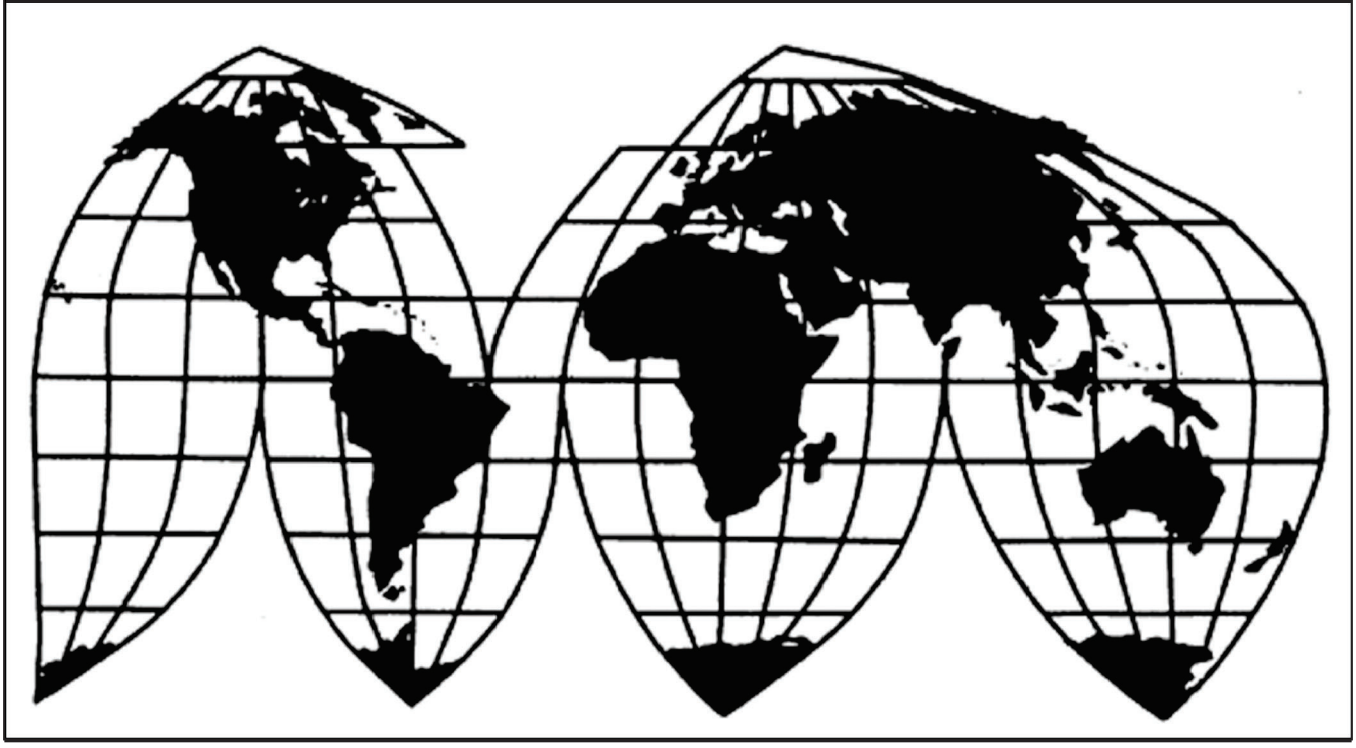
# Wood Mouldings and Millwork Products from Brazil and China

Investigation Nos. 701-TA-636 and 731-TA-1469-1470 (Preliminary)

**Publication 5030** **March 2020**

## U.S. International Trade Commission



**Washington, DC 20436**

# 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Note.—Information that would reveal confidential operations of individual concerns may not be published.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 by brackets in confidential reports and is deleted and replaced with asterisks (***) in public reports.

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation Nos. 701-TA-636 and 731-TA-1469-1470 (Preliminary)

Wood Mouldings and Millwork Products from Brazil and 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 wood mouldings and millwork products from Brazil and China that are alleged to be sold in the United States at less than fair value ("LTFV") and imports of wood mouldings and millwork products from China that are allegedly subsidized by the government of China.[2] [3] The products subject to these investigations are primarily provided for in subheadings 4409.10.40, 4409.10.45, 4409.10.50, 4409.22.40, 4409.22.50, 4409.29.41, and 4409.29.51 of the Harmonized Tariff Schedule of the United States ("HTS").

**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

[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] *Wood Mouldings and Millwork Products From Brazil and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations*, 85 FR 6502 (February 5, 2020); *Wood Mouldings and Millwork Products From the People's Republic of China: Initiation of Countervailing Duty Investigation,* 85 FR 6513 (February 5, 2020).

[3] Commissioner Stayin not participating.

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 January 8, 2020, the Coalition of American Millwork Producers[4] 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 wood mouldings and millwork products from China and LTFV imports of wood mouldings and millwork products from Brazil and China. Accordingly, effective January 8, 2020, the Commission instituted countervailing duty investigation No. 701-TA-636 and antidumping duty investigation Nos. 731-TA-1469-1470 (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 January 15, 2020 (85 FR 2438). The conference was held in Washington, DC, on January 29, 2020, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[4] The Coalition of American Millwork Producers is comprised of Bright Wood Corporation, Madras, Oregon; Cascade Wood Products, Inc., White City, Oregon; Endura Products, Inc., Colfax, North Carolina; Sierra Pacific Industries, Red Bluff, California; Sunset Moulding, Live Oak, California; Woodgrain Millwork Inc., Fruitland, Idaho; and Yuba River Moulding, Yuba City, California.

## 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 wood mouldings and millwork products ("WMMP") from Brazil and China that are allegedly sold in the United States at less than fair value and imports of the subject merchandise from China that are allegedly subsidized by the government of China.[1]

## 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.[2] 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."[3]

## II. Background

The Coalition of American Millwork Producers, consisting of domestic producers Bright Wood Corporation, Cascade Wood Products, Inc., Endura Products, Inc., Sierra Pacific Industries, Sunset Moulding, Woodgrain Millwork Inc., and Yuba River Moulding, filed the petitions in these investigations on January 8, 2020. Petitioners appeared at the staff conference and submitted a postconference brief.

Several respondent entities participated in these investigations. Appearing at the conference and submitting respective postconference briefs were Composite Technology International, Inc. ("CTI"), an importer and foreign producer of subject merchandise; Associacao Brasileira da Industria de Madeira Processada Macanicamente ("ABIMCI"), an association of subject Brazilian producers; the American Moulding and Millwork Alliance ("AMMA"), consisting of domestic producers and importers of subject merchandise; and Weston Wood Solutions Inc. ("Weston"), an importer of subject merchandise. Non-party ***, a purchaser of subject merchandise, submitted a written statement.

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[1] Commissioner Randall Stayin did not participate in these investigations.

[2] 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.

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

U.S. industry data are based on the questionnaire responses of 13 producers, accounting for a majority of U.S. production of WMMP in 2018.[4] U.S. import data are based on official Commerce import statistics and from questionnaire responses from 46 U.S. importers, accounting for 73.4 percent of total subject imports from Brazil and China and 71.8 percent of total imports in 2018.[5] The Commission received responses to its questionnaires from 13 foreign producers of subject merchandise in Brazil, accounting for approximately *** percent of subject imports from Brazil in 2018.[6] The Commission received responses to its questionnaires from 22 foreign producers of subject merchandise in China, accounting for approximately *** percent of subject imports from China in 2018.[7]

## 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."[8] 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."[9] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[10]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the

[4] Confidential Report ("CR")/ Public Report ("PR") at I-4. Due to deficiencies in its domestic producers' questionnaire response, *** reported data was not included in domestic industry data, although its descriptions of the market were included in parts II and V of the report. *Id.* at I-4 n.8.

[5] CR/PR at I-4.

[6] CR/PR at VII-3.

[7] CR/PR at VII-10.

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(10).

[11] 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).

facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[13] 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,[14] the Commission determines what domestic product is like the imported articles Commerce has identified.[15] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[16]

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

> The merchandise subject to these investigations consists of wood mouldings and millwork products that are made of wood (regardless of wood species), bamboo, laminated veneer lumber (LVL), or of wood and composite materials (where the composite materials make up less than 50 percent of the total merchandise), and which are continuously shaped wood that undergoes additional manufacturing or finger-jointed or edge glued moulding or millwork blanks (whether or not resawn).
>
> The percentage of composite materials contained in a wood moulding or millwork product is measured by length, except when the composite material is a coating or cladding. Wood mouldings and millwork products that are coated or clad, even along their entire length, with a composite material, but that are otherwise comprised of wood, LVL, or wood and composite materials (where the non-coating composite materials make

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

[13] *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.").

[14] *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).

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

[16] *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).

up 50 percent or less of the total merchandise) are covered by the scope.

The merchandise subject to these investigations consists of wood, LVL, bamboo, or a combination of wood and composite materials that is continuously shaped throughout its length (with the exception of any endwork/dados), profiled wood having a repetitive design in relief, similar milled wood architectural accessories, such as rosettes and plinth blocks, and finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn). The scope includes continuously shaped wood in the forms of dowels, building components such as interior paneling and jamb parts, and door components such as rails and stiles.

The covered products may be solid wood, laminated, finger-jointed, edge-Glued, face-glued, or otherwise joined in the production or remanufacturing process and are covered by the scope whether imported raw, coated (e.g., gesso, polymer, or plastic), primed, painted, stained, wrapped (paper or vinyl overlay), any combination of the aforementioned surface coatings, treated, or which incorporate rot-resistant elements (whether wood or composite). The covered products are covered by the scope whether or not any surface coating(s) or covers obscures the grain, textures, or markings of the wood, whether or not they are ready for use or require final machining (e.g., endwork/dado, hinge/strike machining, weatherstrip or application thereof, mitre) or packaging.

All wood mouldings and millwork products are included within the scope even if they are trimmed; cut-to-size; notched; punched; drilled; or have undergone other forms of minor processing.

Subject merchandise also includes wood mouldings and millwork products that have been further processed in a third country, including but not limited to trimming, cutting, notching, punching, drilling, coating, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope product.

Excluded from the scope of these investigations are exterior fencing, exterior decking and exterior siding products (including solid wood siding, non-wood siding (e.g., composite or cement), and shingles) that are not LVL or finger-jointed; finished and unfinished doors; flooring; parts of stair steps (including newel posts, balusters, easing, gooseneck, risers, treads and rail fittings); and picture frame components three feet and under in individual lengths.

Excluded from the scope of these investigations are 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).

Excluded from the scope of these investigations are all products covered by the scope of the antidumping and countervailing duty orders on Multilayered Wood Flooring from the People's Republic of China. See Multilayered Wood Flooring from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order, 76 FR 76690 (December 8, 2011); Multilayered Wood Flooring from the People's Republic of China: Countervailing Duty Order, 76 FR 76693 (December 8, 2011).[17]

WMMP are lengths of wood molded into various shapes, or profiles, for use in a wide variety of functional and decorative applications, particularly in residential construction.[18] They can be manufactured from solid or, more commonly, finger-jointed softwood or hardwood lumber; laminated veneer lumber ("LVL"); or some combination of wood and composite materials.[19] Depending on their profile and length, WMMP may be used as crown mouldings, interior and exterior door frames or jambs, astragals, base caps, corner guards, base shoes, brickmoulds, drip caps, and battens, among other applications.[20] WMMP are sold to distributors, construction companies and contractors, lumber wholesalers, and home improvement retailers.[21]

WMMP are produced by mills in two stages. In the first stage, known as the "front end," the mill produces "blanks" for further processing into WMMP in the second stage. In the production of finger-jointed blanks, which account for most domestic production, domestic producers scan raw lumber for imperfections and then "rip" or cut the board to maximize the number of clear cuts free from imperfections.[22] The mill then cuts the ripped boards to specific lengths, cuts finger joints into the ends of the lengths, and glues the finger-jointed lengths

[17] Wood Moulding and Millwork Products from Brazil and the People's Republic of China: Initiation of Less Than Fair Value Investigations, 85 Fed. Reg. 6502 (Feb. 5, 2020); Wood Moulding and Millwork Products from the People's Republic of China: Initiation of Countervailing Duty Investigation, 85 Fed. Reg. 6513 (Feb. 5, 2020).

[18] CR/PR at I-10.

[19] CR/PR at I-17. LVL is an engineered wood product consisting of multiple layers of thin wood glued together and cured with heat and pressure. CR/PR at I-18 n.37.

[20] CR/PR at I-10-14.

[21] CR/PR at I-16.

[22] CR/PR at I-17; Conference Tr. at 21-22 (Brightbill) (describing the domestic industry's "front end process" as involving wood that is "finger-jointed" into blanks).

together into longer, solid blanks.[23] Blanks may also consist of solid lumber, LVL, or some combination of wood and composite materials.[24]

In the second stage, known as the "back end," the blanks are fed through one or more molders that grind and cut the blanks into the desired shape or profile, with multiple stages of molding required for more sophisticated profiles.[25] After molding, WMMP may undergo further complex end machining or processing, such as weather stripping or drilling, and coating by painting, priming, lamination, or wrapping with vinyl, veneer, or paper.[26]

### A. Arguments of the Parties

*Petitioners' Argument*. Petitioners argue that the Commission should define a single domestic like product consisting of all WMMP, coextensive with the scope of the investigations.[27] They argue the definition of the domestic like product should include WMMP produced from LVL, which is in-scope, but exclude moulding and millwork products ("MMP") produced from medium density fiberboard ("MDF"), which is out-of-scope.

With respect to MDF, petitioners argue that whereas WMMP is made of solid wood or finger-jointed wood, MDF MMP is made from sawdust and shavings mixed with urea-formaldehyde and processed into panels.[28] They claim that the differing constituent materials of WMMP and MDF MMP dictate different characteristics and end uses.[29] Although WMMP can be used in all the applications listed in the petition, they argue, MDF MMP cannot be used in structural applications, exterior applications, and numerous other applications, and is therefore not interchangeable with WMMP in such applications.[30] While acknowledging some overlap in terms of channels of distribution, petitioners contend that consumers and producers consider WMMP and MDF MMP to be different products and that MDF MMP is generally less expensive than WMMP.[31] Petitioners also argue that the production process for MDF MMP differs substantially from that for WMMP, particularly in the front end.[32]

With respect to LVL, petitioners argue that LVL WMMP is similar to other WMMPs in that all are made of wood and possess many of the same end uses, including interior and exterior wood doors and window frames.[33] They contend that LVL WMMP is generally interchangeable with other WMMPs when produced to the same dimensions, given that mouldings and millwork are produced to the same patterns, and would therefore carry similar

[23] CR/PR at I-17.
[24] CR/PR at I-17.
[25] CR/PR at I-18.
[26] CR/PR at I-19.
[27] Petitioners' Postconference Brief at 3.
[28] Petitioners' Postconference Brief, Exhibit 1 at 21-22.
[29] Petitioners' Postconference Brief, Exhibit 1 at 22-23.
[30] Petitioners' Postconference Brief, Exhibit 1 at 23.
[31] Petitioners' Postconference Brief, Exhibit 1 at 25, Exhibits 15 and 16.
[32] Petitioners' Postconference Brief, Exhibit 1 at 25, Exhibit 16.
[33] Petitioners' Postconference Brief, Exhibit 1 at 28.

prices.[34] All WMMP, including LVL WMMP, are sold through the same channels of distribution, petitioners claim, and LVL WMMP undergoes the same back end processing as finger-jointed lumber.[35]

*Respondents*' *Argument*. Respondents argue that the Commission should define two domestic like products: (1) LVL WMMP, as described by the scope; and (2) all other WMMP within the scope.[36] In addition, respondents argue that the Commission should define the domestic like product to include MDF MMP, which is not in the scope of investigation.[37]

Respondents argue that LVL WMMP differs from all other WMMP within the scope of the investigations under each of the Commission's traditional like product factors. While other WMMP are produced primarily from finger-jointed lumber, LVL WMMP is produced from multiple layers of thin wood pressed together with adhesive, creating a product that is stronger, straighter, more uniform, and more durable than finger-jointed WMMP.[38] Due to its superior performance characteristics, respondents claim, LVL WMMP is an "ideal alternative" to "solid lumber" in structural applications and is preferred in extreme climates, including places that experience extreme heat or cold and hurricane zones.[39] In respondents' view, LVL WMMP's superior performance relative to finger-jointed WMMP means that purchasers requiring LVL WMMP cannot substitute finger-jointed WMMP.[40] Respondents also argue that LVL WWMP differs from other WMMP in terms of front end production processes.[41] While acknowledging that LVL WMMP are sold through the same channels of distribution as finger-jointed WMMP, respondents argue that customers and producers perceive LVL WMMP as a distinct product, given its superior performance.[42] They also highlight conference testimony from domestic producers that they produce no LVL WMMP because their customers do not

[34] Petitioners' Postconference Brief, Exhibit 1 at 29, 31.

[35] Petitioners' Postconference Brief, Exhibit 1 at 30-31.

[36] AMMA Postconference Brief at 6; CTI's Postconference Brief at 2.

[37] AMMA Postconference Brief at 23; ABIMCI Postconference Brief at 6. AMMA frames its argument that the Commission should define the domestic like product to include MDF WMP as an alternative argument, in the event the Commission finds that LVL WMMP is included in the definition of the domestic like product. *See* AMMA's Postconference Brief at 23.

[38] AMMA Postconference Brief at 7-8 (citing Importers' Questionnaire Response of *** at Questions III-18-19); CTI's Postconference Brief at 3; Weston's Postconference Brief at 7.

[39] AMMA Postconference Brief at 7-10, Exhibits 2 and 4; CTI's Postconference Brief at 3-4.

[40] AMMA Postconference Brief at 11-12, Exhibit 4; CTI's Postconference Brief at 6-7, Exhibit 3; Weston's Postconference Brief at 7-8.

[41] AMMA Postconference Brief at 13-15; CTI's Postconference Brief at 4-5; Weston's Postconference Brief at 8-9.

[42] AMMA Postconference Brief at 17-18; CTI's Postconference Brief at 6-8, Exhibits 4-6; Weston's Postconference Brief at 8.

request the product.[43] Finally, respondents claim that LVL WMMP is higher priced than finger-jointed WMMP.[44]

Respondents also urge the Commission to define the domestic like product to include out-of-scope MDF MMP.[45] Respondents argue that MDF MMP is like WMMP in that both products are made of wood and processed into MMP used as decorative trim in home interiors.[46] Respondents also claim that MDF MMP and WMMP are highly interchangeable in the same end uses, noting that numerous responding producers and importers identified MDF MMP as a substitute for WMMP, and are sold through the same channels of distribution.[47] Respondents contend that MDF MMP and WMMP are produced using the same processes and much of the same equipment at the back end, distinguished only by the type of cutting knife used.[48] Based on the interchangeability of MDF MMP and WMMP in the same end uses, respondents assert that customers perceive the products as similar to one another.[49] Finally, respondents acknowledge that MDF MMP is sold for lower prices than equivalent WMMP, which has hastened the substitution of MDF MMP for WMMP in their view.[50]

### B. Analysis

Based on the record of the preliminary phase of the investigations, we define a single domestic like product consisting of all WMMP, coextensive with the scope of the investigations. However, we will revisit domestic like product issues as appropriate in any final phase of the investigations.[51]

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[43] AMMA Postconference Brief at 17-18; CTI's Postconference Brief at 6-8, Exhibits 4-6; Weston's Postconference Brief at 8 (citing Conference Tr. at 91 (MacDonald), 93-94 (Procton, Easton, Trapp)).

[44] AMMA Postconference Brief at 18-19; CTI's Postconference Brief at 8-9; Weston's Postconference Brief at 9.

[45] ABIMCI's Postconference Brief at 6; AMMA Postconference Brief at 23. In AMMA's view, the Commission cannot define the domestic like product to include LVL WMMP without also including MDF MMP, allegedly because finger-jointed WMMP and MDF MMP require similar "back end" processing. *Id.* at 23-24. According to petitioners, the back end processing of MDF MMP requires carbide blades that yield softer profiles whereas the back end processing of finger-jointed WMMP requires steel blades that yield sharper profiles. Petitioners' Postconference Brief Exhibit 1 at 27.

[46] AMMA Postconference Brief at 24-26; ABIMCI's Postconference Brief at 5-6.

[47] AMMA Postconference Brief at 26-30, Exhibits 8-9; ABIMCI's Postconference Brief at 6.

[48] AMMA Postconference Brief at 30-32 (citing Conference Tr. at 101 (Caldwell)); ABIMCI's Postconference Brief at 7-8.

[49] AMMA Postconference Brief at 32-33 (citing Conference Tr. at 124 (Burke)). ABIMCI claims that "several" producers at the conference indicated that they viewed MDF MMP and finger-jointed WMMP "largely the same." ABIMCI's Postconference Brief at 6 (citing Conference Tr. at 54). The conference transcript, however, does not include such statements by domestic producers. To the contrary, in addressing "talk during respondents' opening about MDF," petitioners' counsel stated "I think there are substantial differences." Conference Tr. at 55 (Brightbill).

[50] AMMA Postconference Brief at 33-34 (Conference Tr. at 116 (Ammons)).

[51] We note that in any final phase of the investigations, parties wishing to raise domestic like product or industry issues should do so in their comments on the draft questionnaires and indicate the

### 1. Whether to Define LVL MMP as a Separate Like Product

*Physical Characteristics and Uses*. There are similarities and differences between LVL WMMP and other in-scope WMMP, primarily finger-jointed WMMP as well as solid lumber WMMP, in terms of physical characteristics and uses. LVL WMMP and finger-jointed WMMP are both made of wood fiber molded or carved into the same shapes and dimensions.[52] LVL WMMP is typically used in structural applications such as interior and exterior wood door frames and jambs and window components, which are also leading applications for finger-jointed WMMP.[53]

There are differences between LVL WMMP and other WMMP as well. LVL WMMP is made from LVL, an engineered wood product made from thin veneers of wood glued together and cured using heat and pressure.[54] Other in-scope WMMP, by contrast, is typically made from finger-jointed lumber or sometimes solid lumber.[55] The engineered nature of LVL imparts superior performance characteristics to WMMP made from it, including higher strength, greater stability, and greater resistance to damage, relative to finger-jointed WMMP but not necessarily WMMP made from solid lumber.[56] These properties enable LVL WMMP to better comply with industry standards and state and local ordinances than finger-jointed WMMP, making it more suitable for use in exterior fiberglass steel doors, extreme climates, and hurricane zones.[57] Nevertheless, finger-jointed WMMP has also been certified for use in high velocity hurricane zones, which would require performance similar to that of LVL WMMP.[58]

*Manufacturing Facilities, Production Processes and Employees*. LVL WMMP is made in separate manufacturing facilities using different employees than finger-jointed WMMP. The

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new information that would need to be collected for consideration of the proposed definitions. 19 C.F.R. § 207.20(b).

