
Meilin Wood	***	***
Morewood Cabinetry	***	***
Northriver Wooden Resource	***	***
Oulu Jin Xin International Trade	***	***
Ouyme Import and Export	***	***
Pneuma Asia	***	***
Ruifeng Woodenware	***	***
Senke Manufacturing	***	***
Senyi Kitchen Cabinet	***	***
Sheen Lead International Trading	***	***
Shuanglin Wood	***	***
Supree Wood	***	***
Tongmao Wood Product	***	***
Uni Fung	***	***
Weifang Master	***	***
Weisen Houseware	***	***
Xingsen Wooden Products	***	***
Xinyu Furniture	***	***
Xinyuanda Cupboard	***	***
Yiemi Woodwork	***	***
Yihe Wood	***	***
Yisen Wood Industry	***	***
Yusheng Kitchen	***	***
Total	127,843	100.0

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

Table VII-3 presents information on Chinese companies that exported resales of WCVs to the United States in 2018. The three largest reseller exporters of WCVs in 2018 were ***. These firms accounted for *** percent of resellers' exports from China to the United States in 2018.

Table VII-3
WCVs: Summary data on resellers in China exporting to the United States, 2018

Firm	Resales exported to the United States (units)	Share of resales exported to the United States (percent)
Golden Huanan	***	***
CBM Import and Export	***	***
New Union Textra	***	***
Mastone Import and Export	***	***
Jie Jun Trade	***	***
Sunwell Cabinetry	***	***
Foshan Sourcever	***	***
Masterwork Cabinetry	***	***
Aiwood Home Supplies	***	***
Dongmeng Wood	***	***
Senke Manufacturing	***	***
Northriver Wooden Resource	***	***
Home Right Trade	***	***
New Building Material	***	***
Line King International Trading	***	***
Ouyme Import and Export	***	***
Taiyuan Trading	***	***
Sagarit Bathroom Manufacturer	***	***
Hongxiang Trading	***	***
Wen Bo Industries	***	***
Timber Import and Export	***	***
Golden Ferry International Trade	***	***
Sheen Lead International Trading	***	***
Zifeng International Trading	***	***
Saicg International Trading	***	***
Total	4,301,819	100.0

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

Changes in operations

As presented in table VII-4, producers in China reported several operational and organizational changes since January 1, 2016. Five firms reported plant openings, one firm reported a plant closing, four firms reported relocations, six firms reported expansions, one firm reported a prolonged shutdown or curtailment, two firms reported revised labor agreements, and six firms reported other changes in operations.

Table VII-4
WCVs: Chinese producers' reported changes in operations, since January 1, 2016

* * * * * * *

Operations on WCVs

Table VII-5 presents information on the WCVs operations of the responding producers and exporters in China.

Table VII-5
WCVs: Data for producers in China, 2016-18 and projection calendar years 2019 and 2020

Item	Actual experience			Projections	
	Calendar year				
	2016	2017	2018	2019	2020
	Quantity (units)				
Capacity	19,446,030	22,203,580	25,421,430	22,200,930	22,215,930
Production	10,950,381	15,027,853	19,456,776	16,457,244	16,679,475
End-of-period inventories	284,560	390,066	440,093	425,059	320,495
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	2,069,919	2,853,215	3,976,985	2,858,759	3,641,946
Export shipments to:					
United States	8,447,335	11,557,948	14,832,170	12,395,703	11,290,032
All other markets	317,824	511,784	598,324	1,185,293	1,796,767
Total exports	8,765,159	12,069,732	15,430,494	13,580,996	13,086,799
Total shipments	10,835,078	14,922,947	19,407,479	16,439,755	16,728,745
	Value (1,000 dollars)				
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	258,769	268,842	247,592	119,201	164,609
Export shipments to:					
United States	485,063	663,082	866,349	745,113	1,465,008
All other markets	22,073	31,583	34,988	62,926	96,125
Total exports	507,136	694,665	901,337	808,039	1,561,133
Total shipments	765,905	963,507	1,148,929	927,240	1,725,742

Table continued on next page.