[52] CR/PR at I-18; Conference Tr. at 62 (Procton), 139 (Reid).

[53] CR/PR at Table IV-5; Conference Tr. at 140 (Settje); AMMA Postconference Brief at Exhibit 3 (information on the Pacific Wood Laminates product line). Although Pacific Wood Laminates, a domestic producer of LVL WMMP, produces that product exclusively for use as door and window components, the record contains no information on other domestic producers of LVL WMMP, such as Lexington Manufacturing, or the extent to which they might produce LVL WMMP for other applications. AMMA Postconference Brief at Exhibit 3.

[54] CR/PR at I-18 n.37. Respondents also argue that LVL WMMP imported from China possesses an extruded gesso coating, unlike most finger-jointed WMMP, but are unaware of any domestically produced WMMP possessing such a coating. *See* Conference Tr. at 143 (Reid). Petitioners claim that the domestic industry produces WMMP with gesso coatings. *Id.* at 181 (Brightbill). Whether subject imported LVL WMMP possesses an extruded gesso coating is not relevant to our analysis of the appropriate domestic like product definition because the focus of our analysis is on domestically produced LVL WMMP.

[55] CR/PR at I-17.

[56] Conference Tr. at 98 (Caldwell), 109 (Reid), 140 (Settje).

[57] Conference Tr. at 139 (Reid), 140-41 (Settje); CTI's Postconference Brief, Exhibit 3.

[58] Petitioners' Postconference Brief at 41-42, Exhibit 17.

only two known domestic producers of LVL WMMP, Pacific Wood Laminates and Lexington Manufacturing, make no finger-jointed WMMP.[59]

In addition, the front-end production processes differ between LVL WMMP and finger-jointed WMMP. LVL production requires laying up veneers with lap joints, applying adhesive, and curing the LVL using heat and pressure.[60] Finger-jointed lumber production requires optical scanning for defects, ripping boards to remove defects, cutting and finger jointing the boards, and then gluing the finger-jointed boards together into long blanks.[61]

On the other hand, the back-end production processes for making LVL WMMP and finger-jointed WMMP are similar.[62] At the conference, petitioners stated that their mills could use the same back-end equipment and processes currently used to produce finger-jointed WMMP to produce LVL WMMP.[63]

*Channels of Distribution*. LVL WMMP and finger-jointed WMMP are sold through the same channels of distribution, including to distributors, retailers, and end users.[64] Both LVL WMMP and finger-jointed WMMP destined for use in door frames and jambs are sold to door manufacturers.[65]

*Interchangeability*. The record indicates that LVL WMMP and finger-jointed WMMP may be used interchangeably in some applications, with the exception of external fiberglass steel door frames.[66] LVL WMMP and finger-jointed WMMP are both used to produce interior and exterior wood door frames.[67] According to customer statements provided by respondents, several door manufacturers have increasingly substituted LVL WMMP for finger-jointed WMMP in door frame production during the period of investigation.[68]

*Producer and Customer Perceptions*. There are similarities and differences between LVL WMMP and finger-jointed WMMP in terms of producer and customer perceptions. Customers view LVL WMMP and finger-jointed WMMP as similar insofar as both come in the same shapes, can be used in some of the same applications, particularly in door frames and jambs, and are sold through the same channels of distribution.[69] Petitioners view LVL WMMP as part of a

[59] Petitioners' Postconference Brief at 42-43.

[60] CR/PR at I-18 n.37.

[61] CR/PR at I-17.

[62] Conference Tr. at 108-9 (Reid), 180 (Brightbill); *see also* CTI's Postconference Brief at 5.

[63] Conference Tr. at 91 (Easton, MacDonald, Carroll).

[64] Petitioners' Postconference Brief, Exhibit 1 at 30; CTI's Postconference Brief at 17; Conference Tr. at 138 (Grimm), 147 (Reid).

[65] Petitioners' Postconference Brief, Exhibit 1 at 30; CTI's Postconference Brief at 17.

[66] Conference Tr. at 16-17 (Grimson); ABICMI's Postconference Brief at 13-14.

[67] CR/PR at Table IV-5; Conference Tr. at 93 (Procton), 140 (Settje).

[68] CTI's Postconference Brief at 7-8, Exhibits 4-6.

[69] CR/PR at Table IV-5; Conference Tr. at 16-17 (Grimson), 93 (Procton), 140 (Settje); Petitioners' Postconference Brief, Exhibit 1 at 30; CTI's Postconference Brief at 7-8, 17, Exhibits 4-6; ABICMI's Postconference Brief at 13-14.

continuum of WMMP products produced using the same back end processes from differing blanks, including LVL, finger-jointed lumber, and solid lumber.[70]

There are also differences in customer and producer perceptions. Many customers perceive LVL WMMP as offering certain advantages over finger-jointed WMMP, such as greater technical innovation, strength, and quality, that have motivated them to switch to LVL WMMP.[71] Individual domestic producers appear to specialize in the production of either LVL WMMP or finger-jointed WMMP, suggesting that they view the products as distinct.[72]

*Price*. The record contains no information on the prices of domestically produced LVL WMMP. The average unit value of CTI's U.S. shipments of imports of LVL WMMP, at $*** per board foot, was lower than the average unit value of the domestic industry's U.S. shipments (which are all of non-LVL products), $*** per board foot, in 2018.[73]

*Conclusion*. While there are similarities and differences between LVL WMMP and other WMMP, in particular finger-jointed WMMP, on balance, based on the record of the preliminary phase of the investigations, we find a preponderance of similarities between LVL WMMP and other WMMP.[74] There are similarities in terms of physical characteristics and uses, interchangeability, channels of distribution, customer and producer perceptions, production processes, and price. LVL WMMP and finger-jointed WMMP are made of wood molded into the same shapes for use in some of the same applications, particularly in the production of interior and exterior wood door frames.[75] LVL WMMP and finger-jointed WMMP may be used interchangeably in these applications, and several purchasers substituted LVL WMMP for finger-jointed WMMP in the production of door frames during the period of investigation.[76] Furthermore, LVL WMMP and finger-jointed WMMP are sold through the same channels of distribution and produced using similar back-end equipment and production processes.[77] The record suggests that some customers perceive LVL WMMP and finger-jointed WMMP as suitable for the same end uses and petitioners view the two products as part of a continuum of

[70] Petitioners' Postconference Brief, Exhibit 1 at 30; Conference Tr. at 53 (Brightbill), 91 (Easton, MacDonald, Carroll), 180 (Brightbill).

[71] *See* CTI's Postconference Brief at 7-8, Exhibits 4-7. Two domestic producers of finger-jointed WMMP stated at the hearing that their customers have not requested LVL WMMP. Conference Tr. at 91 (MacDonald, Carroll).

[72] Petitioners' Postconference Brief at 42-43.

[73] Derived from Importers' Questionnaire Response of CTI at Questions II-6c, II-8c; CR/PR at Table III-6.

[74] We also note that the scope is not limited to LVL WMMP and finger-jointed WMMP but also includes solid lumber WMMP, which shares many similarities to both of these products.

[75] CR/PR at Table IV-5; Conference Tr. at 140 (Settje).

[76] CTI's Postconference Brief at 7-8, Exhibits 4-6.

[77] Petitioners' Postconference Brief, Exhibit 1 at 30; CTI's Postconference Brief at 17; Conference Tr. at 108-9 (Reid), 138 (Grimm), 147 (Reid), 180 (Brightbill); *see also* CTI's Postconference Brief at 5.

WMMP products.[78] The limited record information on price suggests that LVL WMMP commands no price premium over finger-jointed WMMP.

There are also differences between the two products in terms of physical characteristics and uses; manufacturing facilities, processes, and employees; and customer and producer perceptions. Unlike finger-jointed WMMP made from lumber, LVL WMMP is produced from an engineered wood product, LVL, that imparts superior performance characteristics, which can make LVL WMMP better suited for extreme climates and hurricane zones.[79] Based on these performance characteristics, certain customers may prefer LVL WMMP over finger-jointed WMMP in structural applications.[80] Furthermore, LVL WMMP is produced in different manufacturing facilities by different employees using different front-end production processes than finger-jointed WMMP. The apparent lack of overlap between domestic producers of LVL WMMP and finger-jointed WMMP suggests that producers view the products as distinct.

On balance, based on the record of the preliminary phase of the investigations, we find a preponderance of similarities between LVL WMMP and finger-jointed WMMP.[81] Although there are also differences between the two products, we do not view these differences as sufficient to demarcate a clear dividing line separating LVL WMMP from finger-jointed WMMP but rather view these two products as part of a continuum of WMMP products which also includes WMMP made from solid lumber. Therefore, for purposes of these preliminary phase investigations, we define a single domestic like product including LVL WMMP and other in-scope WMMP.

### 2. Whether to Define the Domestic Like Product to Include Out-of-Scope MDF MMP

*Physical Characteristics and Uses*. MDF MMP and WMMP share the same general physical characteristics and uses. Both are composed of wood fiber and processed into standard profiles in a molding facility.[82] Both function as decorative trim in home interiors.[83]

There are also differences between MDF MMP and WMMP. While WMMP is made of wood fiber, whether solid, finger-jointed, or LVL, MDF MMP is made from sawdust and shavings

[78] Petitioners' Postconference Brief, Exhibit 1 at 30; Conference Tr. at 53 (Brightbill), 91 (Easton, MacDonald, Carroll), 180 (Brightbill).

[79] Conference Tr. at 98 (Caldwell), 109 (Reid), 140 (Settje). That finger-jointed WMMP can also be certified for use in hurricane zones, however, suggests that LVL WMMP may not always have a clear advantage over finger-jointed WMMP in terms of strength and stability. *See* Petitioners' Postconference Brief at 41-42, Exhibit 17.

[80] *See* CTI's Postconference Brief at 7-8, Exhibits 4-7.

[81] We also note that the scope is not limited to LVL WMMP and finger-jointed WMMP but also includes solid lumber WMMP which shares many similarities to both of these products.

[82] AMMA Postconference Brief at 24; ABIMCI's Postconference Brief at 5; Conference Tr. at 100-1 (Caldwell).

[83] AMMA Postconference Brief at 24; ABIMCI's Postconference Brief at 6; Conference Tr. at 101 (Caldwell).

mixed with resin and formed into MDF panels under heat and pressure.[84] MDF MMP is weaker, harder to nail, and less resistant to moisture than WMMP. [85] WMMP is shaped using steel blades, which permit complex profiles, whereas MDF MMP is shaped using carbide blades, which limit MDF MMP to softer profiles.[86]

Although MDF MMP and WMMP can be molded into many of the same profiles,[87] MDF MMP's differing physical characteristics serve to limit its uses relative to WMMP. WMMP may be used in the full range of structural and decorative applications, both external or internal.[88] By contrast, MDF MMP is unsuitable for structural and external applications, and has limited uses in wet environments such as bathrooms.[89] The softer profiles of MDF MMP make it ideal for simple mouldings but unsuitable for complex mouldings.[90]

*Manufacturing Facilities, Production Processes and Employees*. MDF MMP is generally made in different manufacturing facilities with different employees and different front-end production processes. ***.[91]

Front-end production processes differ between MDF MMP and WMMP.[92] The production of MDF panels requires complex and capital intensive facilities, costing $100 million or more, and none of the steps in MDF production is shared with the production of finger-jointed blanks.[93] Most successful MDF MMP producers are either vertically integrated or have "very tight relationships" with an MDF producer.[94]

Back end production processes are similar for MDF MMP and WMMP, however, with some exceptions.[95] MDF MMP molding requires carbide blades that yield softer profiles than the steel blades used to mold WMMP.[96] MDF MMP may also require different molds and

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[84] CR/PR at I-20 n.43.

[85] Conference Tr. at 57, 60 (Procton), 61 (Gartman), 124 (Burke), 174 (Casey).

[86] Petitioners' Postconference Brief, Exhibit 1 at 27.

[87] Conference Tr. at 101 (Caldwell).

[88] *See* Petition at 10.

[89] Conference Tr. at 57, 60 (Procton), 61 (Gartman), 124 (Burke), 174 (Casey); ABIMCI's Postconference Brief at 6. Petitioners state that MDF MMP is more popular on the West Coast, where it is dryer, than on the East Coast, where it is more humid. Petitioners' Postconference Brief, Exhibit 1 at 24. Petitioners also state that MDF MMP cannot be used as small profiles, split jambs, exterior door frames, closet rods, hand rails, mull posts, brickmould, dowels, and structural boards. *Id.* at 23.

[90] Petitioners' Postconference Brief, Exhibit 1 at 27; Conference Tr. at 102 (Caldwell).

[91] CR/PR at III-11, Table III-5; Domestic Producers' Questionnaire Response of *** at Question II-3a.

[92] Petitioners' Postconference Brief, Exhibits 15-16.

[93] Petitioners' Postconference Brief, Exhibit 1 at 26-27, Exhibit 16; Conference Tr. at 148-49 (Burke), 149 (Caldwell). A respondents' witness stated that a $450 million MDF production facility is being constructed in North Carolina. Conference Tr. at 149 (Caldwell).

[94] Conference Tr. at 58 (Easton); *see also id.* at 58 (Brightbill).

[95] Conference Tr. 100-1 (Caldwell).

[96] Conference Tr. at 101 (Caldwell); Petitioners' Postconference Brief, Exhibit 1 at 27, Exhibit 16.

tooling than WMMP, limiting a producer's ability to readily switch between them.[97] ***, though MJB Wood Group stated that it produces both products on the same equipment.[98]

*Channels of Distribution*. MDF MMP and WMMP are sold through the same channels of distribution, primarily to distributors and retailers.[99]

*Interchangeability*. MDF MMP and WMMP are interchangeable in some decorative interior applications, but MDF MMP cannot be substituted for WMMP in structural or exterior applications.

*Producer and Customer Perceptions*. Customers perceive MDF MMP as a lower cost alternative to WMMP in some decorative interior applications but not as a substitute for WMMP in structural or exterior applications.[100]

Producer perceptions appear divided on the two products. Two major domestic producers of both MDF MMP and WMMP, ***, stated their belief that WMMP is "a separate and distinct market" from MDF MMP, consistent with the limited overlap between WMMP and MDF MMP production in the same facilities.[101] On the other hand, another domestic producer of MDF MMP, MJB Wood Group, stated at the staff conference that it has produced finger-jointed WMMP on the same equipment and considers the products to be similar.[102]

*Price*. MDF MMP are lower priced than comparable WMMP.[103] In 2014, one building publication estimated that MDF MMP crown mouldings cost nearly 20 percent less than equivalent finger-jointed WMMP crown mouldings.[104]

*Conclusion*. While there are similarities and differences between WMMP and out-of-scope MDF MMP, on balance, based on the record of the preliminary phase of the investigations, we find sufficient differences to draw a dividing line at the scope of the investigations. There are some similarities in terms of physical characteristics and uses; production processes; channels of distribution; interchangeability; and customer and producer perceptions. Both WMMP and MDF MMP are made of wood fiber that, when molded into the same shapes, may be used interchangeably in decorative interior applications.[105] Both

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[97] Petitioners' Postconference Brief, Exhibit 1 at 25 and Exhibit 16.

[98] Domestic Producers' Questionnaire Response of *** at Question II-4; Conference Tr. at 100-1 (Caldwell) (stating that "{t}he only thing we have to change is the cutting knives").

[99] Petitioners' Postconference Brief, Exhibit 1 at 24; AMMA Postconference Brief at 30; Conference Tr. at 59 (Brightbill), 101 (Caldwell).

[100] Conference Tr. at 57, 60 (Procton), 61 (Gartman), 116 (Ammons), 124 (Burke), 174 (Casey); ABIMCI's Postconference Brief at 6.

[101] Petitioners' Postconference Brief, Exhibit 1 at 25, Exhibits 15 and 16.

[102] Conference Tr. at 100-1 (Caldwell). ***. Domestic Producers' Questionnaire Response of ***.

[103] Petitioners' Postconference Brief, Exhibit 1 at 28; AMMA Postconference Brief at 33; ABIMCI's Postconference Brief at 8; Conference Tr. at 116 (Ammons).

[104] Petitioners' Postconference Brief, Exhibit 1 at 28, Exhibit 26.

[105] AMMA Postconference Brief at 24; ABIMCI's Postconference Brief at 6; Conference Tr. at 101 (Caldwell).

products are sold through the same channels of distribution and produced using similar back end processes.[106] Customers view the products as interchangeable in some decorative interior applications and one domestic producer of both products views them as similar.[107]

There are also differences between WMMP and MDF MMP in terms of physical characteristics and uses; manufacturing facilities, production processes and employees; interchangeability; producer and customer perceptions; and price. MDF MMP are made of a different constituent material, MDF. This renders MDF MMP more fragile and susceptible to moisture than WMMP, making it unsuitable for structural and exterior applications for which WMMP is used. Consequently, the interchangeability of MDF MMP and WMMP is limited to certain interior decorative applications, and customers perceive MDF MMP as unsuitable for the structural and exterior applications common to WMMP. MDF MMP and WMMP are produced with different front-end processes and are generally produced in different facilities with different employees, and two major domestic producers of both products view them as distinct from one another. MDF MMP is lower priced than WMMP.

On balance, based on the record of the preliminary phase of the investigations, we find sufficient differences between MDF MMP and WMMP to draw a dividing line at the scope of the investigations, notwithstanding some similarities between MDF MMP and WMMP. Consequently, we define the domestic like product to not include out-of-scope MDF MMP.

In sum, we define the domestic like product as all WMMP, coextensive with the scope of the investigations.

## 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."[108] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

### 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.[109]

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[106] Petitioners' Postconference Brief, Exhibit 1 at 24; AMMA Postconference Brief at 30; Conference Tr. at 59 (Brightbill), 100-1 (Caldwell).

[107] Conference Tr. 100-1 (Caldwell).

[108] 19 U.S.C. § 1677(4)(A).

[109] 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

### 1. Arguments of the Parties

*Respondents' Argument.* Respondents argue that domestic producers that produce WMMP using imported blanks do not clearly engage in sufficient production-related activities to be considered domestic producers.[110]

*Petitioners' Argument.* Petitioners argue that domestic producers of WMMP from imported blanks engage in sufficient production-related activities to qualify as domestic producers.[111] In this regard, petitioners contend that the "back end" operations required to process imported blanks into WMMP require "a vast amount of labor and manufacturing" and significant capital investment.[112] They argue that domestic producers generate approximately half of the value of WMMP in their back end operations.[113] They claim that the domestic producers' back end operations require significant labor to ensure that WMMP are made to customer specifications.[114] Finally, petitioners argue that domestic producers make the vast majority of the blanks consumed in their WMMP operations domestically, and have been forced to import blanks to compete with low-priced subject imports.[115]

### 2. Analysis

Based on the record of the preliminary phase of these investigations, we find that domestic producers producing WMMP from imported blanks engage in sufficient production-related activities to qualify as domestic producers.

*Capital investment.* Whether using domestic or imported blanks, domestic producers utilize the same back end operations to mold blanks into the desired profiles. These operations include one or more molders, which grind and cut blanks into the desired shape; further complex end machining or processing, in some cases; and coating or wrapping.[116] The machinery necessary to carry out these operations requires considerable capital investment, with one domestic producer investing $*** annually in its back end operations.[117]

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in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. *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).

[110] Conference Tr. at 17-18 (Grimson).

[111] Petitioners' Postconference Brief, Exhibit 1 at 15.

[112] Petitioners' Postconference Brief, Exhibit 1 at 16 (quoting Conference Tr. at 67 (Procton)).

[113] Petitioners' Postconference Brief, Exhibit 1 at 17.

[114] Petitioners' Postconference Brief, Exhibit 1 at 17.

[115] Petitioners' Postconference Brief, Exhibit 1 at 18.

[116] Conference Tr. at 89 (Easton).

[117] Petitioners' Postconference Brief, Exhibit 1 at 16.

*Technical expertise*. The variety of machines involved in the domestic industry's back-end operations, for shaping, machining, and coating, suggests that the machine operators would require a degree of technical expertise. Indeed, petitioners claim that employees in back-end operations are tasked with ensuring that the WMMP are made to customer specifications.[118] At the conference, one domestic producer stated that the uncertainty created by subject import competition had caused the loss of "short- and long-term employees with valuable experience and knowledge that will take years to rebuild."[119]

*Value added.* According to petitioners, the processing of imported blanks into WMMP accounts for *** of the value added to the WMMP.[120]

*Employment.* There is little information on the record concerning employment in the back-end operations of domestic producers. Nevertheless, one domestic producer stated at the conference that "the vast amount of our labor and manufacturing goes into the molding and processing of the product at the back end," with one of the producer's plants consisting solely of back-end operations.[121]

*Quantity and type of parts sourced in the United States.* Petitioners claim that most of the blanks used by the domestic industry in the production of WMMP are produced domestically from domestic fiber.[122] For example, Woodgrain estimates that less than ten percent of the blanks used in its WMMP operations are imported and Cascade imports a "small percent" of its blanks.[123]

*Conclusion.* The record of the preliminary phase investigations indicates that the production-related activities required to process imported blanks into WMMP are considerable. The domestic industry's back-end operations require significant investment in a variety of machines, and employees with the technical expertise to operate them efficiently.[124] The industry's back-end operations account for *** of the value added in the production of WMMP, which is significant, and require significant labor.[125] Finally, petitioners claim that most of the blanks used by the domestic industry are produced domestically, as is the case with Woodgrain and Cascade.[126]

Based on all of these factors, but particularly the high value added in the domestic production of WMMP from imported blanks and use of domestically produced blanks, we find that domestic producers using imported blanks to produce WMMP engage in sufficient production-related activities to constitute domestic producers. In any final phase of the

[118] Petitioners' Postconference Brief, Exhibit 1 at 18.
[119] Conference Tr. at 30 (Carroll).
[120] Petitioners' Postconference Brief, Exhibit 1 at 17.
[121] Conference Tr. at 67 (Procton).
[122] Petitioners' Postconference Brief, Exhibit 1 at 18.
[123] Conference Tr. at 66 (Easton), 67 (Trapp).
[124] Petitioners' Postconference Brief, Exhibit 1 at 16, 18.
[125] Petitioners' Postconference Brief, Exhibit 1 at 17; Conference Tr. at 67 (Procton).
[126] Petitioners' Postconference Brief, Exhibit 1 at 18; Conference Tr. at 66 (Easton), 67 (Trapp).

investigations, we intend to further investigate the production-related activities of domestic producers producing WMMP from imported blanks.

### 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.[127] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[128]

***, as importers of subject merchandise during the period of investigation, meet the statutory criteria for consideration for exclusion under the related party provision.[129] The

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[127] *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).

[128] 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.

[129] CR/PR at Table III-8. *** reported purchasing subject imports as well. *Id.* at Table III-9.

Although *** and *** also purchased subject imports from importers, we do not consider that either domestic producer controls sufficient volumes of imports to qualify as a related party. *Id.* at Table III-9. The Commission has concluded that a domestic producer that does not itself import subject merchandise or does not share a corporate affiliation with an importer may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer's purchases and the purchases from the importer were substantial. *** purchased only *** board feet of subject imports from China in 2018. CR/PR at Table III-9. We therefore find that *** does not qualify as a related party because the volumes of its subject import purchases were not substantial.

***, including *** board feet in 2016, *** board feet in 2017, *** board feet in 2018, and *** board feet in interim 2019, compared to *** board feet in interim 2018. *Id.* Although the volume of *** purchases was appreciable, there is no evidence on the record that *** accounted for a predominant proportion of any importer's purchases. *** purchased subject imports from *** and the only importer that completed a questionnaire response and accounted for substantial subject imports from Brazil, ***,

parties have raised no arguments concerning the possible exclusion of any related parties from the domestic industry. We find that appropriate circumstances exist to exclude *** but not *** from the domestic industry based on the following analysis.

*****.** *** was the *** largest domestic producer in 2018, accounting for *** percent of domestic industry production.[130] It falls under the related party provision because it imported subject WMMP ***.[131] Specifically, *** imported *** board feet in 2016 (the equivalent of *** percent of its domestic production), *** board feet in 2017 (the equivalent of *** percent of its domestic production), and *** board feet in 2018 (the equivalent of *** percent of its domestic production).[132] It imported *** board feet in January-September 2019 ("interim 2019") (equivalent to *** percent of its domestic production) compared to *** board feet in January-September 2018 ("interim 2018") (the equivalent of *** percent of its domestic production).[133] *** has stated that it imports WMMP ***" and it "***," which is consistent with ***.[134] *** operating income and net income to net sales ratios were *** than the domestic industry average in 2018, but still ***.[135] *** the petitions.[136]

The record shows that *** primary interest is in domestic production rather than importation. Its ratio of imports to domestic production declined irregularly from 2016 to 2018 (but was higher in interim 2019 compared to interim 2018).[137] It ***.[138] There is also no evidence that its domestic production operations benefitted from its subject imports. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

*****.** *** was the *** largest domestic producer in 2018, accounting for *** percent of domestic industry production.[139] It falls under the related party provision because it imported subject WMMP ***.[140] Specifically, *** imported *** board feet in 2016 (the equivalent of *** percent of its domestic production), *** board feet in 2017 (the equivalent of *** percent of its domestic production), and *** board feet in 2018 (the equivalent of *** percent of its domestic production).[141] It imported *** board feet in interim 2019 (equivalent to *** percent of its

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did not list *** among its ten largest customers. *Id.* at Tables III-9 note, IV-1; Importer's Questionnaire Response of *** at Question III-20. We therefore find that *** does not qualify as a related party.

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

[131] CR/PR at Table III-8.

[132] CR/PR at Table III-8.

[133] CR/PR at Table III-8.

[134] CR/PR at Tables III-4, III-8.

[135] CR/PR at Table VI-1. In 2018, *** operating income to net sales ratio was *** percent and its net income margin was *** percent. Domestic Producers' Questionnaire Response of *** at Question III-9a.

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

[137] CR/PR at Table III-8.

[138] CR/PR at Table III-4.

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

[140] CR/PR at Table III-8.

[141] CR/PR at Table III-8.

domestic production) compared to *** board feet in interim 2018 (the equivalent of *** percent of its domestic production).[142] *** has stated that it imports WMMP ***."[143] *** operating income and net income to net sales ratios were *** than the domestic industry average in 2018.[144] *** the petitions.[145]

The record shows that *** primary interest is in domestic production rather than importation. In this regard, ***'s statement that it imported subject merchandise due to *** is consistent with *** capacity utilization from 2016 to 2018.[146] Its ratio of imports to domestic production increased during the period of investigation but remained below *** percent.[147] There is also no evidence that its domestic production operations benefitted from its subject imports. *** ranks among the largest domestic producers. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

*****.** *** was the *** largest domestic producer in 2018, accounting for *** percent of domestic industry production.[148] It falls under the related party provision because it imported subject WMMP ***.[149] Specifically, *** imported *** board feet in 2016 (the equivalent of *** percent of its domestic production), *** board feet in 2017 (the equivalent of *** percent of its domestic production), and *** board feet in 2018 (the equivalent of *** percent of its domestic production).[150] It imported *** board feet in interim 2019 (equivalent to *** percent of its domestic production) compared to *** board feet in interim 2018 (the equivalent of *** percent of its domestic production).[151] *** has stated that it imports WMMP ***."[152] *** operating income and net income to net sales ratios were *** than the domestic industry average in 2018.[153] *** opposes the petition.[154]

The record shows that *** primary interest is in importation rather than domestic production. In this regard, *** ratio of imports to domestic production was *** and increasing during the period of investigation, while its domestic production remained ***. For these

[142] CR/PR at Table III-8.

[143] CR/PR at Table III-8.

[144] CR/PR at Table VI-1. In 2018, *** operating income to net sales ratio was *** percent and its net income margin was *** percent. *Id.* at Table VI-3.

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

[146] CR/PR at Table III-4 (ranging from *** to *** percent).

[147] CR/PR at Table III-8.

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

[149] CR/PR at Table III-8.

[150] CR/PR at Table III-8.

[151] CR/PR at Table III-8.

[152] CR/PR at Table III-8.

[153] CR/PR at Table VI-1. In 2018, *** operating income to net sales ratio was *** percent and its net income margin was *** percent. Domestic Producers' Questionnaire Response of *** at Question III-9a.

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

reasons, we find that appropriate circumstances exist to exclude *** from the domestic industry under the related party provision.

*****.** *** was the *** largest domestic producer in 2018, accounting for *** percent of domestic industry production.[155] It falls under the related party provision because it imported subject WMMP ***.[156] Specifically, *** imported *** board feet in 2016 (the equivalent of *** percent of its domestic production), *** board feet in 2017 (the equivalent of *** percent of its domestic production), and *** board feet in 2018 (the equivalent of *** percent of its domestic production).[157] It imported *** board feet in interim 2019 (equivalent to *** percent of its domestic production) compared to *** board feet in interim 2018 (the equivalent of *** percent of its domestic production).[158] In explaining its imports of WMMP, *** stated that "***."[159] *** operating income and net income to net sales ratios were *** than the domestic industry average in 2018.[160]

The record shows that *** primary interest is in domestic production rather than importation. Its ratio of imports to domestic production increased during the period of investigation but remained below *** percent.[161] It states that it imported subject merchandise ***. There is no evidence that its domestic production operations benefitted from its subject imports. ***, and among the largest domestic producers. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry under the related party provision.

In sum, we find that appropriate circumstances exist to exclude *** from the domestic industry under the related party provision, but not ***. Accordingly, based on our definition of the domestic like product, we define the domestic industry to include all domestic producers of WMMP, with the exception of ***.

## 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 that account for less than 3 percent 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 shall be deemed negligible.[162]

During the most recent 12-month period in these investigations, January-December 2019, subject imports from Brazil accounted for *** percent of total imports while subject

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

[156] CR/PR at Table III-8.

[157] CR/PR at Table III-8.

[158] CR/PR at Table III-8.

[159] CR/PR at Table III-8.

[160] CR/PR at Table VI-3. In 2018, *** operating income to net sales ratio was *** percent and its net income margin was *** percent. *Id.*

[161] CR/PR at Table III-8.

[162] 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)).

imports from China accounted for *** percent of total imports.[163] Because subject imports from Brazil and China, respectively, were well above the statutory negligibility threshold, we find that such imports from each source are not negligible.

## VI. Cumulation

For purposes of evaluating the volume and effects for a determination of reasonable indication of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[164]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[165] Only a "reasonable overlap" of competition is required.[166]

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[163] CR/PR at Table IV-3. The subject imports from China are the same for both the antidumping and countervailing duty investigations. Memorandum INV-SS-013 (February 19, 2020) at Table IV-3 note.

[164] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'*d, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[165] *See*, *e.g.*, *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[166] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be

### A. Arguments of the Parties

*Petitioners' Argument.* Petitioners argue that the Commission should cumulate subject imports from Brazil and China because the petitions with respect to each country were filed on the same day, January 8, 2020, and there is a reasonable degree of overlap between and among subject imports from each source and the domestic like product. First, petitioners argue that there is a high degree of fungibility between WMMP from the three sources because WMMP from the three sources is comparable in terms of dimensions, production processes, wood species, and coatings, and thus suitable for the same applications.[167] Petitioners also contend that subject imports from Brazil and China and the domestic like product are sold through the same channels of distribution and into the same geographic markets, and were simultaneously present in the U.S. market.[168]

*Respondents' Argument*. Respondents argue that the Commission should not cumulate subject imports from Brazil and China because subject imports from the two sources are not fungible and serve different geographic markets. As support, respondents claim that subject imports from Brazil enter under different HTSUS numbers than subject imports from China because Brazil specializes in mouldings and profiles while China specializes in S4S boards, and door jambs, frames, and components, often produced from LVL.[169] Respondents argue that the Commission should disregard the apparent overlap between subject imports from Brazil and China in terms of the shipment data collected for four product categories because, in their view, the categories are too broad.[170] Respondents also contend that subject imports from Brazil and China are sold in different geographic markets because WMMP tends to be sold near its port of entry, due to high transportation costs.[171]

### B. Analysis

We consider subject imports from Brazil and China on a cumulated basis because the statutory criteria for cumulation are satisfied. As an initial matter, petitioners filed the antidumping and countervailing duty petitions with respect to both countries on the same day, January 8, 2020.[172] In addition, we find based on the record in these preliminary investigations

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highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[167] Petitioners' Postconference Brief, Exhibit 1 at 3-5. (citing Conference Tr. at 62 (Procton, Carroll, MacDonald), 63 (Easton, Brightbill), 63-64 (Procton)), 91-92 (Brightbill)).

[168] Petitioners' Postconference Brief, Exhibit 1 at 7, 10.

[169] ABIMCI's Postconference Brief at 19-20 (citing Conference Tr. at 113 (Ammons), 122-23, 151-52 (Burke)).

[170] ABIMCI's Postconference Brief at 20-21. ABIMCI claims that the apparent overlap for "door jambs" inappropriately conflates interior door jambs imported from Brazil with exterior door jambs imported from China. *Id.* at 21.

[171] ABIMCI's Postconference Brief at 21.

[172] None of the statutory exceptions to cumulation applies.

that there is a reasonable overlap of competition between and among domestically produced WMMP, subject imports from Brazil, and subject imports from China.

*Fungibility*. The record indicates that there is a moderately high degree of substitutability between domestically produced WMMP and subject imports from Brazil and China.[173] All responding producers and most responding importers reported that domestically produced WMMP and subject imports from Brazil are always or frequently interchangeable and that subject imports from Brazil and China are always or frequently interchangeable.[174] All domestic producers also reported that domestically produced WMMP and subject imports from China are always or frequently interchangeable, and just under half of responding importers (16 of 33) agreed.[175]

Furthermore, the record shows that domestically produced WMMP, subject imports from Brazil, and subject imports from China overlapped in terms of constituent materials and WMMP types. In 2018, the vast majority of WMMP produced domestically and imported from Brazil and China was produced from softwood lumber, and U.S. shipments of domestically produced WMMP and subject imports from Brazil and China were concentrated in door frames/jambs, with smaller volumes of crown/cove mouldings and base caps/corner guards.[176]

*Channels of Distribution*. Domestically produced WMMP, subject imports from Brazil, and subject imports from China were sold through the same channels of distribution, primarily to distributors but also to retailers and end users.[177]

*Geographic Overlap*. Domestically produced WMMP, subject imports from Brazil, and subject imports from China were sold in all geographic market areas of the United States.[178] In addition, subject imports from Brazil and China entered the United States through all borders of entry in substantial volumes.[179]

*Simultaneous Presence in Market*. Subject imports from Brazil and China were present in the U.S. market in every month of the period of investigation, as was domestically produced WMMP.[180]

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[173] CR/PR at II-11-12.

[174] CR/PR at Table II-8.

[175] CR/PR at Table II-8. Nine responding importers reported that domestically produced WMMP and subject imports from China are sometimes interchangeable and eight reported that they are never interchangeable. *Id.* Some responding importers reported that subject imports from China possessed certain attributes that made it preferable to domestically produced WMMP, such as being made from LVL or poplar and being coated with gesso. *Id.* at II-15.

[176] CR/PR at Tables IV-4-5. A substantial share of U.S. shipments of domestically produced WMMP, subject imports from Brazil, and subject imports from China consisted of unspecified "other" WMMP types. *Id.* at Table IV-5.

[177] CR/PR at II-4, Table II-2.

[178] CR/PR at Table II-3.

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

[180] CR/PR at Table IV-7; Petitioners' Postconference Brief, Exhibit 1 at 10.

*Conclusion*. The record of the preliminary phase of the investigations indicates that there is a reasonable overlap of competition between and among domestically produced WMMP, subject imports from Brazil, and subject imports from China. Specifically, the record shows that there is a moderately high degree of substitutability between WMMP from the United States, Brazil, and China. The record also shows that WMMP from the three sources was sold through the same channels of distribution and in the same geographic markets simultaneously throughout the period of investigation. We therefore cumulate subject imports from Brazil and China for purposes of our material injury analysis.

## VII. 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.[181] 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.[182] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[183] 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.[184] 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."[185]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[186] 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.[187] 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

[181] 19 U.S.C. §§ 1671b(a), 1673b(a).

[182] 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 ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[183] 19 U.S.C. § 1677(7)(A).

[184] 19 U.S.C. § 1677(7)(C)(iii).

[185] 19 U.S.C. § 1677(7)(C)(iii).

[186] 19 U.S.C. §§ 1671b(a), 1673b(a).

[187] *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).

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.[188]

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.[189] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[190] Nor does

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

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

[190] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 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

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.[191] It is clear that the existence of injury caused by other factors does not compel a negative determination.[192]

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."[193] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [194] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[195]

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

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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.").

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

[192] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[193] *Mittal Steel*, 542 F.3d at 876 &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*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[194] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

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

evidence standard.[196] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[197]

### 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

All WMMP are molded or carved to the same set of shapes defined by a standard industry "pattern book," with different shapes corresponding to different applications.[198] As most WMMP is used in home construction, demand for WMMP is driven by housing construction and remodeling activity, which increased during the period of investigation.[199] Apparent U.S. consumption of WMMP increased *** percent between 2016 and 2018, from *** board feet in 2016 to *** board feet in 2017 and *** board feet in 2018.[200] Apparent U.S. consumption was slightly lower in in interim 2019, at *** board feet, than in interim 2018, when it was *** board feet.[201] Most responding domestic producers and importers reported that U.S. demand for WMMP increased during the period of investigation.[202]

#### 2. Supply Conditions

In 2018, the U.S. market for WMMP was served by subject imports, accounting for *** percent of apparent U.S. consumption, nonsubject imports, accounting for *** percent of apparent U.S. consumption, and the domestic industry, accounting for *** percent of apparent U.S. consumption.[203] The largest country sources of nonsubject imports were Chile, which accounted for most nonsubject imports, and Mexico.[204]

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

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

[198] *See* CR/PR at I-10-15, 17; Petitioners' Postconference Brief at 6; Petitions, First Supplement, Vol. I at 5, Exhibit I-Supp-3; Conference Tr. at 62 (Procton).

[199] CR/PR at I-16, II-8-9, Figure II-1; Petitioners' Postconference Brief at 7, 9; ABIMCI's Postconference Brief at 10-11 (stating that demand for WMMP was "strong and growing" during the period of investigation due to increasing housing starts and growth in home renovation and remodeling).

[200] CR/PR at Tables IV-8, C-2.

[201] CR/PR at Tables IV-8, C-2.

[202] CR/PR at II-10, Table II-5.

[203] CR/PR at Table C-2.

[204] CR/PR at II-8, Table IV-2.

### 3. Substitutability and Other Conditions

As detailed in section VI.B above, we have found a moderately high degree of substitutability between domestically produced WMMP and subject imports from Brazil and China.[205] All responding producers and most responding importers reported that domestically produced WMMP and subject imports from Brazil are always or frequently interchangeable and that subject imports from Brazil and China are always or frequently interchangeable.[206] All domestic producers also reported that domestically produced WMMP and subject imports from China are always or frequently interchangeable, and just under half of responding importers (16 of 33) agreed.[207] Consistent with these data, the record shows that domestically produced WMMP, subject imports from Brazil, and subject imports from China overlapped in terms of constituent materials and WMMP types.[208]

We further find that price is an important factor in purchasing decisions for WMMP, although quality is also important. Eleven of 12 responding domestic producers reported that differences other than price are sometimes or never important, as did nearly half of responding importers.[209] Numerous domestic producer witnesses stated at the conference that competition with subject imports is price based.[210] Consistent with this testimony, more responding purchasers identified price as a top three purchasing factor than any other factor but quality, with both factors identified as a top three factor by ten responding purchasers.[211]

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[205] CR/PR at II-12.

[206] CR/PR at Table II-8.

[207] CR/PR at Table II-8. Nine responding importers reported that domestically produced WMMP and subject imports from China are sometimes interchangeable and eight reported that they are never interchangeable. *Id.*

[208] In 2018, the vast majority of WMMP produced domestically and imported from Brazil and China was produced from softwood lumber, and U.S. shipments of domestically produced WMMP and subject imports from Brazil and China were concentrated in door frames/jambs, with smaller volumes of crown/cove mouldings and base caps/corner guards. CR/PR at Tables IV-4-5. A substantial share of U.S. shipments of domestically produced WMMP, subject imports from Brazil, and subject imports from China consisted of unspecified "other" WMMP types. *Id.* at Table IV-5.

[209] CR/PR at Table II-9. Sixteen of 37 responding importers reported that differences other than price are sometimes or never important when choosing between domestically produced WMMP and subject imports from Brazil, while 16 of 33 responding importers reported that differences other than price are sometimes or never important when choosing between domestically produced WMMP and subject imports from China. *Id.* On the other hand, twenty-one of 37 responding importers reported that differences other than price are always or frequently important when choosing between domestically produced WMMP and subject imports from Brazil, while 17 of 33 responding importers reported that differences other than price are always or frequently important when choosing between domestically produced WMMP and subject imports from China. *Id.* All eight responding domestic producers and 15 of 25 responding importers reported that differences other than price are sometimes or never important when choosing between subject imports from Brazil and China. *Id.*

[210] Conference Tr. at 34 (Easton), 38 (Procton), 72 (Easton), 73 (Trapp).

[211] CR/PR at Table II-6. Most responding purchasers reported that quality was their first or second most important purchasing factor while price was their third most important factor. *Id.*

In addition, three responding purchasers reported that price was a primary reason they switched a total of *** board feet from domestic producers to subject imports during the period of investigation.[212]

The cost of lumber, which was the domestic industry's principal raw material, increased 29.8 percent from January 2016 to June 2018 before declining 19.2 percent through June 2019.[213] A majority of responding domestic producers reported that raw material costs had fluctuated since January 1, 2016.[214] The unit value of the domestic industry's raw materials increased from $*** per unit in 2016 to $*** per unit in 2018 and was $*** per unit in interim 2019, compared to $*** per unit in interim 2018, driving most of the increase in the industry's unit cost of goods sold during the period.[215]

The domestic industry's sales terms differed somewhat from those of importers of subject merchandise in two respects. First, responding domestic producers reported making *** percent of their U.S. shipments pursuant to short-term contracts and *** percent of their U.S. shipments on the spot market in 2018.[216] By contrast, responding importers reported making *** percent of their U.S. shipments pursuant to long-term contracts, *** percent of their U.S. shipments pursuant to annual contracts, *** percent of their U.S. shipments pursuant to short-term contracts, and *** percent of their U.S. shipments on the spot market.[217]

Second, a greater proportion of the domestic industry's sales consist of short production run orders whereas importers of subject WMMP focus on sales requiring long production runs.[218] Respondents claim that domestic producers are able to command a price premium on short production run orders.[219] Petitioners maintain, however, that subject import competition has forced domestic producers to focus on short production run orders, which are less profitable, even though domestic producers are entirely capable of supplying long production run orders, as acknowledged by respondents.[220]

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[212] CR/PR at Table V-12.

[213] *See* CR/PR at V-1, Figure V-1.

[214] CR/PR at V-1-2. Eight responding domestic producers reported that raw material costs had fluctuated, three reported that raw material costs had increased, and two reported that raw material costs had declined. *Id.*

[215] Calculated from CR/PR at Table VI-1 and Domestic Producers' Questionnaire Response of *** at Question III-9a.

[216] CR/PR at Table V-2.

[217] CR/PR at Table V-2. CTI claims that long-term contracts permit subject imports to be sold for lower prices in exchange for greater volumes and longer production runs. CTI's Postconference Brief at 17-18.

[218] CTI's Postconference Brief at 17-18; Petitioners' Postconference Brief at 16; Conference Tr. at 44 (Trapp), 73 (Procton), 74 (Carroll), 75 (Brightbill), 154 (Emerson), 161 (Settje), 179 (Brightbill).