Table VII-5--Continued
WCVs: Data for producers in China, 2016-18 and projection calendar years 2019 and 2020

Item	Actual experience			Projections	
	Calendar year				
	2016	2017	2018	2019	2020
	Unit value (dollars per unit)				
Shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	125	94	62	42	45
Export shipments to:					
United States	57	57	58	60	130
All other markets	69	62	58	53	53
Total exports	58	58	58	59	119
Total shipments	71	65	59	56	103
	Ratios and shares (percent)				
Capacity utilization	56.3	67.7	76.5	74.1	75.1
Inventories/production	2.6	2.6	2.3	2.6	1.9
Inventories/total shipments	2.6	2.6	2.3	2.6	1.9
Share of shipments:					
Home market shipments:					
Internal consumption/ transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Total home market shipments	19.1	19.1	20.5	17.4	21.8
Export shipments to:					
United States	78.0	77.5	76.4	75.4	67.5
All other markets	2.9	3.4	3.1	7.2	10.7
Total exports	80.9	80.9	79.5	82.6	78.2
Total shipments	100.0	100.0	100.0	100.0	100.0
	Quantity (units)				
Resales exported to the United States	2,421,257	3,266,692	4,301,819	4,166,508	3,969,089
Total exports to the U.S.	10,868,592	14,824,640	19,133,989	16,562,211	15,259,121
	Ratios and shares (percent)				
Share of total exports to the United States:					
Exported by producers	77.7	78.0	77.5	74.8	74.0
Exported by resellers	22.3	22.0	22.5	25.2	26.0
Adjusted share of total shipments exported to the United States	100.3	99.3	98.6	100.7	91.2

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

Chinese producers' production capacity increased by 14.2 percent from 2016 to 2017 and by 14.5 percent from 2017 to 2018, ending 30.7 percent higher in 2018 than in 2016. Four firms, ***, accounted for *** of the total increase in production capacity. Among the 59 firms that produced WCVs in each year during 2016-18, 57 either reported an increase or no change in their production capacity from 2016 to 2018. Production capacity is projected to decrease by 12.7 percent in 2019 and remained largely unchanged from 2019 to 2020.

Chinese producers' production increased by 37.2 percent from 2016 to 2017 and by 29.5 percent from 2017 to 2018, ending 77.7 percent higher in 2018 than in 2016. Among the 59 firms that produced WCVs in each year during 2016-18, 48 reported more production in 2018 than in 2016. Production is projected to decrease by 15.4 percent in 2019 and increase by 1.4 percent from 2019 to 2020. Chinese producers' capacity utilization increased from 56.3 percent in 2016 to 67.7 percent in 2017, and to 76.5 percent in 2018. Capacity utilization is projected to be 74.1 percent in 2019 and 75.1 percent in 2020. Most responding Chinese producers reported higher capacity utilization in 2018 than in 2016.

Commercial home market shipments accounted for *** percent of total shipments in 2016 and 2017 and *** percent of total shipments in 2018. Commercial home market shipments increased by *** percent from 2016 to 2017 and by *** percent from 2017 to 2018, ending *** percent higher in 2018 than in 2016. Commercial home market shipments are projected to decrease by *** percent from 2018 to 2019 and then increase by *** percent from 2019 to 2020. Internal consumption accounted for *** percent of total shipments during 2016-18, with *** reporting such shipments.

Export shipments accounted for 80.9 percent of Chinese producers' total shipments in 2016 and 2017 and 79.5 percent of their total shipments in 2018. Most Chinese producers' exports went to the United States (96.4 percent in 2016, 95.8 percent in 2017, and 96.1 percent in 2018). Their export shipments to the United States increased by 36.8 percent from 2016 to 2017 and by 28.3 percent from 2017 to 2018, ending 75.6 percent higher in 2018 than in 2016. Fifty-three Chinese producers exported WCVs to the United States in each year during 2016-18 with 43 of those producers reporting more exports to the United States in 2018 than in 2016. Export shipments to the United States are projected to decrease by 16.4 percent in 2019 and by another 8.9 percent from 2019 to 2020. The unit value of Chinese producers' export shipments to the United States was lower than the average unit value of their commercial home market shipments in 2016, 2017, and 2018.

Resellers' exports to the United States increased by 34.9 percent from 2016 to 2017 and by 31.7 percent from 2017 to 2018, ending 77.7 percent higher in 2018 than in 2016. Their exports accounted for 22.3 percent, 22.0 percent, and 22.5 percent of all responding Chinese firms' exports to the United States. Resellers' exports to the United States are projected to decrease by 3.1 percent in 2019 and by another 4.7 percent from 2019 to 2020.

Exports of components to the United States

Table VII-6 presents Chinese producers' exports of components to the United States. Drawers accounted for the largest share of exports of components to the United States (*** percent), followed by doors (*** percent), and other components (*** percent). Exports of frames, boxes, doors, drawers, and back and end panels to the United States were higher in

2018 than in 2016 while exports of other components to the United States were lower. Overall, export of components to the United States increased by 31.1 percent from 2016 to 2018. Twenty-nine firms exported components to the United States in each year during 2016-18, with 16 of those firms reporting more exports of components to the United States in 2018 than in 2016.