[219] CTI's Postconference Brief at 17-18; Conference Tr. at 121 (Burke).

[220] Petitioners' Postconference Brief at 16 (citing Conference Tr. at 44 (Trapp), 161 (Burke)); Conference Tr. at 73 (Procton), 74 (Carroll), 179-80 (Brightbill).

### 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."[221]

We find that the volume and increase in volume of cumulated subject imports from Brazil and China was significant, both absolutely and relative to apparent U.S. consumption, over the period of investigation. Cumulated subject import volume increased from 485.9 million board feet in 2016 to 624.3 million board feet in 2017 and 746.5 million board feet in 2018, a level 53.6 percent higher than in 2016.[222] Cumulated subject import volume was higher in interim 2019, at 553.2 million board feet, than in interim 2018, at 545.2 million board feet.[223] U.S. shipments of cumulated subject imports increased from *** board feet in 2016 to *** board feet in 2017 and *** board feet in 2018, a level *** percent higher than in 2016.[224] U.S. shipments of cumulated subject imports were higher in interim 2019, at *** board feet, than in interim 2018, at *** board feet.[225] U.S. shipments of subject imports as a share of apparent U.S. consumption increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.[226] U.S. shipments of subject imports as a share of apparent U.S. consumption were higher in interim 2019, at *** percent, than in interim 2018, at *** percent.[227]

We conclude that the volume of cumulated subject imports and the increase in that volume are significant both in absolute terms and relative to consumption in the United States.

### D. Price Effects of the 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.[228]

As addressed in section VII.B.3 above, the record indicates that there is a moderately high degree of substitutability between cumulated subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

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[221] 19 U.S.C. § 1677(7)(C)(i).
[222] CR/PR at Table IV-2.
[223] CR/PR at Table IV-2.
[224] CR/PR at Tables IV-8, C-2.
[225] CR/PR at Table IV-8.
[226] CR/PR at Table IV-8.
[227] CR/PR at Table IV-9.
[228] 19 U.S.C. § 1677(7)(C)(ii).

Six domestic producers and 28 importers provided usable quarterly net U.S. f.o.b. selling price data for six WMMP products, although not all firms reported pricing for all products for all quarters.[229] Reported pricing data accounted for approximately 17.8 percent of the value of the domestic industry's U.S. shipments of WMMP, 7.1 percent of the value of U.S. shipments of subject imports from Brazil, and 7.4 percent of the value of U.S. shipments of subject imports from China.[230]

Based on these pricing data, we find that there has been significant price underselling by subject imports compared with the price of the domestic like product during the period of investigation.[231] Subject imports undersold the domestic like product in 133 of 178 quarterly comparisons, or 74.7 percent of the time, at margins averaging 17.9 percent for products 1-3 and 50.0 percent for products 4-6.[232] Quarters in which subject imports undersold the domestic like product accounted for 54.6 percent of reported subject import sales volume for products 1-3 and 96.2 percent of reported subject import sales volume for products 4-6.[233]

Based on the moderately high degree of substitutability between subject imports and the domestic like product and the importance of price in purchasing decisions, we find that subject import underselling caused the shift in market share from the domestic industry to subject imports during the period of investigation.[234] Subject imports captured *** percentage points of market share from the domestic industry between 2016 and 2018 and an additional *** percentage points in interim 2019 compared to interim 2018.[235] As further evidence, we observe that *** of *** responding purchasers reduced the domestic industry's share of their purchases by *** to *** percentage points between 2016 and 2018 while increasing the

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[229] CR/PR at V-5. ***, which we have excluded from the domestic industry under the related party provision, reported no pricing data. Product 1 was defined as "Finger-jointed lineal trim, made of pine/ fir, with dimensions of 9/16" x 5-1/4", WM-618, primed or coated." CR/PR at V-5. Product 2 was defined as "Finger-jointed lineal trim, made of pine/fir, 5/8" x 2-1/4", LWM-366, primed or coated." *Id.* Product 3 was defined as "Finger-jointed lineal trim, made of pine/ fir, 11/16" x 11/16" x 16' WM-106, primed or coated." *Id.* Product 4 was defined as "Jamb: Exterior door frame nominally 1-1/4" thick with a nominal ½" rabbeted drop for door stop x nominal 4-9/16" width x nominal 7' long and machined with end dadoes for threshold and head attachment, primed or coated." *Id.* Product 5 was defined as "Jamb: Exterior door frame nominally 1-1/4" thick with a nominal ½" rabbeted drop for door stop x nominal 6-9/16" width x nominal 7' long and machined with end dadoes for threshold and head attachment, primed or coated." *Id.* Product 6 was defined as "Brick moulding: Casing that attaches to exterior edge of door frame nominally 1-1/4" thick x 2" wide and 7' long with moulded profile on face, primed or coated." *Id.* In any final phase of the investigations, we invite parties to provide comments on the draft questionnaires regarding the appropriate pricing product definitions on which to collect sales price data and the appropriate units of measurement for collecting sales volume data on each product.

[230] CR/PR at V-5.

[231] CR/PR at Table V-10.

[232] CR/PR at Table V-10.

[233] CR/PR at Table V-10.

[234] CR/PR at Table C-2.

[235] CR/PR at Table C-2.

subject import share of their purchases by *** to *** percentage points over the period.[236] When asked whether subject import prices were lower than domestic prices, 8 of 9 purchasers reported yes.[237] Three responding purchasers reported that price was a primary reason they switched a total of *** board feet from domestic producers to subject imports during the period of investigation.[238]

We also consider price trends during the period of investigation. Domestic producer sales prices for products 1 and 4-6 increased between the first quarter of 2016 and the third quarter of 2019, while domestic producer sales prices for products 2 and 3 declined.[239] During the same period, importer sales prices for products 1, 3, 5, and 6 from Brazil and products 1, 3, and 4 from China increased, while importer sales prices for products 2 and 4 from Brazil and products 2, 5, and 6 from China declined.[240]

The industry's ratio of cost of goods sold ("COGS") to net sales increased from *** percent in 2016 to *** percent in 2017 and *** percent in 2018.[241] The industry's ratio of COGS to net sales was *** lower in interim 2019, at *** percent, than in interim 2018, at *** percent, but remained elevated.[242] At the staff conference, several domestic industry witnesses stated that subject import competition had prevented their firms from increasing prices sufficiently to cover increased costs.[243] The record confirms that, despite increasing demand, the domestic industry was unable to raise prices sufficiently to cover its increasing costs, which were driven primarily by increasing raw materials and other factory costs.[244] We find that subject imports prevented domestic price increases, which otherwise would have occurred, during the period of investigation to a significant degree.

We consequently find, based on the record of the preliminary phase of these investigations, that subject imports had significant adverse price effects.

[236] CR/PR at Table V-11. Overall, responding purchasers reported that between 2016 and 2018, the domestic industry's share of their purchases declined 9.7 percentage points while the subject import share of their purchases increased 6.8 percentage points. *Id.*

[237] CR/PR at Table V-12.

[238] CR/PR at Table V-12.

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

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

[241] CR/PR at Table C-2.

[242] CR/PR at Table C-2.

[243] Conference Tr. at 39 (Procton), 45 (Trapp), 77 (Carroll, Easton, Trapp).

[244] CR/PR at V-1, Figure V-1, Tables VI-1, C-2; Conference Tr. at 39 (Procton), 45 (Trapp), 77 (Carroll, Easton, Trapp); Domestic Producers' Questionnaire Response of *** at Question IV-23; Domestic Producers' Questionnaire Responses of *** at Question IV-17).

### E. Impact of the Subject Imports[245]

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."[246]

During the period of investigation, the substantial increase in apparent U.S. consumption should have resulted in strengthening domestic industry performance. Apparent U.S. consumption increased *** percent between 2016 and 2018 and remained strong in interim 2019, though *** lower than in interim 2018.[247] Instead, as subject imports captured *** percentage points of market share from the domestic industry between 2016 and 2018 and another *** percentage points in interim 2019 relative to interim 2018, the domestic industry's performance declined by nearly all measures.[248]

The domestic industry's capacity, production, and rate of capacity utilization declined between 2016 and 2018 and in interim 2019 compared to interim 2018. Specifically, the industry's capacity increased from *** board feet in 2016 to *** board feet in 2017 before declining to *** board feet in 2018, a level *** percent lower than in 2016.[249] The industry's capacity was *** board feet in interim 2019, compared to *** board feet in interim 2018.[250] The industry's production declined from *** board feet in 2016 to *** board feet in 2017 and *** board feet in 2018, a level *** percent lower than in 2016. [251] The industry's production was *** board feet in interim 2019, compared to *** board feet in interim 2018. [252] Similarly, the industry's rate of capacity utilization declined from *** percent in 2016 to *** percent in 2017 and *** percent in 2018, a level *** percentage points lower than in 2016. [253] The

[245] Commerce initiated investigations based on estimated antidumping duty margins of 86.73 percent for imports from Brazil, and 181.17 to 359.16 percent for imports from China. *Wood Moulding and Millwork Products from Brazil and the People's Republic of China: Initiation of Less Than Fair Value Investigations*, 85 Fed. Reg. 6502 (Feb. 5, 2020).

[246] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[247] CR/PR at Tables IV-8, C-2.

[248] CR/PR at Table C-2.

[249] CR/PR at Table C-2.

[250] CR/PR at Table C-2.

[251] CR/PR at Table C-2.

[252] CR/PR at Table C-2.

[253] CR/PR at Table C-2.

industry's rate of capacity utilization was *** percent in interim 2019, compared to *** percent in interim 2018.[254]

Consistent with the domestic industry's declining production, the industry's employment indicators generally declined during the period of investigation. Between 2016 and 2018, the domestic industry's number of production related workers ("PRWs") declined by *** percent and its hours worked declined by *** percent, although its wages paid increased by *** percent.[255] Comparing interim 2019 to interim 2018, the industry's number of PRWs was *** percent lower, its hours worked were *** percent lower, and its wages paid were *** percent lower.[256]

The domestic industry also saw a decline in its U.S. shipments and market share. The domestic industry's U.S. shipments declined from *** board feet in 2016 to *** board feet in 2017 and *** board feet in 2018, a level *** percent lower than in 2016.[257] The industry's U.S. shipments were *** board feet in interim 2019, compared to *** board feet in interim 2018.[258] The industry's share of apparent U.S. consumption declined from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018, a level *** percentage points lower than in 2016.[259] The industry's share of apparent U.S. consumption was *** percent in interim 2019, compared to *** percent in interim 2018.[260]

The domestic industry's end-of-period inventories fluctuated between 2016 and 2018 but were elevated in interim 2019 compared to interim 2018. Specifically, the industry's end-of-period inventories declined from *** board feet in 2016 to *** board feet in 2017 before increasing to *** board feet in 2018, a level *** percent lower than in 2016.[261] The industry's end-of-period inventories were *** board feet in interim 2019, compared to *** board feet in interim 2018.[262] The industry's end-of-period inventories as a share of total shipments declined from *** percent in 2016 to *** percent in 2017 before increasing to *** percent in 2018.[263] The industry's end-of-period inventories as a share of total shipments were *** percent in interim 2019, compared to *** percent in interim 2018.[264]

The domestic industry's financial performance declined sharply during the period of investigation. Specifically, the industry's net sales value increased from $*** in 2016 to $*** in 2017 before declining to $*** in 2018, a level *** percent lower than in 2016. The industry's

[254] CR/PR at Table C-2.
[255] CR/PR at Table C-2.
[256] CR/PR at Table C-2.
[257] CR/PR at Table C-2.
[258] CR/PR at Table C-2.
[259] CR/PR at Table C-2.
[260] CR/PR at Table C-2.
[261] CR/PR at Table C-2.
[262] CR/PR at Table C-2.
[263] CR/PR at Table C-2.
[264] CR/PR at Table C-2.

net sales value was $*** in interim 2019, compared to $*** in interim 2018.[265] The industry's operating income declined from $*** in 2016 to $*** in 2017 and to an operating loss of $*** in 2018.[266] The industry's operating loss was $*** in interim 2019, compared to an operating loss of $*** in interim 2018.[267] Similarly, the industry's operating income margin declined from *** percent in 2016 to *** percent in 2017 and to negative *** percent in 2017, and was negative *** percent in interim 2019, compared to negative *** percent in interim 2018.[268] The domestic industry's average operating return on assets declined from *** percent in 2016 to *** percent in 2017 and to negative *** percent in 2018.[269] The domestic industry's capital expenditures increased irregularly during the period of investigation while its research & development ("R&D") expenses increased between 2016 and 2018 but were lower in interim 2019 compared to interim 2018.[270]

The record of the preliminary phase investigations indicates that there is a causal nexus between subject imports and the domestic industry's declining performance during the period of investigation.[271] Cumulated subject import volume and market share increased significantly

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[265] CR/PR at Table C-2.

[266] CR/PR at Table C-2.

[267] CR/PR at Table C-2.

[268] CR/PR at Table C-2. The domestic industry's gross profit and net income exhibited similar declining trends. The industry's gross profit declined from $*** in 2016 to $*** in 2017 and to $*** in 2018, and was $*** in interim 2019, compared to $*** in interim 2018. *Id.* The industry's net income declined from $*** in 2016 to negative $*** in 2017 and to negative $*** in 2018 and was negative $*** in interim 2019, compared to negative $*** in interim 2018. *Id.* The industry's cash flow declined from $*** in 2016 to $*** in 2017 and to negative $*** in 2018, and was negative $*** in interim 2019, compared to negative $*** in interim 2018. Calculated from CR/PR at Table VI-1 and Domestic Producers' Questionnaire Response of *** at Question III-9a. Nine responding domestic producers reported that subject imports had negative effects on their investment and nine responding domestic producers reported that subject imports had negative effects on their growth and development. *Id.* at Table VI-8.

[269] Calculated from CR/PR at Tables VI-7 and C-2.

[270] CR/PR at Table C-2. The domestic industry's capital expenditures increased from $*** in 2016 to $*** in 2017 but declined to $*** in 2018 and were $*** in interim 2019, compared to $*** in interim 2018. *Id.* The industry's R&D expenses increased from $*** in 2016 to $*** in 2017 and to $*** in 2018, and were $*** in interim 2019, compared to $*** in interim 2018. *Id*.

[271] We are unpersuaded by respondents' argument that several factors serve to attenuate competition between domestically produced WMMP and subject imports. As discussed in section VII.B.3 above, we have found a moderately high degree of substitutability between domestically produced WMMP and subject imports. Contrary to AMMA's claim that only subject imports offer an extruded gesso coating, AMMA Postconferene Brief at 36-37, the evidence shows that several petitioners offer an extruded gesso coating on their WMMP. Conference Tr. at 181 (Brightbill). Similarly unavailing is AMMA's claim that subject imports are superior to domestically produced WMMP because they are made from wood species with fewer knots and imperfections than the ponderosa pine allegedly used in domestic WMMP. AMMA Postconference Brief at 38. The record shows that differences in wood species do not limit substitutability because most domestically produced WMMP and subject imports are made from various species of softwood lumber and different species of pine

during the period at the direct expense of the domestic industry. Low-priced subject import competition caused the shift in market share from the domestic industry to subject imports and suppressed prices for the domestic like product to a significant degree. Due to subject imports, the domestic industry was unable to capitalize on the *** percent increase in apparent U.S. consumption between 2016 and 2018.

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from such other factors to the subject imports. Nonsubject imports do not explain the domestic industry's declining performance. Nonsubject imports captured no market share from the domestic industry during the 2016-18 period, declining as a share of apparent U.S. consumption from *** percent in 2016 to *** percent in 2017 and to *** percent in 2018.[272] Although nonsubject imports gained *** percentage points of market share at the domestic industry's expense in interim 2019 compared to interim 2018, the industry's financial performance improved in interim 2019 compared to interim 2018.[273] Furthermore, the average unit value of U.S. shipments of nonsubject imports was significantly higher than the average unit value of U.S. shipments of subject imports throughout the period of investigation, by *** to *** percent.[274] Pricing product data show that the sales prices of nonsubject imports from Chile, which accounted for most nonsubject imports, were generally higher than the sales prices of subject imports from Brazil and China, though lower than the sales prices of domestically produced WMMP.[275]

We are unpersuaded by respondents' argument that the domestic industry's declining performance resulted from purchasers increasingly replacing WMMP with MDF MMP during the period of investigation.[276] The record does not show any substitution in favor of MDF MMP or that MDF MMP reduced demand for WMMP. On the contrary, apparent U.S. consumption of WMMP increased *** percent between 2016 and 2018 and remained strong in interim

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may be used interchangeably in the production of WMMP. CR/PR at Table IV-4; Conference Tr. at 63-64 (Procton), 80 (Trapp), 86 (Easton), 87 (MacDonald), 114 (Ammons). Even if ponderosa pine has relatively more knots and imperfections than other pine species, domestic WMMP made from ponderosa pine would be similar to subject imported WMMP because domestic producers remove all knots and imperfections from lumber in the front end of the production process. CR/PR at I-17-18; Conference Tr. at 33 (Easton), 86-87 (Trapp), 87 (Carroll). Furthermore, both importers of subject merchandise and domestic producers reported U.S. shipments of WMMP made from hardwood lumber, CR/PR at Table IV-4, belying ABIMCI's claim that domestically produced WMMP made from hardwoods is insulated from subject import competition. ABIMCI's Postconference Brief at 12-13. In any final phase of the investigations, we intend to further investigate the influence of non-price factors on competition between domestically produced WMMP and subject imports in the U.S. market.

[272] CR/PR at Table IV-9.

[273] CR/PR at Tables IV-9, C-2.

[274] CR/PR at Table C-2. We recognize that differences in the average unit value of U.S. shipments of subject and nonsubject imports may reflect differences in product mix or changes in product mix over time.

[275] CR/PR at D-3, Table IV-2.

[276] AMMA Postconference Brief at 32-33; Weston's Postconference Brief at 2-3.

2019.[277] By contrast, North American demand for MDF crown mouldings, for example, increased only 13 percent between 2016 and 2018.[278] In any final phase investigations, we will further examine the effect of other products, including MDF MMP, on the WMMP market and the domestic industry.

We are also unpersuaded by CTI's argument that cumulated subject import volume increased due to increased demand for LVL WMMP products not produced domestically.[279] According to CTI's own calculations, only *** percent of the increase in cumulated subject import volume between 2016 and 2018, *** of 260.6 million board feet, consisted of "innovative" products such as LVL WMMP.[280] Furthermore, there are at least two domestic producers of LVL WMMP, Pacific Coast Laminates and Lexington Manufacturing, and imports of LVL WMMP from China would have also competed with finger-jointed WMMP, given our finding that LVL WMMP and finger-jointed WMMP are interchangeable for some applications.[281] In any final phase of the investigations, we intend to further investigate domestic production and demand for LVL WMMP.

Finally, we are unpersuaded by ABIMCI's argument that any adverse trends experienced by the domestic industry resulted from inadequate timber supplies, due to environmental policies that limit logging and commercial decisions to devote the limited timber available to other uses.[282] Only *** of 13 responding domestic producers, ***, reported that ***.[283] At the conference, domestic industry witnesses stated that their firms can readily import wood fiber and blanks to supplement domestic supplies of wood fiber and blanks.[284] Nor is there any evidence of raw material shortages during the period of investigation sufficient to explain the *** percent decline in the domestic industry's production between 2016 and 2018.[285] Instead, the record shows that the domestic industry's production declined as the industry lost *** percentage points of market share to subject imports.[286]

In sum, based on the record of the preliminary phase of these investigations, we conclude that subject imports had a significant adverse impact on the domestic industry.

## VIII. 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 subject imports of WMMP from

[277] CR/PR at Table IV-8.

[278] AMMA Postconference Brief at 43, Exhibit 8.

[279] CTI's Postconference Brief at 35.

[280] CTI's Postconference Brief at 28 (claiming to have increased its imports of "innovative" WMMP products from China by *** board feet between 2016 and 2018); CR/PR at Table IV-2.

[281] Conference Tr. at 17 (Grimson); Petitioners' Postconference Brief at 42, Exhibit 20.

[282] ABIMCI's Postconference Brief at 30-31.

[283] CR/PR at III-7; Domestic Producers' Questionnaire Response of *** at Question II-3d.

[284] Conference Tr. at 39, 50 (Procton), 66 (Easton), 66-67 (Trapp), 67 (Procton)

[285] CR/PR at Table C-2.

[286] CR/PR at Table C-2.

Brazil and China that are allegedly sold in the United States at less than fair value and subject imports of WMMP from China that are allegedly subsidized by the government of China.

# 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 Coalition of American Millwork Producers,[1] on January 8, 2020, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of wood mouldings and millwork products ("WMMP" or "wood mouldings")[2] from China and less-than-fair-value ("LTFV") imports of WMMP from Brazil and China. The following tabulation provides information relating to the background of these investigations.[3] [4]

| Effective date | Action |
|---|---|
| January 8, 2020 | Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 2438, January 15, 2020) |
| January 28, 2020 | Commerce's notice of initiation of AD and CVD investigations (85 FR 6502 and 85 FR 6513, February 5, 2020) |
| January 29, 2020 | Commission's conference |
| February 21, 2020 | Commission's vote |
| February 24, 2020 | Commission's determinations |
| March 2, 2020 | Commission's views |

[1] The Coalition of American Millwork Producers is comprised of Bright Wood Corporation, Madras, Oregon; Cascade Wood Products, Inc., White City, Oregon; Endura Products, Inc., Colfax, North Carolina; Sierra Pacific Industries, Red Bluff, California; Sunset Moulding, Live Oak, California; Woodgrain Millwork Inc., Fruitland, Idaho; and Yuba River Moulding, Yuba City, California

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

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

[4] A list of witnesses appearing at the conference is presented in appendix B of this 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--[5]

> *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 effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more*

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

*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—*[6]

*(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/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

Wood mouldings have a variety of exterior and interior uses, primarily in residential and non-residential construction.[7] The leading U.S. producers of wood mouldings are ***, while leading producers of wood mouldings outside the United States include *** of Brazil and *** of China. The leading U.S. importers of wood mouldings from Brazil are ***, while the leading importers of wood mouldings from China are ***. Leading importers of product from nonsubject countries (primarily Chile and Mexico) include ***. U.S. purchasers are generally firms that purchase product to distribute, to use in manufacturing downstream products (such as door frames), or to sell at retail. Leading purchasers include ***.