Table VII-6
WCVs: Data for producers in China, 2016-18 and projection calendar years 2019 and 2020

Item	Actual experience			Projections	
	Calendar year				
	2016	2017	2018	2019	2020
	Value (1,000 dollars)				
Exports to the United States.--Frames	9,218	12,996	15,461	13,776	14,583
Boxes	***	***	***	***	***
Doors	23,991	29,215	37,303	38,430	39,266
Drawers	30,630	37,360	37,659	32,225	31,668
Back and end panels	2,296	2,927	3,532	2,856	3,104
Other	27,789	32,164	27,459	22,523	23,704
Components	***	***	***	***	***
	Share of export to the United States (percent)				
Exports to the United States.--Frames	***	***	***	***	***
Boxes	***	***	***	***	***
Doors	***	***	***	***	***
Drawers	***	***	***	***	***
Back and end panels	***	***	***	***	***
Other	***	***	***	***	***
Components	***	***	***	***	***

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

Exports from China

Table VII-7 presents data for exports of wooden furniture, which includes WCVs, from China in descending order of quantity for 2018.[6] The leading export markets for wooden furniture from China in 2018, by quantity, were the United States, Japan, and the United Kingdom, accounting for 42.4 percent, 6.9 percent, and 5.6 percent, respectively.

[6] GTA data for HTS subheadings 9403.40 and 9403.60 includes products that are outside the scope of these investigations. Consequently, the Chinese export data presented in table VII-7 are overstated.

Table VII-7:
Wooden furniture: Exports from China by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
China exports to the United States	3,293,164	3,840,291	4,391,096
China exports to other major destination markets.--			
Japan	378,206	378,973	390,755
United Kingdom	394,698	396,741	410,891
Germany	269,278	267,490	250,683
Australia	325,539	375,887	395,949
France	211,756	201,694	216,855
Netherlands	101,029	112,740	115,218
Canada	244,099	262,252	260,731
Italy	45,363	51,807	61,153
All other destination markets	2,854,590	2,615,088	2,696,221
Total China exports	8,117,721	8,502,962	9,189,551
	Quantity (units)		
China exports to the United States	68,323,708	80,852,681	91,320,302
China exports to other major destination markets.--			
Japan	13,497,527	15,529,233	14,804,502
United Kingdom	11,091,113	13,304,389	12,025,683
Germany	10,781,606	10,739,080	10,436,088
Australia	7,931,170	8,969,393	10,052,143
France	6,781,062	7,438,007	8,656,395
Netherlands	5,874,051	6,563,473	6,550,648
Canada	4,909,642	5,473,460	5,612,484
Italy	2,131,323	2,712,926	4,067,550
All other destination markets	47,431,043	48,735,817	51,708,291
Total China exports	178,752,245	200,318,459	215,234,086

Table continued on next page.

Table VII-7--Continued
Wooden furniture: Exports from China by destination market, 2016-18

Destination market	Calendar year		
	2016	2017	2018
	Unit value (dollars per unit)		
China exports to the United States	48	47	48
China exports to other major destination markets.--			
Japan	28	24	26
United Kingdom	36	30	34
Germany	25	25	24
Australia	41	42	39
France	31	27	25
Netherlands	17	17	18
Canada	50	48	46
Italy	21	19	15
All other destination markets	60	54	52
Total China exports	45	42	43
	Share of quantity (percent)		
China exports to the United States	38.2	40.4	42.4
China exports to other major destination markets.--			
Japan	7.6	7.8	6.9
United Kingdom	6.2	6.6	5.6
Germany	6.0	5.4	4.8
Australia	4.4	4.5	4.7
France	3.8	3.7	4.0
Netherlands	3.3	3.3	3.0
Canada	2.7	2.7	2.6
Italy	1.2	1.4	1.9
All other destination markets	26.5	24.3	24.0
Total China exports	100.0	100.0	100.0

Source: Official import statistics under HS subheadings 9403.40 and 9403.60 as reported by China Customs in the Global Trade Atlas database, accessed March 27, 2019.

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-8 presents data for U.S. importers' reported inventories of WCVs. U.S. importers' end-of-period inventories of imports from China increased by 13.6 percent from 2016 to 2017 and by 11.3 percent from 2017 to 2018, ending 26.5 percent higher in 2018 than in 2016. Sixty-nine firms reported end-of-period inventories in 2016, 2017, and 2018, with 48 of those firms reporting more end-of-period inventories in 2018 than in 2016. The ratio of U.S. importers' end-of-period inventories to their U.S. imports from China was 55.0 percent in 2016, 51.3 percent in 2017, and 48.4 percent in 2018. The ratio of U.S. importers' end-of-period inventories to their U.S. shipments of imports from China was 59.2 percent in 2016, 53.1 percent in 2017, and 50.6 percent in 2018.

Table VII-8
WCVs: U.S. importers' end-of-period inventories, 2016-18

Item	Calendar year		
	2016	2017	2018
	Inventories (units); Ratios (percent)		
Imports from China			
Inventories	4,436,754	5,040,344	5,610,786
Ratio to U.S. imports	55.0	51.3	48.4
Ratio to U.S. shipments of imports	59.2	53.1	50.6
Ratio to total shipments of imports	59.1	53.1	50.5
Imports from nonsubject sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***
Imports from all import sources:			
Inventories	***	***	***
Ratio to U.S. imports	***	***	***
Ratio to U.S. shipments of imports	***	***	***
Ratio to total shipments of imports	***	***	***

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

According to the Ad Hoc Coalition of Cabinet Importers ("ACCI"), U.S. importers are more inventory focused because their businesses depend on being able to quickly ship their products to customers.[7] ACCI notes that if their members are unable to inventory their product in RTA flat packs, they would not be able to ensure that customer can quickly receive their product.[8] Representatives from JSI Cabinetry and Kitchen Cabinet Distributors stated that U.S. importers' inventories can be relatively high because it is difficult to accurately anticipate

[7] Respondent ACCI's postconference brief, answers to the staff's questions, p. A-20.
[8] Ibid., pp. A-20-21.

demand for any cabinet configuration, and because lead times to replenish supply from China are long and volatile, ranging from 90 to 150 days.[9]

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of WCVs from China after December 31, 2018. Responding importers reported $377.9 million in arranged imports of WCVs from China with most of those orders in January-June 2019. Table VII-9 presents data for shipments of WCVs arranged for U.S. importation after December 31, 2018.

Table VII-9
WCVs: U.S. importers' arranged imports, January 2019 through December 2019

Item	Period				
	Jan-Mar 2019	Apr-Jun 2019	Jul-Sept 2019	Oct-Dec 2019	Total
	Value (1,000 dollars)				
Arranged U.S. imports from.--					
China	187,814	112,717	40,660	36,699	377,890
All other sources	***	***	***	***	21,706
All import sources	***	***	***	***	399,596

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on WCVs in third-country markets. Counsel for petitioner stated that they are not aware of any antidumping or countervailing duty orders in place in any third-country market on WCVs imports from China.[10]

INFORMATION ON NONSUBJECT COUNTRIES

The value of global exports of wooden furniture, which includes WCVs, increased by 3.4 percent from 2016 to 2018. China was the largest global exporter of these products, based on value in 2018, and accounted for approximately 29.2 percent of global exports in that year. The two largest nonsubject global exporters of wooden furniture, by value in 2018, were Germany and Italy, which combined, accounted for approximately 21.8 percent of global exports in that year. Table VII-10 presents global export data for wooden furniture.[11]

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[9] Conference transcript pp. 169-170 (Graff) (Goldstein); respondent ACCI's postconference brief, answers to staff's questions, p. A-21.

[10] Petition, p. 4; petitioner's postconference brief, p. 33.

[11] GTA data for HTS subheadings 9403.40 and 9403.60 includes products that are outside the scope of these investigations. Consequently, the global export data presented in table VII-10 are overstated.

Table VII-10
Wooden furniture: Global exports by country, 2016-18

Exporter	Calendar year		
	2016	2017	2018
	Value (1,000 dollars)		
United States	731,236	696,896	688,232
China	8,117,721	8,502,962	9,189,551
All other major reporting exporters.--			
Germany	3,463,356	3,529,665	3,729,794
Italy	2,853,645	2,863,438	3,115,720
Poland	2,140,371	2,415,654	2,620,798
Indonesia	781,951	806,484	801,594
Malaysia	756,014	746,075	790,394
Denmark	702,407	707,908	765,253
Canada	721,313	728,778	741,537
Spain	707,843	712,664	723,366
France	557,492	581,284	611,245
Lithuania	519,642	541,285	607,419
All other exporters	8,336,943	8,688,566	7,042,755
Total global exports	30,389,934	31,521,660	31,427,658
	Share of value (percent)		
United States	2.4	2.2	2.2
China	26.7	27.0	29.2
All other major reporting exporters.--			
Germany	11.4	11.2	11.9
Italy	9.4	9.1	9.9
Poland	7.0	7.7	8.3
Indonesia	2.6	2.6	2.6
Malaysia	2.5	2.4	2.5
Denmark	2.3	2.2	2.4
Canada	2.4	2.3	2.4
Spain	2.3	2.3	2.3
France	1.8	1.8	1.9
Lithuania	1.7	1.7	1.9
All other exporters	27.4	27.6	22.4
Total global exports	100.0	100.0	100.0