[6] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.
[7] Petition, p. 6.

Apparent U.S. consumption of wood mouldings totaled approximately *** board feet ($***) in 2018. Currently, 14 firms are known to produce wood mouldings in the United States.[8] U.S. producers' U.S. shipments of wood mouldings totaled *** board feet ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from subject sources totaled *** million board feet ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** board feet ($***) in 2018 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

## Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 13 firms that accounted for the majority of U.S. production of wood mouldings during 2018. U.S. imports are based on Commerce's official import statistics and the questionnaire responses of 46 firms that accounted for *** percent of U.S. imports of wood mouldings from Brazil and China and *** percent of total U.S. imports in 2018.

## Previous and related investigations

Wood mouldings have not been subject to any prior countervailing and antidumping duty investigations in the United States.

[8] Although *** provided a producer questionnaire response, staff could not resolve the data deficiencies in time for report issuance and is thus not included in the producer dataset. Its descriptions of the market are included in parts II and V. *See* Staff correspondence with ***, February 7, 2020.

## Nature and extent of alleged subsidies and sales at LTFV

### Alleged subsidies

On February 5, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on wood mouldings from China.[9] Commerce identified the following 37 government programs in China:[10]

- Policy Loans to the Wood Mouldings and Millwork Products (Millwork Products) Industry
- Preferential Loans for State-Owned Enterprises (SOEs)
- Loan and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
- Export Seller's Credit
- Export Buyer's Credit
- Income Tax Reductions under Article 28 of the Enterprise Income Tax
- Tax Offsets for Research and Development Expenses Under the Enterprise Income Tax Law
- Preferential Income Tax Policy for Enterprises in the Northeast Region
- Forgiveness of Tax Arrears for Enterprises Located in the Old Industrial Bases of Northeast China
- Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
- Import Duty Exemptions for Use of Imported Equipment
- Foreign Trade Development Fund Grants
- Export Assistance Grants
- Export Interest Subsidies
- Loan Interest Subsidies for the Forestry Industry
- Subsidies for the Development of Famous Brands and China World Top Brands
- Funds for Outward Expansion of Industries in Guangdong Province
- Provincial Fund for Fiscal and Technological Innovation
- The State Key Technology Project Fund

[9] 85 FR 6513, February 5, 2020.

[10] Countervailing Duty Investigation Initiation Checklist, Wood Mouldings and Millwork Products from the People's Republic of China, C-570-118, January 28, 2020.

- Shandong Province's Special Fund for the Establishment of Key Enterprise Technology Centers
- Shandong Province's Environmental Protection Industry Research and Development Funds
- Funds of Guangdong Province to Support the Adoption of E-Commerce by Foreign Trade Enterprises
- Waste Water Treatment Subsidies
- Technology to Improve Trade Research and Development Fund
- The Provision of Standing Timber for LTAR
- The Provision of Cut Timber for LTAR
- The Provision of Sawn Wood and Continuously Shaped Wood for LTAR
- The Provision of Veneers for LTAR
- The Provision of Plywood for LTAR
- The Provision of Formaldehyde for LTAR
- The Provision of Urea for LTAR
- The Provision of UF Resin for LTAR
- Provision of Electricity for LTAR
- Provision of Water for LTAR
- The Provision of Land-Use Rights by the GOC to Encouraged Industries for LTAR
- Provision of Land-Use Rights by the GOC for LTAR in Industrial and Other Special Economic Zones
- Provision of Land to SOEs by the GOC for LTAR

## Alleged sales at LTFV

On February 5, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on wood mouldings from Brazil and China.[11] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 86.73 percent for product from Brazil and between 181.17 percent and 359.16 percent for product from China.

[11] 85 FR 6502, February 5, 2020.

# The subject merchandise

## Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[12]

> *The merchandise subject to these investigations consists of wood mouldings and millwork products that are made of wood (regardless of wood species), bamboo, laminated veneer lumber (LVL), or of wood and composite materials (where the composite materials make up less than 50 percent of the total merchandise), and which are continuously shaped wood that undergoes additional manufacturing or finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn).*
>
> *The percentage of composite materials contained in a wood moulding or millwork product is measured by length, except when the composite material is a coating or cladding. Wood mouldings and millwork products that are coated or clad, even along their entire length, with a composite material, but that are otherwise comprised of wood, LVL, or wood and composite materials (where the non-coating composite materials make up 50 percent or less of the total merchandise) are covered by the scope.*
>
> *The merchandise subject to these investigations consists of wood, LVL, bamboo, or a combination of wood and composite materials that is continuously shaped throughout its length (with the exception of any endwork/dados), profiled wood having a repetitive design in relief, similar milled wood architectural accessories, such as rosettes and plinth blocks, and finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn). The scope includes continuously shaped wood in the forms of dowels, building components such as interior paneling and jamb parts, and door components such as rails and stiles.*
>
> *The covered products may be solid wood, laminated, finger-jointed, edge-glued, face-glued, or otherwise joined in the production or remanufacturing process and are covered by the scope whether imported raw, coated (e.g., gesso, polymer, or plastic), primed, painted, stained, wrapped (paper or vinyl overlay), any combination of the aforementioned surface coatings, treated, or which incorporate rot-resistant elements (whether wood or composite). The covered products are covered by the scope whether or not any surface coating(s) or covers obscures the grain, textures, or markings of the wood, whether or not they are ready for use*

[12] 85 FR 6502 and 85 FR 6513, February 5, 2020.

*or require final machining (e.g., endwork/dado, hinge/strike machining, weatherstrip or application thereof, mitre) or packaging.*

*All wood mouldings and millwork products are included within the scope even if they are trimmed; cut-to-size; notched; punched; drilled; or have undergone other forms of minor processing.*

*Subject merchandise also includes wood mouldings and millwork products that have been further processed in a third country, including but not limited to trimming, cutting, notching, punching, drilling, coating, or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope product.*

*Excluded from the scope of these investigations are exterior fencing, exterior decking and exterior siding products (including solid wood siding, non-wood siding (e.g., composite or cement), and shingles) that are not LVL or finger jointed; finished and unfinished doors; flooring; parts of stair steps (including newel posts, balusters, easing, gooseneck, risers, treads and rail fittings); and picture frame components three feet and under in individual lengths.*

*Excluded from the scope of these investigations are 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).*

*Excluded from the scope of these investigations are all products covered by the scope of the antidumping and countervailing duty orders on Multilayered Wood Flooring from the People's Republic of China. See Multilayered Wood Flooring from the People's Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order, 76 FR 76690 (December 8, 2011); Multilayered Wood Flooring from the People's Republic of China: Countervailing Duty Order, 76 FR 76693 (December 8, 2011).*

## Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in statistical reporting numbers 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100 of the Harmonized Tariff Schedule of the United States ("HTS"). Imports of WMMP may also enter under HTSUS numbers: 4409.10.6000, 4409.10.6500, 4409.22.6000, 4409.22.6500, 4409.29.6100, 4409.29.6600, 4418.99.9095 and 4421.99.9780.

The 2020 general rate of duty is free for ten of these HTS subheadings (4409.10.40, 4409.10.45, 4409.10.50, 4409.10.60, 4409.22.40, 4409.22.50, 4409.22.60, 4409.29.41, 4409.29.51, and 4409.29.61), 3.2 percent *ad valorem* for one HTS subheading (4418.99.90), 3.3 percent *ad valorem* for one HTS subheading (4421.99.97), and 4.9 percent *ad valorem* for three HTS subheadings (4409.10.65, 4409.22.65, and 4409.29.66). 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 these HTS subheadings were included among the group of products from China that are subject to an additional duty of 25 percent ad valorem, under HTS subheading 9903.88.03.[13] Exclusions for HTS subheading 4409.29.41 are covered under HTS subheading 9903.88.34.[14] Exclusions for HTS statistical number 4421.99.9780 are covered under HTS subheading 9903.88.38.[15]

[13] *HTSUS (2020) Basic Edition*, USITC Publication No. 5011, January 2020, p. 99-III-147.
[14] *HTSUS (2020) Basic Edition*, USITC Publication No. 5011, January 2020, p. 99-III-150.
[15] *HTSUS (2020) Revision 3,* USITC Publication No. 5028, February 2020, p. 99-III-135.

## The product[16]

### Description and applications

WMMP are wood-constructed products used mainly in residential and non-residential buildings and can be used for both interior and exterior applications. These products have both functional (e.g. door jamb) and decorative (e.g. mouldings) uses but are not structural (e.g. framing).

Millwork is a general term referring to woodwork that is produced in a mill; the universe of millwork products is extensive and diverse. This broad category of products includes items like window and door frames, mouldings, and other dimension stock (worked wood products that are cut or shaped). Millwork products typically are installed with screws, nails, or adhesives.

The door frame (also called a jamb) surrounds the door and is made of three separate pieces: two vertical frames called side jambs and the horizontal frame called the head jamb. These pieces create a "frame" in which the door sits and are sometimes sold as a kit. Interior and exterior door heights are usually 80-inches (6-feet, 8-inches, which is referred to as 6/8), although some openings can be larger or smaller; kits generally are sold with side jambs in 7-foot lengths. Doorway widths also vary but range from 18- to 36-inches.[17] Other WMMP can be used in conjunction with the door frame. For example, a mullpost is used when a frame is used between a sidelite[18] and the door slab. An astragal is attached to the passive door (the door that is typically closed) in double door applications; when the two doors are closed, it covers the space between them.

[16] Unless otherwise noted, the information in this section is based on Petition, Vol. I, pp. 4-9. This section provides a broad outline of the possible products classified as millwork and mouldings as it is not feasible to discuss all of them.

[17] Jones, Carlyle, SFGATE, "How big are average doorways?," December 17, 2018, https://homeguides.sfgate.com/big-average-doorways-92628.html.

[18] A sidelite is typically a narrow window placed on one or both sides of a home's exterior door.

A moulding[19] is a decorative element that is characterized by its placement, the material that it is made from, and its profile and level of ornamentation. They are strips of materials used to cover transitions between surfaces (e.g. at the corners between walls and ceilings or at floor intersections), around openings (e.g. windows and doors) or for decoration in the middle of walls (e.g. chair rails). Most homes feature at least door and window casings and baseboards, while others can have multiple applications.

Wood has been traditionally used to make mouldings.[20] Mouldings may be sold in a natural finish state (wood grain is visible and unobscured for possible staining), primed, painted, coated or wrapped.[21] They can be made of hardwoods (e.g. maple and birch) or softwoods (e.g. pine), based on the desired type of finish (e.g. stained or an opaque cover), but they are also made from laminated veneer lumber (LVL)[22] or wood and composite materials.[23] Typically, high grade solid wood tends to be used for stained trim and lower grade wood, finger-jointed wood or LVL tend to be used for painted trim.

There are many types of mouldings.[24] Mouldings can be plain or have enhanced profiles, with various decorative details (Figure I-1). Each is designed for a specific finish purpose and are made with almost any width, varying thicknesses, and configurations. Several stock profile mouldings can be combined to make a built-up moulding, creating the look of a custom trim. Although widths and thicknesses differ based on application, the lengths are typically 8-feet (96-inches) but are also sold in other lengths or units.

[19] Moulding is also spelled "molding" in the United States. Merriam-Webster, https://www.merriam-webster.com/dictionary/molding.

[20] Substitute products include those that are not made from wood, such as polystyrene, polyurethane, and Polyvinyl chloride (PVC).

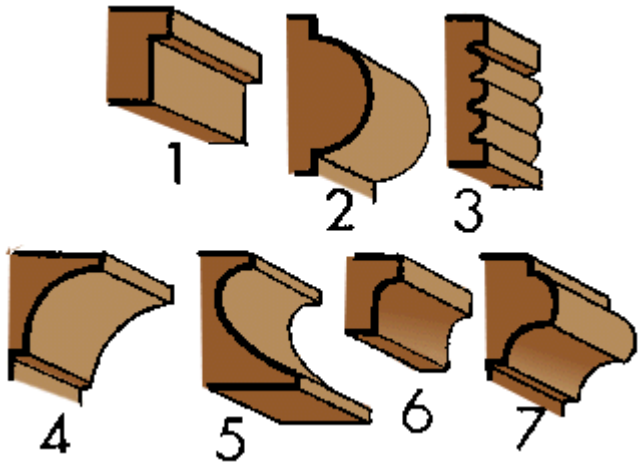
[21] Vinyl wrapped wood mouldings are wrapped with a vinyl film.

[22] LVL is made by bonding wood veneers with the grains parallel to the length of the billet. APA-The Engineered Wood Association, "Laminated Veneer Lumber (LVL)," https://www.apawood.org/structural-composite-lumber, accessed January 31, 2020.

[23] The scope on these products states that composite materials are to make up less than 50 percent of the total. 85 FR 6502, February 5, 2020. LVL is made by bonding wood veneers with the grains parallel to the length of the billet. APA-The Engineered Wood Association, "Laminated Veneer Lumber (LVL), https://www.apawood.org/structural-composite-lumber, accessed January 31, 2020.

[24] The universe of decorative wood mouldings is extensive. The discussion provided is not exhaustive; more information is available in ***.

**Figure I-1**
**Selected moulding designs**



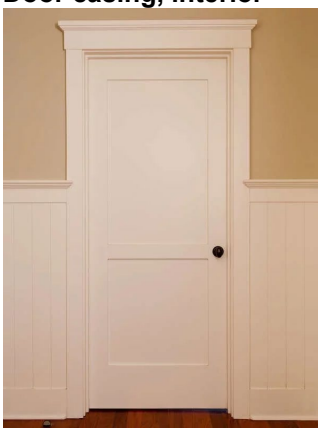

1 fillet and fascia, 2 torus, 3 reeding, 4 cavetto, 5 scotia, 6 congé, 7 beak

Source: Merriam-Webster Dictionary, https://www.merriam-webster.com/dictionary/molding, accessed January 20, 2020.

There are four main moulding categories—casing, crown, wall base (baseboard), and wall trim, depending on where it is installed. Standard mouldings are related to the room's aesthetics and are intended to be installed using a balanced scale to fit a specific space. Casing trim is placed around openings, such as windows and doors. It is designed to cover the gap between walls and window frame or door. Inside, it is used for aesthetic purposes. Externally, in addition to aesthetics, it is used to seal the window frame to the house. The most common type of doorway casing has three separate pieces: one short piece (the head casing) at the top of the door and two longer pieces for the sides of the door (Figure I-2). There are several variations, but the width of these casings usually spans 2-1/4 or 3-1/2 inches (custom products can be wider).[25] They tend to match the same mouldings used in other applications so that the room or the building exterior has a cohesive design. For example, brick moulding is a type of external casing that attaches to the outside edge of the door frame and covers the gap between the frame and the home's exterior surface (e.g. masonry).

[25] Taylor, Glenda, "All you need to know about doorway casing," https://www.bobvila.com/articles/doorway-casing/, accessed January 20, 2020.

**Figure I-2**
**Door casing, interior**



Source: Schwartz, Donna. "Know your moldings: 10 popular trim styles to spiff up any space," https://www.bobvila.com/slideshow/know-your-moldings-10-popular-trim-styles-to-spiff-up-any-space-44353#casing-and-door-casing-styles, accessed January 20, 2020.

Ceiling—also called crown or cornice—moldings are architectural features that cover the intersection of walls and ceilings, usually over an angle (Figure I-3). They are generally sized to taste but tend to be balanced with the baseboard. The rule-of-thumb is to use wider crown moulding as the room is larger and taller. The concave profile of cove mouldings (a type of ceiling moulding) make them useful as inside corner guards, or as a cornice to hide joints. Baseboard usually covers the lowest part of an interior wall to cover the joint between the wall and the floor. Base board is referred to by several other terms, wall base moulding, skirting board, skirting, mopboard, and floor moulding. Baseboards can be smaller (such as shoe moulding) or larger (such as 6-inch tall boards). Most baseboards tend to be ½ to 1-inch thick and 3 to 8-inches tall.[26] They can be simple or ornate. Shoe moulding (also known as base shoe) is a thin strip, typically ¾-inch, of moulding that tends to be used as the baseboard or paired with larger baseboard and to cover gaps between the baseboard and the floor (Figure I-4). Although shoe moulding is preferred for baseboard trim, quarter round (one-quarter of a round dowel) is also used for this purpose.

[26] Morris, Mark. SFGATE, "The size of wall molding," December 10, 2018, https://homeguides.sfgate.com/size-wall-molding-98866.html.

**Figure I-3**
**Crown moulding**

Source: Schwartz, Donna. "Know your moldings: 10 popular trim styles to spiff up any space," https://www.bobvila.com/slideshow/know-your-moldings-10-popular-trim-styles-to-spiff-up-any-space-44353#casing-and-door-casing-styles, accessed January 20, 2020.

**Figure I-4**
**Baseboard with shoe moulding**

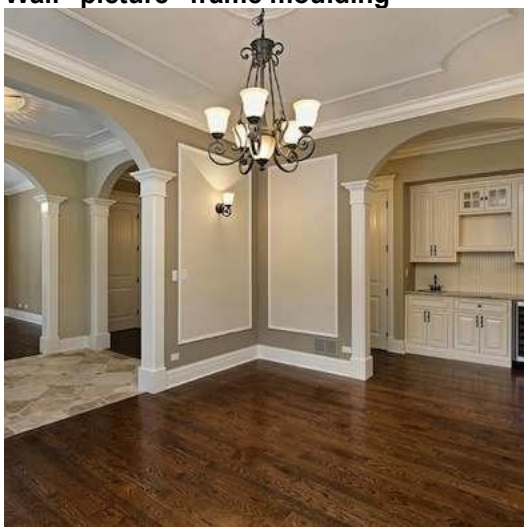
Source: Taylor, Glenda, "All you need to know about shoe molding," https://www.bobvila.com/articles/shoe-molding/, accessed January 20, 2020.

There are many wall trim molding applications, including but not limited to chair rails, wainscoting, board-and-batten, and wall (picture) frame moulding. These moulding types are intended to add architectural interest to a room and are typically used on a flat surface—wall frame moulding creates a picture frame on the flat wall (Figure I-5). Some of these applications are not only decorative; chair rail is moulding that protects walls from dents and scuffs from the backs of chairs; it is attached horizontally around a room's perimeter at about the height of the top of a typical chair, or about 36-inches (Figure I-6). Standard chair-rail moulding is 2-1/4 inches wide.[27] Wainscoting is a combination of paneling topped with mouldings that is installed

[27] Shaddy, Wade, Hunker, "The standard wood trim molding sizes," https://www.hunker.com/12610493/the-standard-wood-trim-molding-sizes, accessed January 21, 2020.

around the lower part of walls around a room's perimeter. Board-and-batten is a combination of paneling and strips of moulding placed across the joint between boards (Figure I-7).

**Figure I-5**
**Wall "picture" frame moulding**

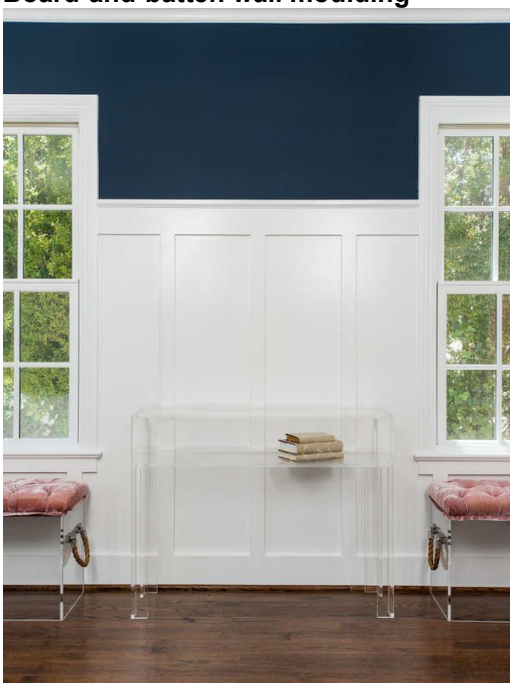


Source: Franco, Michael, "9 Ways to dress up a room with molding," https://www.bobvila.com/slideshow/9-ways-to-dress-up-a-room-with-molding-46899#white-trim, accessed January 20, 2020.

**Figure I-6**
**Chair rail**

Source: Schwartz, Donna. "Know your moldings: 10 popular trim styles to spiff up any space," https://www.bobvila.com/slideshow/know-your-moldings-10-popular-trim-styles-to-spiff-up-any-space-44353#casing-and-door-casing-styles, accessed January 20, 2020.

**Figure I-7**
**Board-and-batten wall moulding**



Source: Schwartz, Donna. "Know your moldings: 10 popular trim styles to spiff up any space," https://www.bobvila.com/slideshow/know-your-moldings-10-popular-trim-styles-to-spiff-up-any-space-44353#casing-and-door-casing-styles, accessed January 20, 2020.

Most of these products are sold for use in housing and other building construction industries. Most domestic millwork operators locate either near sawmills, key consumer markets, or as close to both as is practicable, to reduce transportation costs. These manufacturers sell to distributers, construction companies and contractors, lumber wholesalers, and home improvement retailers.[28]

[28] McGinley, Devin, IBISWorld, "Millwork in the US: Open doors: Rising disposable income will support remodeling activity, boosting the industry," Industry Report 32191, May 2016.

## Manufacturing processes

The manufacturing process for WMMP requires a variety of inputs and is done in several stages, including: drying, ripping, cutting, possible joining, profile shaping, and covering. The process is typically split into two phases called the "front-end," (which produces the wood blank[29] and includes drying, ripping, cutting, and joining) and the "back-end" (which shapes and finishes the wood blank or LVL billet into the subject WMMP). Production involves wood products which are intended as the predominant composition of the diverse line of a subject MWWP. The wood can be pure softwood or hardwood (representing a variety of wood species), laminated veneer lumber (LVL), or a mix of wood and composite materials.[30]

The first stage of the process is to produce the wood blank—the front end of the manufacturing process for those firms that manufacture blanks. Prior to the manufacturing process, the moisture content of the wood inputs—generally wood boards—must be reduced, in kilns or using other equipment and processes to a moisture content of 8 to 12 percent.[31] At the ripping stage, the wood boards are cut parallel to the grain (ripped) to specified width and thickness and inspected to maximize blank production.

To get the best wood, defects are identified for removal by grading and marking imperfections or deviations from the qualities that make the wood suitable for the intended purpose. The inspection process is performed by optical scanner or trained personnel who map a cutting plan to maximize material that is clear of imperfections. Imperfections can include knots[32], pitch pockets[33], fungal staining[34], or other unwanted characteristics.

[29] A blank is roughly cut wood that is intended for further shaping.

[30] The scope on these products states that composite materials are to make up less than 50 percent of the total. 85 FR 6502, February 5, 2020.

[31] Conference transcript, p. 88 (Carroll).

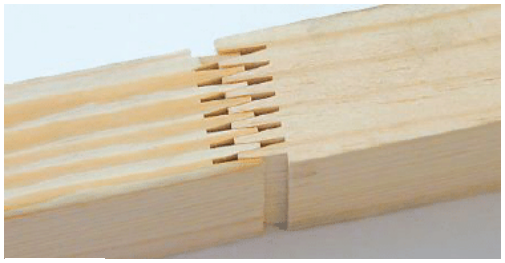
[32] A knot is from the base connection of a branch that was cut from a tree; it a source of weakness and a visible imperfection that is circular and darker than the surrounding wood.

[33] A pitch pocket is a softwood defect from an opening in the grain that holds resin (or pitch).

[34] For example, blue stain fungi (or sapstain), mainly found in softwoods, discolors wood fiber compared to what is typical for that species. The wood may have a blue, black or gray color, which makes it unsuitable for some applications.

The next stage cuts imperfections from the ripped wood using the cutting plan devised in the prior step: the plan optimizes material use by limiting waste and maximizing the best available wood while meeting the desired lengths. This stage can result in cuts that are shorter than standard lengths, and these shorter lengths can then be finger-jointed (Figure I-8)[35] by shaping complementary, interlocking profiles into the ends of each piece and gluing them together.[36]

**Figure I-8**
**Finger joint**



Source: Sviták, Martin & Gašparík, Miroslav & Penc, Jan. (2014). Heat Resistance of Glued Finger Joints in Spruce Wood Constructions. Bioresources. 9. 7529-7541. 10.15376/biores.9.4.7529-7541.

The next stage—the back end— includes resawing the solid wood blank, finger-jointed blank, or LVL billet[37] to precise dimensions so that it can be efficiently fed into one or more moulders.[38] For those firms that do not manufacture blanks (or LVL billets), this is the beginning of the manufacturing process. The equipment for this stage removes wood at high speed; it has moulding heads (depending on the sophistication of the profile (shape), there may be several heads) that use knives that spin at high speed to carve the blank to the desired profile; this

[35] The finger joint gets its name because it is said to resemble the interlocking of fingers of two human hands. The bond created by gluing the finger surface area is stronger than it would be if the butts (a butt joint) of the two pieces were glued together.

[36] In addition, products may be edge-glued to make them wider or face-glued to make them thicker.

[37] LVL billets are a feedstock for WMMP (e.g. door frames). LVL is manufactured by laminating thin wood veneers with the grains parallel to the length of the billet; veneers are fed into a press, glue is applied, and then formed into a stack that is subjected to pressure and heat for curing. The cured LVL billets are then ripped and crosscut to ready them for further processing. Domestic LVL production is available for use in these products. Petitioner's post-conference brief, p. 42.

[38] Moulding producers are known to purchase wood blanks and LVL billets from other firms and perform only the back end of the process. Others are vertically integrated, they source lumber, produce the blank, manufacture the moulding, and distribute products to customers. Conference transcript, p. 91 (Carroll); Petitioner's post-conference brief, p. 18.

process may involve multiple shaping steps, depending on the sophistication of the desired appearance.

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 lock hole may be drilled into a door jamb. The WMMP can then be coated by gesso, priming, painting, or another desired surface cover.

## Domestic like product issues

The petitioner argues that WMMP are a single like product, co-extensive with the scope of these investigations.[39] Petitioner contends that the various types of WMMP possess the same physical characteristics and uses, are interchangeable, have similar channels of distribution, are viewed by customers and producers as a single continuum of products, are manufactured in common facilities, are comparably priced, and share "the same general physical characteristics, including shape and materials."[40] The petitioner also contends that WMMP produced from solid wood, finger-jointed wood, and LVL feedstock should constitute a single like product.[41] The petitioner also argues that producers that purchase finger-jointed (FJ) blanks for use in the back end production process engage in sufficient production related activities to qualify as domestic producers.[42]

[39] Petitioner's postconference brief, p. 3.

[40] Petition, p. 14, Petitioner's postconference brief, p. 3-4 and p. 6; Petitioner's post conference brief, Exhibit 1, p. 4. and p. 7; ***.

[41] Petitioner's postconference brief, p. 3; Petitioner's post conference brief, Exhibit 1, pp. 28-31.

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

The petitioner asserts that Commission should not define the domestic like product to include out-of-scope mouldings that are manufactured with medium density fiberboard (MDF).[43] [44] Petitioner indicates that mouldings made with MDF do not have the same physical characteristics and end uses, use a different front end production process, have lower prices, and are classified under a separate set of HTS numbers from the in-scope products.[45] For example, MDF cannot be used for door frames, any exterior application or in wet and humid environments (e.g. bathrooms, basements, and kitchens).[46]

In contrast, respondents contend that the Commission should define in-scope WMMP made with LVL, an engineered wood product, as a separate like product. They assert that LVL moulding and millwork has distinctive physical characteristics that set it apart from in-scope, non-LVL WMMP. Although respondents argue that although LVL- and non-LVL mouldings and millwork could share back-end manufacturing processes, LVL WMMP's front-end manufacturing process distinguishes it from WMMP made from lumber of FJ blanks; they also contend that there is different finish work that must be done to LVL.[47] They also stipulate that LVL has superior attributes (e.g. strength-to-weight, uniformity, and stability) and performs differently in industry standard testing than other FJ WMMP[48]; it has narrower—but shared—channels of distribution; and is perceived as superior by customers.[49]

[43] MDF is an engineered wood product made with sawdust and shavings, the byproducts of industrial milling. These fibers are mixed with resin and was and under heat and pressure, they are formed into uniform panels. Fox, Steven. "MDF 101" https://www.bobvila.com/articles/what-is-mdf/, accessed February 4, 2020.

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

[45] Petitioner's postconference brief, p. 3; Petitioner's post conference brief, Exhibit 1, pp. 21-32.

[46] Petitioner's postconference brief, p. 39.

[47] Conference transcript 142-143 (Reid).

[48] Respondent AMMA postconference brief, p. 12.

[49] Respondent Composite Technology International, Inc. (CTI) postconference brief, pp. 2-9; Respondent American Moulding and Millwork Alliance (AMMA), postconference brief, pp. 6-20.

Respondents also argue that the Commission should define a domestic like product corresponding to in-scope WMMP and out-of-scope moulding and millwork products (MMP) made with MDF.[50] They contend that, analogous to mouldings and millwork made with LVL, MMP made with MDF have different front end inputs from those used for in-scope non-LVL wood inputs, but have a similar back end, where the moulding operation occurs. Respondents assert that production using MDF would require minimal equipment adjustment—carbide blades are used for shaping MDF moulding and steel blades are used for shaping FJ WMMP.[51] They also argue that MDF is indistinguishable and interchangeable with WMMP in that they are produced to the same specifications (profile, thickness, length, and height), and share the same channels of distribution. However, respondents acknowledge that MDF is less expensive than FJ WMMP. Respondents further argue that these products are used in the same interior decorative applications, while acknowledging that MDF MMP are not to be used for structural uses, exterior or high moisture area applications.[52]

[50] Respondent American Moulding and Millwork Alliance (AMMA), postconference brief, pp. 23.

[51] Conference transcript 100-101 (Caldwell).

[52] Respondent American Moulding and Millwork Alliance (AMMA), postconference brief, pp. 23-35; Associacao Brasileira da Indstria de Madeira Processada Mecanicamente (ABIMCI), postconference brief, pp. 4-9.

# Part II: Conditions of competition in the U.S. market

## U.S. market characteristics

WMMP are used primarily in residential construction for framing and decorating transitions between floors, walls, windows, and doors. WMMP can be sold as "raw" (not primed) or coated (primed and ready for painting), and may be finger-jointed, made with solid wood (a higher-end product), or made with other forms of wood.[1]

U.S. supply comes from numerous U.S. producers, imports from subject countries Brazil and China, and nonsubject countries such as Chile. U.S. demand reflects conditions in the U.S. residential construction market. Market participants differed greatly over how substitutable U.S. product and subject product are, as well as how competition with out-of-scope moldings made from medium density fiberboard (MDF) affects the U.S. market for WMMP.

Apparent U.S. consumption of WMMP increased substantially during January 2016-September 2019. Apparent U.S. consumption increased almost *** percent from 2016 to 2017, and then nearly another *** percent from 2017 to 2018, resulting in a nearly *** percent increase from 2016 to 2018. Apparent U.S. consumption in January-September 2019 was nearly unchanged from levels in January-September 2018.

U.S. producers and importers were split on the question of whether there had been changes in the product mix, range, or marketing of WMMP since January 1, 2016. Six U.S. producers and 24 importers stated that there had been, while another six U.S. producers and 17 importers stated that there had not been. Among U.S. producers indicating that there had been changes, *** described imports from Brazil and China as taking market share from U.S. producers in the market segments involving long production runs, leaving small-run production items for U.S. producers. *** continued that such small-run production items are not enough to support the company financially. U.S. producer *** described an increasing trend of composite materials to use with, or replace, wood.

U.S. producers *** described the U.S. wood moldings market as increasingly supplied more by "paint-grade" product (i.e., product primed for painting) and other styles that are primarily supplied by imports, as opposed to clear-stain and colonial styles traditionally supplied by U.S. producers. Like these U.S. producers, numerous importers also described the U.S. market as moving towards a preference for primed, "Craftsman-style" (as opposed to colonial-style moldings), and/or S4S-board moldings, which are usually made in

[1] Conference transcript, p. 65 (Procton).

China. Additionally, four importers described increased substitution from WMMP to moldings made of MDF and/or composites, or to other construction techniques that do not use wood.

Moreover, importer *** described ***. It further described U.S. producers as "the lowest quality in the entire industry." Importer *** stated that foreign suppliers source wood with less costly species instead of using one that is "overly costly."

## Impact of section 301 tariffs

In June 2018, USTR announced a section 301 investigation in response to Chinese trade practices. WMMP were included in the list of products subject to additional duties. (See Part I). Most responding U.S. producers and importers indicated that the section 301 tariffs had not changed domestic supply of, nor U.S. demand for, WMMP (table II-1). Half of responding U.S. producers and a majority of importers also indicated that the section 301 tariffs had increased U.S. prices for WMMP. However, while a majority of responding U.S. producers indicated that the section 301 tariffs had not affected the supply of either Chinese or nonsubject-country product, a majority of importers stated that the section 301 tariffs had caused a decrease in the supply of Chinese product, as well as an increase in the supply of product from nonsubject countries.

**Table II-1**
**WMMP: U.S. producers' and importers' responses on the impact of the section 301 tariffs**

| Item | Number of firms reporting | | | |
|---|---|---|---|---|
| | Increase | No change | Decrease | Fluctuate |
| **301 impact on supply: Domestic:** | | | | |
| U.S. producers | 1 | 4 | --- | 1 |
| U.S. importers | 3 | 24 | --- | 4 |
| **301 impact on supply: China:** | | | | |
| U.S. producers | --- | 5 | 1 | --- |
| U.S. importers | 1 | 11 | 19 | 3 |
| **301 impact on supply: Other than China:** | | | | |
| U.S. producers | 2 | 4 | --- | --- |
| U.S. importers | 21 | 11 | --- | 3 |
| **301 impact on prices:** | | | | |
| U.S. producers | 3 | 2 | --- | 1 |
| U.S. importers | 23 | 5 | 5 | 4 |
| **301 impact on overall demand:** | | | | |
| U.S. producers | --- | 5 | --- | 1 |
| U.S. importers | 3 | 26 | 1 | 4 |

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

U.S. producers commenting on the impact of the section 301 tariffs on supply generally described them as having minimal to no effect because already-low Chinese prices allowed Chinese suppliers to absorb the cost of the tariffs. For example, *** described the effect being short lived until Chinese prices fell again. *** described Chinese prices as so much lower than U.S. prices that Chinese suppliers could absorb the 25 percent tariff. *** described the tariffs as providing minimal relief, but expected the relief to go away if the tariffs are lifted.

In further comments on the impact of the section 301 tariffs on supply, 12 importers described the section 301 tariffs as causing importers and/or purchasers to switch from purchasing Chinese product to purchasing Brazilian product or product from nonsubject countries. Some of these firms described such an effect as small. Two other importers (***) described observing an unspecified shift in country of origin. Three importers (***) described either decreased sales, or increased prices, or both, as a result of the tariffs. Two importers (***) described observing more purchases of U.S. product; however, *** stated that such increases came at the expense of petitioners' imports from China. *** stated that the tariffs did not increase U.S. production nor make the U.S. industry more competitive. Importers *** described the tariffs as increasing domestic sales of moldings made with MDF. Three importers (***) described the tariffs as having only a temporary effect.

U.S. producer *** described prices for WMMP as rising after imposition of the 301 tariffs, but then falling back into a downward trend. U.S. producer *** stated that some products from China had seen price increases, but with increases less than the tariff, and stated that "aggressive" pricing on some Brazilian products lowered some prices. On the other hand, *** stated that cost increases were passed on to customers.

In further comments on the price effects of the section 301 tariffs, 10 importers described prices of WMMP as increasing (or at least changing) after the tariffs, although some described the changes as not large. Importer *** described U.S. prices as increasing, but not prices of product from other countries. Three importers (***) described suppliers as at least partially absorbing the cost of the tariffs, and *** added that the ensuing devaluation of the Chinese yuan had helped offset the increased tariffs. Three importers (***) described prices of U.S. product as flat, although *** added that prices of Brazilian product went down and prices of Chinese product went up after the tariffs went into effect. *** stated that Chinese prices were already more expensive before the tariffs, and purchasers that wanted what

*** described as higher-quality Chinese product continued to pay more for it after the tariffs. Two importers (***) described prices for WMMP as decreasing overall after a brief increase immediately after the tariffs began. Importer *** described prices from countries other than China as increasing in response to the tariffs.

In further comments on demand, six importers described U.S. demand as increasing, but generally attributed the increase to increased housing market activity, not tariffs. These importers, along with U.S. producer *** and otherimporters that noted no demand increase, stated that U.S. demand for WMMP was little affected by the section 301 tariffs, especially as compared to housing market activity. Importers *** stated that demand for Chinese product was diverted into demand for imports from other countries, not U.S. product. *** indicated that purchasers are not willing to pay the prices demanded by U.S. producers, and prefer "low-cost" product from other countries. Importer *** stated that some customers indicated an interest in substitute products.

## Channels of distribution

U.S. producers sold mainly to distributors and end users, while importers sold mainly to distributors and retailers, as shown in table II-2. U.S. producer Woodgrain described WMMP as flowing primarily through either (1) distributors to large retailers to end users, or (2) distributors or producers to builders' suppliers to end users.[2]

[2] Conference transcript, p. 82 (Easton).

**Table II-2**
**WMMP: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, January 2016-September 2019**

| Item | Period | | | | |
|---|---|---|---|---|---|
| | Calendar year | | | January-September | |
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Share of reported shipments (percent) | | | | |
| **U.S. producers' U.S. commercial shipments of WMMP:** | | | | | |
| Distributors | *** | *** | *** | *** | *** |
| Retailers | *** | *** | *** | *** | *** |
| End users | *** | *** | *** | *** | *** |
| **U.S. importers' U.S. commercial shipments of WMMP from Brazil:** | | | | | |
| Distributors | *** | *** | *** | *** | *** |
| Retailers | *** | *** | *** | *** | *** |
| End users | *** | *** | *** | *** | *** |
| **U.S. importers' U.S. commercial shipments of WMMP from China:** | | | | | |
| Distributors | *** | *** | *** | *** | *** |
| Retailers | *** | *** | *** | *** | *** |
| End users | *** | *** | *** | *** | *** |
| **U.S. importers' U.S. commercial shipments of WMMP from all other countries:** | | | | | |
| Distributors | *** | *** | *** | *** | *** |
| Retailers | *** | *** | *** | *** | *** |
| End users | *** | *** | *** | *** | *** |

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

## Geographic distribution

U.S. producers and importers reported selling WMMP to all regions in the contiguous United States (table II-3). For U.S. producers, 4.0 percent of sales were within 100 miles of their production facility, 54.0 percent were between 101 and 1,000 miles, and 41.9 percent were over 1,000 miles. Importers sold 53.7 percent within 100 miles of their U.S. point of shipment, 39.2 percent between 101 and 1,000 miles, and 7.1 percent over 1,000 miles.

**Table II-3**
**WMMP: Geographic market areas in the United States served by U.S. producers and importers**

| Region | U.S. producers | Importers of product from Brazil | Importers of product from China |
|---|---|---|---|
| Northeast | 10 | 17 | 16 |
| Midwest | 11 | 16 | 17 |
| Southeast | 11 | 24 | 22 |
| Central Southwest | 8 | 23 | 16 |
| Mountain | 10 | 12 | 11 |
| Pacific Coast | 11 | 10 | 15 |
| Other | 3 | 2 | 5 |
| All regions (except Other) | 8 | 3 | 8 |
| Reporting firms | 13 | 28 | 23 |

Note: 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-4 provides a summary of the supply factors regarding WMMP from U.S. producers and from subject countries.

**Table II-4**
**WMMP: Supply factors that affect the ability to increase shipments to the U.S. market**

| | Capacity (1,000 board feet) | | 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 | *** | *** | *** | *** | *** | *** | *** | *** | 3 of 14 |
| Brazil | *** | *** | *** | *** | *** | *** | *** | *** | 1 of 13 |
| China | *** | *** | *** | *** | *** | *** | *** | *** | 1 of 22 |

Note: U.S. producers are believed to account for a majority of U.S. production of WMMP. See text for discussion of data coverage of each country's industry. 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 VII.

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

### Domestic production

Based on available information, U.S. producers of WMMP have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of U.S.-

produced WMMP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of substantial (and increased) unused capacity, constrained by low inventories, few shipments to other markets, and little reported ability to produce other products on the same equipment used to produce WMMP.

**Subject imports from Brazil**

Based on available information, producers of WMMP from Brazil have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of WMMP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the high level of capacity utilization, low inventories, lack of alternative production possibilities, and moderately low level of shipments to alternative markets. However, while these factors suggest a moderate ability to respond to changes in demand, the Commission likely does not have data from all the Brazilian producers that produced product shipped to the United States (see Part VII), and so the Brazilian industry might have more ability to respond than the data collected indicate.

**Subject imports from China**

Based on available information, producers of WMMP from China have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of WMMP to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the moderate levels of capacity utilization and alternative markets, weighed against the low level of inventories. Additionally, Chinese producers have shown the ability to raise capacity substantially in the years 2016-2018. Moreover, the Commission likely does not have data from all the Chinese producers that produced product shipped to the United States (see Part VII), and so the Chinese industry might have more ability to respond than the data collected indicate.

Several importers (including ***) described the Chinese industry as having invested in machinery that reduced waste of raw materials and/or use of labor. Others described some Chinese product as made with laminated veneer lumber (LVL), which they described as superior to product made with finger-jointed wood.[3] Additionally, Chinese product is often coated with gesso, providing a finish that some importers described as superior to that of U.S. product.[4]

[3] Conference transcript, p. 98 (Caldwell).
[4] See "Substitutability" below.

### Imports from nonsubject sources

Nonsubject imports accounted for approximately 30 percent of total U.S. imports in 2018. The largest sources of nonsubject imports during January 2016-September 2019 were Chile and Mexico. U.S. producer Woodgrain is an importer of WMMP from Chile.[5]

### Supply constraints

All responding U.S. producers (12) and 25 importers indicated that their firm had not refused, declined, or been unable to supply wood moulding and millwork products since January 1, 2016. However, 15 importers indicated that they had experienced such supply constraints, generally citing unexpected spikes in demand (especially for particular products, as opposed to a general spike in demand), or supply disruptions such as transit delays or a Brazilian truckers' strike in 2018. Four importers described tariffs or the "trade climate" as causing them to experience supply constraints. Importer *** listed limited confidence in imported product performance as a reason for a supply constraint, and *** described poor quality from a Chinese vendor as such a reason. On the other hand, importer *** were unable to meet its volume and timing demands. Importer *** described prices of wood moulding and millwork products as increasing 20 percent in 2017, and indicated that as a result, it was not able to meet its customers' requirements.

## U.S. demand

Based on available information, the overall demand for WMMP is likely to experience moderate changes in response to changes in price. WMMP represent a very small share of the cost of housing construction and renovation projects, but there are substitute products available.