Source: Official export statistics under HS subheading 9403.40 and 9403.60 reported by various national statistical authorities in the Global Trade Atlas database, accessed March 27, 2019.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
84 FR 8890, March 12, 2019	*Wooden Cabinets and Vanities From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2019-03-12/pdf/2019-04474.pdf
84 FR 12581, April 2, 2019	*Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-04-02/pdf/2019-06387.pdf
84 FR 12587, April 2, 2019	*Wooden Cabinets and Vanities and Components Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2019-04-02/pdf/2019-06388.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Wooden Cabinets and Vanities from China

Inv. Nos.: 701-TA-620 and 731-TA-1445 (Preliminary)

Date and Time: March 27, 2019 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

OPENING REMARKS:

In Support of Imposition (**Laura El-Sabaawi**, Wiley Rein LLP)
In Opposition to Imposition (**Matthew R. Nicely**, Hughes Hubbard & Reed LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Wiley Rein LLP
Washington, DC
on behalf of

American Kitchen Cabinet Alliance ("AKCA")

Bill Allen, Vice President and Chief Operating Officer,
Showplace Cabinetry

Stephen Wellborn, Director, Product and Research
Development, Wellborn Cabinet, Inc.

Perry Miller, President, Kountry Wood Products, LLC

Mark Trexler, President and Chief Executive Officer,
Master WoodCraft Cabinetry, LLC

John Gahm, Vice President, Manufacturing,
Kitchen Kompact, Inc.

Edwin Underwood, Chief Operating Officer, Marsh Furniture

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Todd Sabine, Vice President, Sales and Marketing, American Woodmark Corporation

Dr. Seth T. Kaplan, President, International Economic Research LLC

Timothy C. Brightbill)
) – OF COUNSEL
Laura El-Sabaawi)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Hughes Hubbard & Reed LLP
Washington, DC
on behalf of

Ad Hoc Coalition of Cabinet Importers ("ACCI")

Chris Graff, Executive Vice President, JS International Inc.

Robert Hunter, Chief Operating Officer, CNC Associates

Michael Weiner, Managing Partner, Chairman of Kitchen Cabinet Distributors and Ninth Street Capital Partners

Randy Goldstein, Chief Executive Officer, Kitchen Cabinet Distributors

Mike Tudor, Owner and Chief Executive Officer, Builder Supply Source

Luke Kinser, Managing Member, East Front Cabinets/ Summit Construction

James P. Dougan, Vice President, Economic Consulting Services, LLC

Cara Groden, Senior Economist, Economic Consulting Services, LLC

Susannah Perkins, Economist, Economic Consulting Services, LLC

Matthew R. Nicely)
Dean A. Pinkert) – OF COUNSEL
Julia K. Eppard)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

DLA Piper LLP (US)
Washington, DC
on behalf of

JS International, Inc. ("JSI")

Chris Graff, Executive Vice President, JSI Cabinetry

Martin Schaefermeier) – OF COUNSEL

Mowry & Grimson, PLLC
Washington, DC
on behalf of

Kimball Hospitality

Charles Bastien, Vice President, Sales and Marketing,
Kimball Hospitality

Chad Wilkey, Director, Product Development,
Kimball Hospitality

Kristin Mowry) – OF COUNSEL

Husch Blackwell LLP
Washington, DC
on behalf of

China National Forest Products Industry Association

Wu Shengfu, Vice Chairman, China National Forest Products
Industry Association

Jeffrey S. Neeley)
) – OF COUNSEL
Stephen W. Brophy)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

FisherBroyles LLP
Washington, DC
on behalf of

Cabinetry 1 Inc.
Affordable Home Products LLC

Robin Liu, President, Cabinetry 1 Inc. and Affordable Home Products LLC

Philip S. Gallas)
) – OF COUNSEL
Geoff Goodale)

CKR Law LLP
Washington, DC
on behalf of

Coalition of Vanity Importers

Lucas Liu, Chief Executive Officer, Design Element USA

Martin Symes, Chief Executive Officer, Modern Bathroom

Eric Dormoy, Chief Executive Officer, Madeli

Bart S. Fisher) – OF COUNSEL

INTERESTED PARTY IN OPPOSITION:

Casa Cabinets, Inc.
Craftmart Cabinets LLC

Nathan Gordon, Associate

New Century Building Supplies Inc.

Charles M. Cai, Cabinet Retailer and Importer

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Timothy C. Brightbill**, Wiley Rein LLP)

In Opposition to Imposition (**Dean A. Pinkert** Hughes Hubbard & Reed LLP;
and **Bart S. Fisher**, CKR Law LLP)

-END-

APPENDIX C

SUMMARY DATA

Full units & Components

Table C-1
WCVs: Summary data concerning the total U.S. market for full units and components, 2016-18
(Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. consumption value:						
Amount	8,664,249	9,208,304	9,643,880	11.3	6.3	4.7
Producers' share (fn1)	83.2	80.8	77.4	(5.8)	(2.3)	(3.4)
Importers' share (fn1):						
China	11.7	13.5	16.4	4.7	1.8	2.9
Nonsubject sources	5.2	5.7	6.2	1.0	0.5	0.5
All import sources	16.8	19.2	22.6	5.8	2.3	3.4
U.S. consumption quantity:						
Amount	55,450,502	60,900,990	61,529,298	11.0	9.8	1.0
Producers' share (fn1)	63.0	58.0	55.6	(7.4)	(5.0)	(2.4)
Importers' share (fn1):						
China	28.9	31.9	38.2	9.3	2.9	6.4
Nonsubject sources	8.1	10.2	6.2	(1.9)	2.1	(4.0)
All import sources	37.0	42.0	44.4	7.4	5.0	2.4
U.S. importers' U.S. imports from:						
China:						
Value	1,009,465	1,240,652	1,581,657	56.7	22.9	27.5
Quantity	16,042,068	19,408,740	23,516,893	46.6	21.0	21.2
Unit value (fn3)	$57	$58	$61	7.4	2.2	5.0
Ending inventory quantity (fn4)	4,436,754	5,040,344	5,610,786	26.5	13.6	11.3
Nonsubject sources:						
Value	449,843	525,222	599,304	33.2	16.8	14.1
Quantity	4,492,131	6,182,327	3,804,084	(15.3)	37.6	(38.5)
Unit value (fn3)	$91	$77	$139	52.8	(15.2)	80.1
Ending inventory quantity (fn4)	***	***	***	***	***	***
All import sources:						
Value	1,459,308	1,765,874	2,180,961	49.5	21.0	23.5
Quantity	20,534,199	25,591,067	27,320,976	33.1	24.6	6.8
Unit value (fn3)	$64	$63	$72	11.8	(2.5)	14.6
Ending inventory quantity (fn4)	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	59,733,601	61,574,874	61,864,938	3.6	3.1	0.5
Production quantity	35,188,669	35,593,810	34,389,261	(2.3)	1.2	(3.4)
Capacity utilization (fn1)	58.9	57.8	55.6	(3.3)	(1.1)	(2.2)
U.S. shipments:						
Value:						
Full units	6,751,228	6,973,352	6,991,939	3.6	3.3	0.3
Components	453,713	469,078	470,980	3.8	3.4	0.4
Full units and components	7,204,941	7,442,430	7,462,919	3.6	3.3	0.3
Quantity	34,916,303	35,309,923	34,208,322	(2.0)	1.1	(3.1)
Unit value (fn3)	$193	$197	$204	5.7	2.1	3.5

Table continued on next page.

Table C-1--Continued
WCVs: Summary data concerning the total U.S. market for full units and components, 2016-18
(Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. producers':--Continued						
Export shipments:						
Value	56,815	42,834	33,880	(40.4)	(24.6)	(20.9)
Quantity	***	***	***	***	***	***
Unit value (fn3)	***	***	***	***	***	***
Ending inventory quantity (fn4)	547,104	552,107	509,231	(6.9)	0.9	(7.8)
Inventories/total shipments (fn1)	1.5	1.6	1.5	(0.1)	0.0	(0.1)
Production workers	33,400	34,255	33,961	1.7	2.6	(0.9)
Hours worked (1,000s)	71,594	72,489	73,549	2.7	1.3	1.5
Wages paid ($1,000)	1,145,896	1,188,658	1,264,714	10.4	3.7	6.4
Hourly wages (dollars per hour)	$16.01	$16.40	$17.20	7.4	2.5	4.9
Productivity (units per 1,000 hours)	491.5	491.0	467.6	(4.9)	(0.1)	(4.8)
Unit labor costs (dollars per unit)	$32.56	$33.40	$36.78	12.9	2.6	10.1
Net sales:						
Value	7,206,534	7,490,161	7,547,530	4.7	3.9	0.8
Quantity	35,790,000	36,593,945	35,506,489	(0.8)	2.2	(3.0)
Unit value (fn3)	$188	$191	$199	5.6	1.7	3.9
Cost of goods sold (COGS)	5,322,883	5,532,252	5,688,995	6.9	3.9	2.8
Gross profit or (loss)	1,883,651	1,957,909	1,858,535	(1.3)	3.9	(5.1)
SG&A expenses	1,152,736	1,190,455	1,306,573	13.3	3.3	9.8
Operating income or (loss)	730,915	767,454	551,962	(24.5)	5.0	(28.1)
Net income or (loss)	602,052	628,180	410,650	(31.8)	4.3	(34.6)
Capital expenditures	212,033	211,487	253,604	19.6	(0.3)	19.9
Unit COGS (fn3)	$138	$140	$149	7.7	1.5	6.0
Unit SG&A expenses (fn3)	$31	$31	$35	14.3	0.9	13.3
Unit operating income or (loss) (fn3)	$19	$20	$15	(23.3)	3.9	(26.1)
Unit net income or (loss) (fn3)	$17	$17	$11	(32.0)	4.2	(34.7)
COGS/sales (fn1)	73.9	73.9	75.4	1.5	(0.0)	1.5
Operating income or (loss)/sales (fn1)	10.1	10.2	7.3	(2.8)	0.1	(2.9)
Net income or (loss)/sales (fn1)	8.4	8.4	5.4	(2.9)	0.0	(2.9)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Unit values are calculated using full units only (i.e., excluding the value of components)
fn4.--Reported inventory quantities only reflect quantities of full units.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