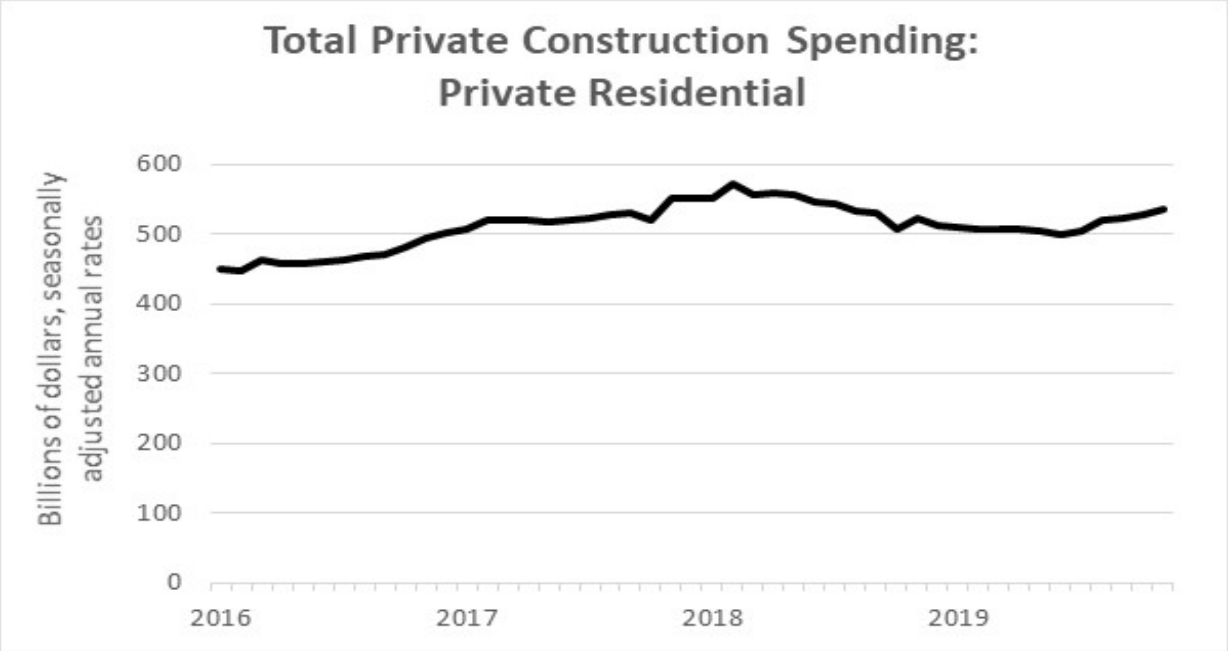
### End uses and cost share

WMMP are used in construction, especially residential construction, in both new construction and remodeling. However, the cost of WMMP is a very small share of the total cost of building a home.[6] WMMP can be a somewhat larger share of products (such as door frames) that are then used in home construction.

[5] Conference transcript, p. 71 (Easton).
[6] Conference transcript, pp. 85-86 (Procton, Brightbill, and Easton).

Total U.S. private residential construction (including both new construction and remodeling) rose 26.8 percent from January 2016 to February 2018, then declined 12.4 percent through June 2019. It has risen somewhat since. (Figure II-1).

**Figure II-1**
**Total U.S. private residential construction, January 2016-November 2019**




Source: U.S. Census Bureau data via Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org.

**Business cycles**

Ten U.S. producers and 26 importers indicated that the U.S. WMMP market was subject to distinctive business cycles or conditions of competition. All of these U.S. producers (10) and most of these importers (24) described the market as subject to seasonal changes based on home construction, i.e., a slowdown near the end of the year in winter. However, U.S. producer *** noted that the winter slowdown is moderated by remodeling demand via big box retailers, demand that can continue year-round. Additionally, importer *** described supply from China as slowing during Chinese New Year in January or February of each year, and importers *** described this economic cycle as not showing as strong growth in housing starts as previous economic cycles had.

Four U.S. producers and eight importers indicated that the market was also subject to other distinctive conditions of competition, citing raw material costs, housing market trends, natural disasters (and their impact on housing markets), mill shutdowns and openings, and the

supply of timber, which can be affected by weather as well as the demand for other uses of timber (including paper).

A smaller group of firms (two U.S. producers and 16 importers) indicated that the U.S. WMMP market was not subject to any distinctive business cycles or conditions of competition.

Among the firms that described changes, 7 of 10 responding U.S. producers and 12 of 26 responding importers described additional changes to the business cycles for WMMP since January 1, 2016. Four U.S. producers (and two importers, including one related to a U.S. producer) indicated that the change was an increase in subject imports. The others described major winter weather in 2018-19, varying levels of home starts, and consolidation within the building products industry. Importers described mill closures, substitution toward MDF and PVC moldings, tariffs, changing general economic conditions, and the West Coast maritime strike in 2015, followed by two years of "intense competition from all market players."

**Demand trends**

Most responding U.S. producer and importers reported an increase in U.S. demand for WMMP since January 1, 2016 (table II-5). Most of these U.S. producers that described a demand increase attributed the increase to increased U.S. residential construction activity, especially in remodeling. Several U.S. producers described U.S. demand increases as being captured by subject imports, while importer *** described demand increases from housing demand as being offset by increased substitution away from WMMP to moldings made of MDF and/or PVC (see "substitute products" below).

U.S. producers and importers had more mixed responses regarding trends in demand in other countries, with five additional U.S. producers not aware of trends in international markets. Importers described varied demand trends, including Brazil and Europe using less product because of economic conditions, the Canadian market not experiencing growth, and the Australian market growing rapidly.

**Table II-5**
**WMMP: 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 | 8 | --- | 1 | 3 |
| Importers | 28 | 7 | 1 | 3 |
| **Demand outside the United States** | | | | |
| U.S. producers | 2 | 1 | --- | 2 |
| Importers | 5 | 6 | 4 | 5 |

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

**Substitute products**

Nine U.S. producers and 24 importers indicated that there are substitutes for WMMP, while 4 U.S. producers and 14 importers indicated that there are not. Firms listing substitutes most frequently named door and window moldings made of medium density fiber (MDF), followed by those made of plastic/composite materials. MDF is not appropriate for exterior applications, or those where it may be exposed to substantial moisture.[7] Additionally, U.S. producer *** noted that MDF moldings must be painted, while WMMP may be stained. Importers *** described plastic/composite moldings as mostly used in exterior applications.

Importer *** described finger-jointed WMMP as replacing solid WMMP in the 1970s, and then MDF moldings taking market share from WMMP more recently. (Both solid-wood and finger-jointed WMMP are in-scope product; MDF moldings are not.) Importer *** described MDF moldings as less expensive than WMMP, and taking market share from WMMP, especially on the West Coast. Eight importers described a price gap (of between 20 and 30 percent) between wood and MDF moldings that acted as a restraint on prices of WMMP, forcing substitution toward MDF moldings if the price of WMMP became much higher than that of MDF moldings. Similarly, several importers indicated that moldings made of composite materials are about 25 percent more expensive than WMMP, but stated that if the price of WMMP rose much relative to the price of composite moldings, then purchasers would switch to composite moldings. U.S. producer *** and importer *** added that the price of composite moldings has become more competitive with the price of WMMP. However, U.S. producers, while often listing MDF and plastic/composite moldings as substitutes for WMMP, also were more likely to add that subject imports, and not substitute products, had taken market share from U.S.-produced WMMP.

## Substitutability issues

The degree of substitution between domestic and imported WMMP 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 a moderately high degree of substitutability between domestically produced WMMP and WMMP imported from subject sources. Market participants generally described U.S. and subject product as

[7] Conference transcript, p. 60 (Procton), p. 174 (Casey).

interchangeable, with price as an important purchasing factor. However, some market participants also identified differences in quality and lead times between U.S. and subject product.

## Lead times

WMMP are primarily produced-to-order. Eleven U.S. producers and 26 importers reported that at least 65 percent of their commercial shipments were produced-to-order, with lead times usually between 14 and 35 days (U.S. producers) or 60 to 120 days (importers). Nine importers and U.S. producer *** indicated that the majority of their sales came from their inventories, and three importers reported that the majority of their sales came from foreign inventories. U.S. producers reported that commercial shipments from inventories had lead times of 7 to 21 days. U.S. importers generally reported lead times of 7 to 20 days for sales from inventory, and of 20 to 75 days for sales from foreign manufacturers' inventory.

## Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[8] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for WMMP. As shown in table II-6, the major purchasing factors identified by firms included quality and price, but specification, service, availability, lead times, and relationship also all received multiple mentions.

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

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

| Item | 1st | 2nd | 3rd | Total |
|---|---|---|---|---|
| | Number of firms | | | |
| Quality | 6 | 3 | 1 | 10 |
| Price/cost | 2 | 2 | 6 | 10 |
| Specification | 2 | 1 | 0 | 3 |
| Service | 1 | 1 | 1 | 3 |
| Supplier relationship/reliability | 1 | 1 | 1 | 3 |
| Lead time | 0 | 2 | 1 | 3 |
| Availability/capacity | 0 | 2 | 2 | 4 |

Note: Other factors listed beyond the third-most important factor included the above factors as well as versatility, port labor strikes, Forest Stewardship Council (FSC) certification, and location in a region not susceptible to natural disasters like earthquakes.

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

As shown in table II-7, purchasers reported a wide variety of changes in their purchasing patterns of WMMP by source. A plurality of purchasers indicated that they decreased purchases of U.S.-produced WMMP, and pluralities also reported increasing purchases from Brazil and China.

**Table II-7**
**WMMP: Changes in purchase patterns from U.S., subject, and nonsubject countries**

| Source of purchases | Did not purchase | Decreased | Increased | Constant | Fluctuated |
|---|---|---|---|---|---|
| United States | 1 | 4 | 2 | 3 | 2 |
| Brazil | 2 | 2 | 5 | 1 | 2 |
| China | 2 | 1 | 5 | --- | 3 |
| All other sources | 4 | 1 | 3 | 3 | 1 |
| Sources unknown | 8 | --- | 2 | 1 | --- |

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

Multiple purchasers described shifting purchasing patterns due to their own sourcing strategies or to a shift in demand for their firms' products. For example, *** stated that it decreased purchases of U.S. product because of a shifting sourcing strategy. *** described fluctuating U.S. purchases due to demand, but some shifting of imports from Brazil to China because of higher quality production in China. *** indicated that it increased purchases from Brazil because of increased demand, while *** decreased purchases from China because it lost the only customer it had for such product. *** described increasing purchases from the United States and China due to increased sales of its products.

Other purchasers described shifting purchasing patterns for reasons of price, substitute products, specification, and quality. *** indicated that it decreased purchases of U.S.

product and increased purchases of Brazilian product because of cost, as well as increasing purchases of nonsubject-country product for reasons of availability. *** reported decreasing purchases of U.S. product because it was selling more MDF, which it described as lower cost than WMMP. *** indicated that it increased purchases of Brazilian and Chinese product because of suppliers' ability and willingness to meet specification and volume requirements. *** cited quality as a reason for fluctuating purchases from the United States and Brazil, as well as increased purchases from China. *** stated that it decreased purchases of U.S. product because of its continued efforts toward supplier diversification, while *** cited sourcing strategy as a reason why its purchases from U.S. producers were held constant.

## Comparison of U.S.-produced and imported WMMP

In order to determine whether U.S.-produced WMMP can generally be used in the same applications as imports from Brazil and China, U.S. producers and importers were asked whether product from different sources can always, frequently, sometimes, or never be used interchangeably. As shown in table II-8, a majority of U.S. producers and a plurality of importers indicated that WMMP from all sources are always interchangeable. However, some importers did respond that product from different sources was less interchangeable.

**Table II-8**
**WMMP: Interchangeability between WMMP 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. Brazil | 9 | 2 | 0 | 0 | 15 | 10 | 8 | 4 |
| U.S. vs. China | 9 | 3 | 0 | 0 | 11 | 5 | 9 | 8 |
| **Subject countries comparisons:** | | | | | | | | |
| Brazil vs. China | 9 | 0 | 0 | 0 | 10 | 4 | 6 | 4 |
| **Nonsubject countries comparisons:** | | | | | | | | |
| U.S. vs. nonsubject | 8 | 4 | 0 | 0 | 10 | 6 | 9 | 2 |
| Brazil vs. nonsubject | 8 | 1 | 0 | 0 | 10 | 6 | 6 | 1 |
| China vs. nonsubject | 8 | 1 | 0 | 0 | 8 | 5 | 8 | 1 |

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

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

In further comments, importer *** stated that in Brazil, the local homebuilding industry has adopted the same standards and styles as in the United States. However, importer *** stated that Brazil and China use different styles of moldings.

Multiple importers described Chinese product as superior to product from other sources because of its finishing with gesso and/or because it is made with radiata pine or LVL. Importer *** described Chinese finish as superior to U.S. or Brazilian finish, and added that as a result, Chinese product has recently sold at a premium to Brazilian product. Importer *** described Chinese product as superior to U.S. and Brazilian product in terms of priming and packaging, and described Chinese product made from radiata wood as the highest-quality, most demanded product, followed by Brazilian product, and then U.S. product. Importers *** also described Chinese quality as higher due to finishing with gesso, and *** simply described Chinese quality as "far superior" to all others, without elaborating. Importer *** described Chinese product as made of LVL or radiata pine, and Brazilian product as made of less expensive taeda pine. It further stated that neither is interchangeable with U.S. product. Importer *** described Chinese product as made from poplar that has a combination of strength, weight, and cost that no other product has. Importer *** described Chinese product made of LVL, and some patented products, as not interchangeable with product from other sources. Importer *** stated that some customers in some regions prefer different species of wood as a raw material for their WMMP.

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of WMMP from the United States, subject, or nonsubject countries. As seen in table II-9, a majority of U.S. producers and a plurality of importers described non-price factors as sometimes significant in competition for sales. However, a larger share of importers (than U.S. producers) also described non-price factors as always significant.

**Table II-9**
**WMMP: Significance of differences other than price between WMMP 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. Brazil | 0 | 1 | 9 | 2 | 12 | 9 | 12 | 4 |
| U.S. vs. China | 0 | 1 | 9 | 2 | 13 | 4 | 13 | 3 |
| **Subject countries comparisons:** | | | | | | | | |
| Brazil vs. China | 0 | 0 | 7 | 1 | 4 | 6 | 12 | 3 |
| **Nonsubject countries comparisons:** | | | | | | | | |
| U.S. vs. nonsubject | 0 | 1 | 9 | 2 | 10 | 5 | 10 | 3 |
| Brazil vs. nonsubject | 0 | 0 | 7 | 1 | 4 | 4 | 13 | 2 |
| China vs. nonsubject | 0 | 0 | 7 | 1 | 5 | 6 | 9 | 2 |

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

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

In further comments, U.S. producers and importers often described U.S. product as superior to imports in having shorter lead times, or being able to handle smaller orders. However, numerous importers also described Brazilian or Chinese product as superior to U.S. product in finish or other quality measures.

U.S. producer and importer *** stated that long lead times are a significant non-price factor for imports. U.S. producer *** stated that price is almost always an important factor in comparing product from different sources. Importer *** described the most important purchasing factors, in order, as price, quality, and shipment time, but added that, without quality, “there is no sale.” Importer *** stated that purchasers have a higher comfort level and better communication with U.S. producers and suppliers of Brazilian product, as well as receiving product with better lead times, than when purchasing from Chinese sources. Importer *** described U.S. producers as having an advantage in shorter-lead time orders with a wider product mix. Importers *** described U.S. product made with ponderosa pine as commanding a price premium over imported product made with other species, especially radiata, considered of intermediate quality, and Brazilian taeda, considered of lowest quality. They added that U.S. product has shorter lead times.

Other importers described U.S. product as having non-price disadvantages relative to imported product. Importer *** described the availability of plantation pine as higher in South America than from other sources. Importer *** described imported products as having superior finish to U.S. product. Importer *** described the product range for

imported product as wider than that available from U.S. producers. Importer *** described the lack of domestic availability of some products as a disadvantage to U.S. product. Importer *** stated that in general, higher prices indicate higher quality, except for U.S. product, which it described as higher-priced and lower quality than Brazilian and Chinese product. Importer *** described species as an important purchasing factor in some regions of the United States.

Several importers described Brazilian product in particular as higher quality than U.S. product. Importer *** described Brazilian mills as having invested in advanced equipment over the last 20 years, allowing them to produce a high-quality product (including by finish) for which *** customers may even specify a particular mill. *** added that Brazilian mills almost always ship on time. *** described Brazilian priming of its product as making it superior quality to U.S. product. Importer *** described Brazilian product as being made from particular subspecies that distinguish it from product from other sources.[9]

Several importers also described Chinese product as higher quality than U.S. product. *** described a gesso coating as a distinguishing difference between Chinese product and other products. *** described the quality of product from any import source, but particularly China, as higher than the quality of U.S. material. *** described Chinese producers as having made technical and capital investments, such as developing a gesso coating, that have improved their product so that now customers "strongly prefer" product from China to that of the United States. *** described the quality of Chinese product as higher than that of other sources, but added that this quality is not important to all customers. Importers *** described Chinese product as made from LVL and softwood species that differentiate it from product from other sources, and *** added that inputs other than wood (such as glue) may not be available in sufficient quantity to producers in countries other than China. *** stated that for some products, there is an availability of skilled labor in China that is not available in the United States.

[9] On the other hand, petitioners described species as not an important differentiating factor, as subject product is often coated (hiding the species), and because producers in different countries can use species from other countries. Conference transcript, p. 63 (Easton, Brightbill, and Procton).

# 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 13 firms that accounted for the majority of U.S. production of WMMP during 2018.

## U.S. producers

The Commission issued a U.S. producer questionnaire to 23 firms based on information contained in the petition. Thirteen firms provided usable data on their productive operations.[1] Staff believes that these responses represent the majority of U.S. production of WMMP.

Table III-1 lists U.S. producers of WMMP, their production locations, positions on the petition, and shares of total production.

[1] *** inadvertently included in its questionnaire response data for out-of-scope products *** and thus the data may be overstated. Staff correspondence with ***, February 5, 2020. *** provided a producer questionnaire response, but staff could not resolve the data deficiencies in time for report issuance and is thus not included in the producer dataset. Staff correspondence with ***, February 7, 2020. Respondent *** indicated that it would submit a U.S. producer questionnaire but staff did not receive such a response before report issuance. Staff correspondence with ***, January 29, 2029.

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

| Firm | Position on petition | Production location(s) | Share of production (percent) |
|---|---|---|---|
| Best Moulding | *** | Albuquerque, NM | *** |
| Bright Wood | Petitioner | Madras, OR | *** |
| Cascade | Petitioner | White City, OR | *** |
| ECMD | *** | Wilkesboro, NC | *** |
| Endura | Petitioner | Stokesdale, NC<br>Nacogdoches, TX<br>Sparta, TN | *** |
| Jeld-Wen | *** | Klamath Falls, OR<br>Bend, OR | *** |
| Masonite | *** | Verdi, NV<br>Stockton, CA | *** |
| Menzner | *** | Marathon, WI<br>Wausau, WI<br>Somerset, KY | *** |
| Novo | *** | Archdale, NC<br>Bowerston, OH<br>Ball Ground, GA<br>Corona, CA<br>High Point, NC<br>Puyallup, WA | *** |
| Sierra Pacific | Petitioner | Red Bluff, CA<br>Corning, CA | *** |
| Smith Millwork | *** | Lexington, NC | *** |
| Sunset | Petitioner | Chico, CA | *** |
| Woodgrain | Petitioner | Fruitland, ID<br>Marion, VA<br>Lenoir, NC<br>Montevallo, AL | *** |
| Yuba River | Petitioner | Olivehurst, CA | *** |
| Total | | | 100.0 |

Note: ***.
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.

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms of WMMP.

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

| Item / Firm | Firm Name | Affiliation / Ownership |
|---|---|---|
| **Ownership:** | | |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| **Related importers/exporters:** | | |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| **Related producers:** | | |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |

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

As indicated in table III-2, no U.S. producers are related to foreign producers of the subject merchandise and four U.S. producers are related to U.S. importers of the subject merchandise.[2] In addition, as discussed in greater detail below, five U.S. producers directly import the subject merchandise and four purchase the subject merchandise from U.S. importers.

[2] ***.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2016. Several firms reported plant closings, production shutdowns and/or curtailments, and consolidations. In particular, Woodgrain and Endura reported plant closings in 2016 and 2018, respectively, which resulted in employee layoffs.[3] Endura maintains that the Sparta mill and equipment is still in place and can resume operations. In addition, Endura reduced production at its Nacogdoches, Texas facility due to lack of orders.[4] Sierra Pacific also reported production curtailments: temporary layoffs of 1-4 weeks at its Corning, California plant in March 2018 and a 25 percent reduction of millwork capacity at its Red Bluff, California plant in April 2018.[5]

[3] Conference transcript, p. 35 (Easton) and p. 41 (Procton).
[4] Ibid., p. 40 (Procton).
[5] Ibid., p. 29-30 (Carroll).

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

| Item / Firm | Reported changes in operations |
|---|---|
| **Plant openings:** | |
| *** | *** |
| **Plant closings:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| **Relocations:** | |
| *** | *** |
| *** | *** |
| **Acquisitions:** | |
| *** | *** |
| **Consolidations:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

Table continued on next page.

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

| Item / Firm | Reported changes in operations |
|---|---|
| **Prolonged shutdowns or curtailments:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

Table continued on next page.

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

| Item / Firm | Reported changes in operations |
|---|---|
| **Other:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

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

## U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' WMMP production decreased by *** percent during 2016-18 and was *** percent lower in January-September 2019 than in January-September 2018. Capacity decreased by *** percent during 2016-18 and was *** percent lower in January-September 2019 than in January-September 2018. Capacity utilization decreased by *** percentage points during 2016-18 and was *** percentage points lower in January-September 2019 compared to the same period in 2018.

Constraints on production reported by responding firms include availability of labor and raw materials such as domestic lumber and feeder stock (FJ blanks), equipment capacity, and order volume. In addition, the inability to invest in new equipment can be a production constraint. Due to the capital-intensive nature of wood mouldings manufacturing, investing in

new equipment is needed to maximize quality and efficiency. Equipment systems typically cost between $1-5 million.[6]

**Table III-4**
**WMMP: U.S. producers' production, capacity, and capacity utilization, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Capacity (1,000 board feet) | | | | |
| Best Moulding | *** | *** | *** | *** | *** |
| Bright Wood | *** | *** | *** | *** | *** |
| Cascade | *** | *** | *** | *** | *** |
| ECMD | *** | *** | *** | *** | *** |
| Endura | *** | *** | *** | *** | *** |
| Masonite | *** | *** | *** | *** | *** |
| Menzner | *** | *** | *** | *** | *** |
| Novo | *** | *** | *** | *** | *** |
| Sierra Pacific | *** | *** | *** | *** | *** |
| Smith Millwork | *** | *** | *** | *** | *** |
| Sunset | *** | *** | *** | *** | *** |
| Woodgrain | *** | *** | *** | *** | *** |
| Yuba River | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Production (1,000 board feet) | | | | |
| Best Moulding | *** | *** | *** | *** | *** |
| Bright Wood | *** | *** | *** | *** | *** |
| Cascade | *** | *** | *** | *** | *** |
| ECMD | *** | *** | *** | *** | *** |
| Endura | *** | *** | *** | *** | *** |
| Masonite | *** | *** | *** | *** | *** |
| Menzner | *** | *** | *** | *** | *** |
| Novo | *** | *** | *** | *** | *** |
| Sierra Pacific | *** | *** | *** | *** | *** |
| Smith Millwork | *** | *** | *** | *** | *** |
| Sunset | *** | *** | *** | *** | *** |
| Woodgrain | *** | *** | *** | *** | *** |
| Yuba River | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

[6] Conference transcript, p. 40 (Procton).