Full units

Table C-2
WCVs: Summary data concerning the total U.S. market for full units, 2016-18
(Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. consumption quantity:						
Amount	55,450,502	60,900,990	61,529,298	11.0	9.8	1.0
Producers' share (fn1)	63.0	58.0	55.6	(7.4)	(5.0)	(2.4)
Importers' share (fn1):						
China	28.9	31.9	38.2	9.3	2.9	6.4
Nonsubject sources	8.1	10.2	6.2	(1.9)	2.1	(4.0)
All import sources	37.0	42.0	44.4	7.4	5.0	2.4
U.S. consumption value:						
Amount	8,070,043	8,576,250	8,953,049	10.9	6.3	4.4
Producers' share (fn1)	83.7	81.3	78.1	(5.6)	(2.3)	(3.2)
Importers' share (fn1):						
China	11.3	13.1	16.0	4.7	1.8	2.9
Nonsubject sources	5.1	5.6	5.9	0.8	0.5	0.3
All import sources	16.3	18.7	21.9	5.6	2.3	3.2
U.S. imports						
China:						
Quantity	16,042,068	19,408,740	23,516,893	46.6	21.0	21.2
Value	909,508	1,125,030	1,431,518	57.4	23.7	27.2
Unit value	$57	$58	$61	7.4	2.2	5.0
Ending inventory quantity	4,436,754	5,040,344	5,610,786	26.5	13.6	11.3
Nonsubject sources:						
Quantity	4,492,131	6,182,327	3,804,084	(15.3)	37.6	(38.5)
Value	409,307	477,868	529,592	29.4	16.8	10.8
Unit value	$91	$77	$139	52.8	(15.2)	80.1
Ending inventory quantity	***	***	***	***	***	***
All import sources:						
Quantity	20,534,199	25,591,067	27,320,976	33.1	24.6	6.8
Value	1,318,815	1,602,898	1,961,110	48.7	21.5	22.3
Unit value	$64	$63	$72	11.8	(2.5)	14.6
Ending inventory quantity	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity	59,733,601	61,574,874	61,864,938	3.6	3.1	0.5
Production quantity	35,188,669	35,593,810	34,389,261	(2.3)	1.2	(3.4)
Capacity utilization (fn1)	58.9	57.8	55.6	(3.3)	(1.1)	(2.2)
U.S. shipments:						
Quantity	34,916,303	35,309,923	34,208,322	(2.0)	1.1	(3.1)
Value	6,751,228	6,973,352	6,991,939	3.6	3.3	0.3
Unit value	$193	$197	$204	5.7	2.1	3.5

Table continued on next page.

Table C-2--Continued
WCVs: Summary data concerning the total U.S. market for full units, 2016-18
(Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. producers':--Continued						
Export shipments:						
Quantity	***	***	***	***	***	***
Value	56,815	42,834	33,880	(40.4)	(24.6)	(20.9)
Unit value	***	***	***	***	***	***
Ending inventory quantity	547,104	552,107	509,231	(6.9)	0.9	(7.8)
Inventories/total shipments (fn1)	1.5	1.6	1.5	(0.1)	0.0	(0.1)
Production workers (fn3)	31,355	32,121	31,873	1.7	2.4	(0.8)
Hours worked (1,000s) (fn3)	67,365	67,824	68,973	2.4	0.7	1.7
Wages paid ($1,000) (fn3)	1,075,227	1,113,433	1,191,117	10.8	3.6	7.0
Hourly wages (dollars per hour) (fn3)	$15.96	$16.42	$17.27	8.2	2.9	5.2
Productivity (units per 1,000 hours) (fn3)	522.4	524.8	498.6	(4.6)	0.5	(5.0)
Unit labor costs (dollars per unit) (fn3)	$30.56	$31.28	$34.64	13.4	2.4	10.7
Net sales:						
Quantity	35,790,000	36,593,945	35,506,489	(0.8)	2.2	(3.0)
Value	6,741,140	7,007,567	7,062,311	4.8	4.0	0.8
Unit value	$188	$191	$199	5.6	1.7	3.9
Cost of goods sold (COGS)	4,942,043	5,131,173	5,278,911	6.8	3.8	2.9
Gross profit or (loss)	1,799,097	1,876,394	1,783,400	(0.9)	4.3	(5.0)
SG&A expenses	1,111,199	1,145,963	1,259,926	13.4	3.1	9.9
Operating income or (loss)	687,898	730,431	523,474	(23.9)	6.2	(28.3)
Net income or (loss)	590,874	629,510	398,779	(32.5)	6.5	(36.7)
Capital expenditures	212,033	211,487	253,604	19.6	(0.3)	19.9
Unit COGS	$138	$140	$149	7.7	1.5	6.0
Unit SG&A expenses	$31	$31	$35	14.3	0.9	13.3
Unit operating income or (loss)	$19	$20	$15	(23.3)	3.9	(26.1)
Unit net income or (loss)	$17	$17	$11	(32.0)	4.2	(34.7)
COGS/sales (fn1)	73.3	73.2	74.7	1.4	(0.1)	1.5
Operating income or (loss)/sales (fn1)	10.2	10.4	7.4	(2.8)	0.2	(3.0)
Net income or (loss)/sales (fn1)	8.8	9.0	5.6	(3.1)	0.2	(3.3)

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Reported employment data excludes all firms that were solely merchant component producers.

Source: Compiled from data submitted in response to Commission questionnaires and official U.S. import statistics for HTS statistical reporting number 9403.40.9060, accessed April 3, 2019.

Components

Table C-3
WCVs: Summary data concerning the merchant U.S. market for components, 2016-18
(Quantity=units; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per unit; Period changes=percent--exceptions noted)

	Reported data			Period changes		
	Calendar year			Calendar year		
	2016	2017	2018	2016-18	2016-17	2017-18
U.S. consumption value:						
Amount	594,206	632,054	690,831	16.3	6.4	9.3
Producers' share (fn1)	76.4	74.2	68.2	(8.2)	(2.1)	(6.0)
Importers' share (fn1):						
China	16.8	18.3	21.7	4.9	1.5	3.4
Nonsubject sources	6.8	7.5	10.1	3.3	0.7	2.6
All import sources	23.6	25.8	31.8	8.2	2.1	6.0
U.S. importers' U.S. shipments from:						
Value:						
China	99,957	115,622	150,139	50.2	15.7	29.9
Nonsubject sources	40,536	47,354	69,712	72.0	16.8	47.2
All import sources:	140,493	162,976	219,851	56.5	16.0	34.9
U.S. producers':						
Commercial U.S. shipments value	453,713	469,078	470,980	3.8	3.4	0.4
Production workers (fn3)	2,045	2,134	2,088	2.1	4.4	(2.2)
Hours worked (1,000s) (fn3)	4,229	4,665	4,576	8.2	10.3	(1.9)
Wages paid ($1,000) (fn3)	70,669	75,225	73,597	4.1	6.4	(2.2)
Hourly wages (dollars per hour) (fn3)	$16.71	$16.13	$16.08	(3.8)	(3.5)	(0.3)
Net sales value	465,394	482,594	485,219	4.3	3.7	0.5
Cost of goods sold (COGS)	380,840	401,079	410,084	7.7	5.3	2.2
Gross profit or (loss)	84,554	81,515	75,135	(11.1)	(3.6)	(7.8)
SG&A expenses	41,537	44,492	46,647	12.3	7.1	4.8
Operating income or (loss)	43,017	37,023	28,488	(33.8)	(13.9)	(23.1)
Net income or (loss)	11,178	(1,330)	11,871	6.2	fn2	fn2
COGS/sales (fn1)	81.8	83.1	84.5	2.7	1.3	1.4
Operating income or (loss)/sales (fn1)	9.2	7.7	5.9	(3.4)	(1.6)	(1.8)
Net income or (loss)/sales (fn1)	2.4	(0.3)	2.4	0.0	(2.7)	2.7

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Reported employment data includes data for all firms that were solely merchant component producers.

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

APPENDIX D

RESPONSES TO SEMI-FINISHED PRODUCT QUESTIONS

Table D-1
WCVs: U.S. producers' and U.S. importers' responses to the semi-finished product questions, 2018

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Table D-2
WCVs: U.S. producers' responses to the semi-finished product questions, 2018

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