**Table III-4--Continued**
**WMMP: U.S. producers' production, capacity, and capacity utilization, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Capacity utilization (percent) | | | | |
| Best Moulding | *** | *** | *** | *** | *** |
| Bright Wood | *** | *** | *** | *** | *** |
| Cascade | *** | *** | *** | *** | *** |
| ECMD | *** | *** | *** | *** | *** |
| Endura | *** | *** | *** | *** | *** |
| Masonite | *** | *** | *** | *** | *** |
| Menzner | *** | *** | *** | *** | *** |
| Novo | *** | *** | *** | *** | *** |
| Sierra Pacific | *** | *** | *** | *** | *** |
| Smith Millwork | *** | *** | *** | *** | *** |
| Sunset | *** | *** | *** | *** | *** |
| Woodgrain | *** | *** | *** | *** | *** |
| Yuba River | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Share of production (percent) | | | | |
| Best Moulding | *** | *** | *** | *** | *** |
| Bright Wood | *** | *** | *** | *** | *** |
| Cascade | *** | *** | *** | *** | *** |
| ECMD | *** | *** | *** | *** | *** |
| Endura | *** | *** | *** | *** | *** |
| Masonite | *** | *** | *** | *** | *** |
| Menzner | *** | *** | *** | *** | *** |
| Novo | *** | *** | *** | *** | *** |
| Sierra Pacific | *** | *** | *** | *** | *** |
| Smith Millwork | *** | *** | *** | *** | *** |
| Sunset | *** | *** | *** | *** | *** |
| Woodgrain | *** | *** | *** | *** | *** |
| Yuba River | *** | *** | *** | *** | *** |
| All firms | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Note: ***.
Note: Staff allocated capacity for *** based on a ratio of overall production.
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.

**Figure III-1**
**WMMP: U.S. producers' production, capacity, and capacity utilization, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

## Alternative products

As shown in table III-5, the vast majority of the product produced by U.S. producers was WMMP (*** percent in 2018). Four firms reported producing alternative products, including turned newels, box newels, wood carvings for furniture and cabinet industries, MDF mouldings, window mouldings, custom manufacturing, and defect-free lumber from solid blanks and cut stock.

Firms were asked about their ability to switch production from WMMP to other products. Employee training, a new customer base, significant investment in new equipment, and demand all impact producers' ability to switch production. According to conference testimony, equipment is for the most part dedicated to converting wood to a finished molded product and the ability to produce alternative products is limited.[7] In addition, ***

[7] Conference transcript, p. 55 (Procton).

reported that it is trying to replace “lost production” of wood mouldings with new products, such as redwood and thermally modified mouldings.

**Table III-5**
**WMMP: U.S. producers’ overall plant capacity and production on the same equipment as subject production, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Overall capacity | *** | *** | *** | *** | *** |
| Production: | | | | | |
| WMMP | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | |
| Overall capacity utilization | *** | *** | *** | *** | *** |
| Share of production: | | | | | |
| WMMP | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## U.S. producers’ U.S. shipments and exports

Table III-6 presents U.S. producers’ U.S. shipments, export shipments, and total shipments. U.S. shipments by quantity and value decreased overall during 2016-18, by *** percent and *** percent, respectively, and were lower in January-September 2019 than in January-September 2018, by *** percent and *** percent, respectively. U.S. producers’ U.S. shipments accounted for the vast majority of total shipments (*** percent in 2018). One firm, ***, reported internally consuming small quantities of blanks, while 6 firms reported transfers to related firms (***, accounted for the majority). In addition, five producers reported small quantities of export shipments.

**Table III-6**
**WMMP: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Commercial U.S. shipments | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |
| | Value (1,000 dollars) | | | | |
| Commercial U.S. shipments | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |
| | Unit value (dollars per board foot) | | | | |
| Commercial U.S. shipments | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |
| | Share of quantity (percent) | | | | |
| Commercial U.S. shipments | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |
| | Share of value (percent) | | | | |
| Commercial U.S. shipments | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Export shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |

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

## U.S. producers' inventories

Table III-7 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. The U.S. industry's ending inventories decreased by *** percent during 2016-18, and were higher in January-September 2019 than in January-September 2018.

**Table III-7**
**WMMP: U.S. producers' inventories, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| U.S. producers' end-of-period inventories | *** | *** | *** | *** | *** |
| | Ratio (percent) | | | | |
| Ratio of inventories to.-- | | | | | |
| U.S. production | *** | *** | *** | *** | *** |
| U.S. shipments | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** |

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

## U.S. producers' imports and purchases

U.S. producers' imports of wood mouldings are presented in table III-8. Four U.S. producers imported wood mouldings from both subject and nonsubject sources during the period of investigation. U.S. producers cited product mix, production constraints, and volume as the primary reasons for importing.

U.S. producers' purchases from subject sources are presented in table III-9. Four firms purchased product from subject sources during the period of investigation.

**Table III-8**
**WMMP: U.S. producers' U.S. production and imports, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

Table continued on next page.

**Table III-8--Continued**
**WMMP: U.S. producers' U.S. production and imports, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

Table continued on next page.

**Table III-8—Continued**
**WMMP: U.S. producers' U.S. production and imports, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

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.

**Table III-9**
**WMMP: U.S. producers' purchases from subject countries, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

Table continued on next page.

**Table III-9--Continued**
**WMMP: U.S. producers' purchases from subject countries, 2016-18, January-September 2018, and January-September 2019**

* * * * * * *

Note: ***.

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

## U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data. All employment-related indicators decreased between 2016 and 2018, with the exception of wages paid, hourly wages, and unit labor costs. Similarly, all employment-related indicators were lower in January-September 2019 than in January-September 2018, with the exception of hourly wages and unit labor costs. As discussed above, several U.S. producers reported employee layoffs during the period of investigation.

**Table III-10**
**WMMP: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2016-18, January-September 2018, and January-September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| Production and related workers (PRWs) (number) | *** | *** | *** | *** | *** |
| Total hours worked (1,000 hours) | *** | *** | *** | *** | *** |
| Hours worked per PRW (hours) | *** | *** | *** | *** | *** |
| Wages paid ($1,000) | *** | *** | *** | *** | *** |
| Hourly wages (dollars per hour) | $*** | $*** | $*** | $*** | $*** |
| Productivity (board feet per hour) | *** | *** | *** | *** | *** |
| Unit labor costs (dollars per board feet) | $*** | $*** | $*** | $*** | $*** |

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 102 firms believed to be importers of subject wood mouldings, as well as to all U.S. producers of wood mouldings.[1] Usable questionnaire responses were received from 46 companies,[2] representing 78.6 percent of U.S. imports from Brazil, 61.4 percent of U.S. imports from China, 69.7 percent of U.S. imports from nonsubject sources, and 71.8 percent of total U.S. imports by quantity in 2018 under HTS statistical reporting numbers 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100.

Table IV-1 lists all responding U.S. importers of wood mouldings from Brazil, China, Chile, and other sources, their locations, and their shares of U.S. imports, in 2018. *** was the largest importer of wood mouldings from subject and all sources, accounting for *** percent of subject imports and *** percent of all imports in 2018. *** was the largest importer of wood mouldings from Chile and nonsubject sources, accounting for *** percent of imports from Chile and *** percent of nonsubject source imports in 2018.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than one percent of total imports under HTS statistical reporting numbers 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100 between 2016 and 2018.

[2] Seventeen firms certified that they had not imported wood mouldings from any source since January 1, 2016.

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

| Firm | Headquarters | Share of imports by source (percent) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Brazil | China | Subject sources | Chile | All other sources | Nonsubject sources | All imports |
| Aiji | Ontario, CA | *** | *** | *** | *** | *** | *** | *** |
| Alexandria | Moxee, WA | *** | *** | *** | *** | *** | *** | *** |
| Antuco Forest | Bend, OR | *** | *** | *** | *** | *** | *** | *** |
| Arauco | Atlanta, GA | *** | *** | *** | *** | *** | *** | *** |
| Araupel | Porto Alegre, Brazil | *** | *** | *** | *** | *** | *** | *** |
| Artistree | Irving, TX | *** | *** | *** | *** | *** | *** | *** |
| Black River | Colorado Springs, CO | *** | *** | *** | *** | *** | *** | *** |
| BlueLinx | Marietta, GA | *** | *** | *** | *** | *** | *** | *** |
| BMC | Raleigh, NC | *** | *** | *** | *** | *** | *** | *** |
| Boise Cascade | Boise, ID | *** | *** | *** | *** | *** | *** | *** |
| Braslumber | Telêmaco Borba, Brazil | *** | *** | *** | *** | *** | *** | *** |
| Braspine | Jaguariaíva, Brazil | *** | *** | *** | *** | *** | *** | *** |
| Cali Bamboo, LLC. | San Diego, CA | *** | *** | *** | *** | *** | *** | *** |
| CFFCO USA Inc. | Jericho, NY | *** | *** | *** | *** | *** | *** | *** |
| CTI | Sacramento, CA | *** | *** | *** | *** | *** | *** | *** |
| ECMD | North Wilkesboro, NC | *** | *** | *** | *** | *** | *** | *** |
| Evermark | Suwanee, GA | *** | *** | *** | *** | *** | *** | *** |
| Global Pacific | Westfield, IN | *** | *** | *** | *** | *** | *** | *** |
| Hampton | Portland, OR | *** | *** | *** | *** | *** | *** | *** |
| Home Depot | Atlanta, GA | *** | *** | *** | *** | *** | *** | *** |
| Ipumirim | Ipumirim, SC | *** | *** | *** | *** | *** | *** | *** |
| Jeld-Wen | Charlotte, NC | *** | *** | *** | *** | *** | *** | *** |
| Lavradora | Curitiba, PR | *** | *** | *** | *** | *** | *** | *** |
| Masonite Corporation | Tampa, FL | *** | *** | *** | *** | *** | *** | *** |
| Matos | Encinitas, CA | *** | *** | *** | *** | *** | *** | *** |
| MJB Wood | Dallas, TX | *** | *** | *** | *** | *** | *** | *** |
| Molduras | Durango, DG | *** | *** | *** | *** | *** | *** | *** |

Table continued on next page.

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

| Firm | Headquarters | Share of imports by source (percent) | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Brazil | China | Subject sources | Chile | All other sources | Nonsubject sources | All imports |
| MP Lumber | King City, OR | *** | *** | *** | *** | *** | *** | *** |
| Northwest Hardwoods | Tacoma, WA | *** | *** | *** | *** | *** | *** | *** |
| Novo | Zeeland, MI | *** | *** | *** | *** | *** | *** | *** |
| OI-Wood Products | Fall City, WA | *** | *** | *** | *** | *** | *** | *** |
| Omega | Bellport, NY | *** | *** | *** | *** | *** | *** | *** |
| Pinelli Lumber | Atlanta, GA | *** | *** | *** | *** | *** | *** | *** |
| Prime | Gainesville, GA | *** | *** | *** | *** | *** | *** | *** |
| Shamrock Building | Eugene, OR | *** | *** | *** | *** | *** | *** | *** |
| Solida | Rio Negrinho, SC | *** | *** | *** | *** | *** | *** | *** |
| Sterling | Friendswood, TX | *** | *** | *** | *** | *** | *** | *** |
| Tampa | Tampa, FL | *** | *** | *** | *** | *** | *** | *** |
| Tuson | Albertson, NY | *** | *** | *** | *** | *** | *** | *** |
| Weston | Brampton, ON | *** | *** | *** | *** | *** | *** | *** |
| Wholesale Millwork | Seaford, DE | *** | *** | *** | *** | *** | *** | *** |
| William MacRae | Omaha, NE | *** | *** | *** | *** | *** | *** | *** |
| Wood Brokerage | Lake Oswego, OR | *** | *** | *** | *** | *** | *** | *** |
| Woodgrain Distribution | Lawrenceville, GA | *** | *** | *** | *** | *** | *** | *** |
| Woodhub | Wellesley, MA | *** | *** | *** | *** | *** | *** | *** |
| Worldwide | Tampa, FL | *** | *** | *** | *** | *** | *** | *** |
| Total | | *** | *** | *** | *** | *** | *** | *** |

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

Note: ***

Note: ***

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

## U.S. imports

Table IV-2 and Figure IV-1 present data for U.S. imports of wood mouldings from Brazil, China, Chile, and all other sources. Imports by quantity increased from both Brazil and China between 2016 and 2018, by 29.7 and 77.5 percent, respectively. Imports by quantity from Brazil were 4.4 percent higher in interim 2019 than interim 2018, while imports from China were 0.6 percent lower during the same period. Imports by quantity increased from both subject and nonsubject sources between 2016 and 2018, by 53.6 and 20.1 percent, respectively. Imports from both subject and nonsubject sources were also higher in interim 2019 than interim 2018,

by 1.5 and 11.9 percent, respectively. Total imports by quantity increased overall by 42.4 percent from 2016 to 2018 and were 4.4 percent higher in interim 2019 than interim 2018.

Average unit values decreased by 5.4 percent from Brazil but increased by 7.4 percent from China between 2016 and 2018. Average unit values from subject sources were virtually unchanged between 2016 and 2018, while average unit values for nonsubject sources decreased by 4.4 percent during this same period. Imports from subject sources accounted for the majority of overall imports by quantity in all periods, between 66.5 and 71.7 percent.

**Table IV-2**
**Wood mouldings: U.S. imports, by source, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| U.S. imports from. -- Brazil | 242,276 | 287,533 | 314,126 | 229,338 | 239,370 |
| China | 243,613 | 336,797 | 432,331 | 315,845 | 313,818 |
| Subject sources | 485,889 | 624,329 | 746,457 | 545,183 | 553,188 |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | 244,863 | 268,546 | 294,066 | 217,314 | 243,138 |
| All import sources | 730,752 | 892,876 | 1,040,523 | 762,497 | 796,326 |
| | Value (1,000 dollars) | | | | |
| U.S. imports from. -- Brazil | 272,033 | 343,478 | 332,193 | 241,497 | 260,780 |
| China | 230,599 | 331,105 | 439,347 | 316,154 | 329,695 |
| Subject sources | 502,632 | 674,582 | 771,539 | 557,651 | 590,475 |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | 329,882 | 369,833 | 379,592 | 282,898 | 312,951 |
| All import sources | 832,514 | 1,044,415 | 1,151,132 | 840,549 | 903,426 |
| | Unit value (dollars per board foot) | | | | |
| U.S. imports from. -- Brazil | 1.12 | 1.19 | 1.06 | 1.05 | 1.09 |
| China | 0.95 | 0.98 | 1.02 | 1.00 | 1.05 |
| Subject sources | 1.03 | 1.08 | 1.03 | 1.02 | 1.07 |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | 1.35 | 1.38 | 1.29 | 1.30 | 1.29 |
| All import sources | 1.14 | 1.17 | 1.11 | 1.10 | 1.13 |

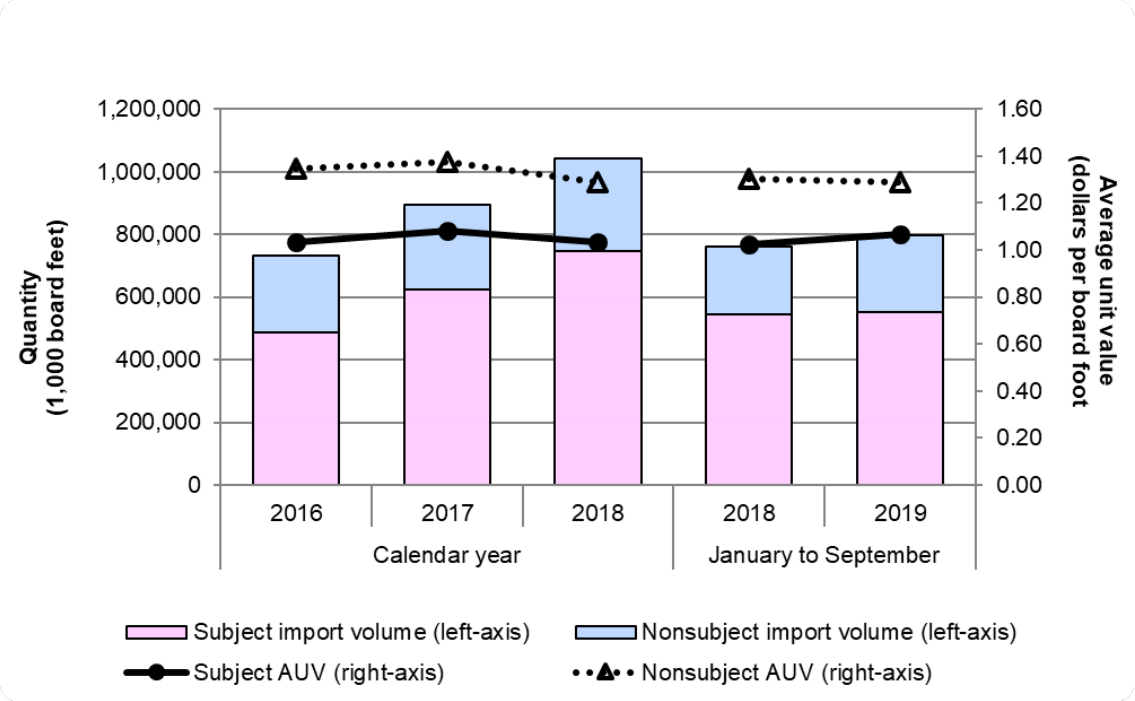
Table continued on next page.

**Table IV-2--Continued**
**Wood mouldings: U.S. imports, by source, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Share of quantity (percent) | | | | |
| U.S. imports from: | | | | | |
| Brazil | 33.2 | 32.2 | 30.2 | 30.1 | 30.1 |
| China | 33.3 | 37.7 | 41.5 | 41.4 | 39.4 |
| Subject sources | 66.5 | 69.9 | 71.7 | 71.5 | 69.5 |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | 33.5 | 30.1 | 28.3 | 28.5 | 30.5 |
| All import sources | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | Share of value (percent) | | | | |
| U.S. imports from: | | | | | |
| Brazil | 32.7 | 32.9 | 28.9 | 28.7 | 28.9 |
| China | 27.7 | 31.7 | 38.2 | 37.6 | 36.5 |
| Subject sources | 60.4 | 64.6 | 67.0 | 66.3 | 65.4 |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | 39.6 | 35.4 | 33.0 | 33.7 | 34.6 |
| All import sources | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | Ratio to U.S. production | | | | |
| U.S. imports from: | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |

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

**Figure IV-1**
**Wood mouldings: U.S. import volumes and prices, 2016-18, January to September 2018, and January to September 2019**




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.[3] 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.[4]

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

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

Table IV-3 presents U.S. imports in the twelve-month period preceding the filing of the petition compiled from data submitted in response to Commission questionnaires. Imports from Brazil accounted for *** percent, imports from China accounted for *** percent, and imports from subject sources accounted for *** percent of all reported imports during this period.

**Table IV-3**
**Wood mouldings: U.S. imports in the twelve-month period preceding the filing of the petition, January 2019 through December 2019**

| Item | January 2019 through December 2019 | |
|---|---|---|
| | Quantity (1,000 board feet) | Share quantity (percent) |
| U.S. imports from: | | |
| Brazil | *** | *** |
| China | *** | *** |
| Subject sources | *** | *** |
| Nonsubject sources | *** | *** |
| All import sources | *** | *** |

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

Note: The subject imports from China are the same for both the antidumping and countervailing duty investigations.

# Cumulation considerations

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

## Fungibility

Table IV-4 and Figure IV-2 present U.S. importers' U.S. shipments by material in 2018. Wood mouldings made from various materials are sold in the U.S. market. Softwood lumber accounted for the majority of both U.S. producers' and U.S. importers' shipments from all import sources (*** percent for U.S. producers, *** percent from Brazil, *** percent from China, *** from Chile, and *** percent for all import sources). Wood mouldings made from laminated veneer lumber accounted for *** percent of U.S. importers' shipments from China.

**Table IV-4**
**Wood mouldings: U.S. producers' and U.S. importers' U.S. shipments by material, 2018**

| Item | Softwood | Hardwood temperate | Hardwood tropical | Laminated veneer lumber | Combination/ composite | All items |
|---|---|---|---|---|---|---|
| | Quantity (1,000 board feet) | | | | | |
| U.S. producers | *** | *** | *** | *** | *** | *** |
| U.S. importers: Brazil | *** | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** | *** |
| All other sourcs | *** | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** | *** |
| U.S. producers and U.S. importers | *** | *** | *** | *** | *** | *** |
| | Share across (percent) | | | | | |
| U.S. producers | *** | *** | *** | *** | *** | *** |
| U.S. importers: Brazil | *** | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** | *** |
| U.S. producers and U.S. importers | *** | *** | *** | *** | *** | *** |
| | Share down (percent) | | | | | |
| U.S. producers | *** | *** | *** | *** | *** | *** |
| U.S. importers: Brazil | *** | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** | *** |
| All other sourcs | *** | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** | *** |
| U.S. producers and U.S. importers | *** | *** | *** | *** | *** | *** |

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.

**Figure IV-2**
**Wood mouldings: U.S. producers' and U.S. importers' U.S. shipments by material, 2018**

* * * * * * *

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

Table IV-5 and Figure IV-3 present U.S. importers' U.S. shipments by product type in 2018. Shipments classified as "Other Products" accounted for a plurality of the reported product shipment types (*** percent from U.S. producers, *** percent from Brazil, *** percent from China, *** from Chile, and *** for all sources) by country origin, except for China.[5] Of the remaining categories, door frames/ jambs accounted for the next largest percentage across U.S. producer and all import sources (*** percent from U.S. producers, *** percent from Brazil, *** percent from China, *** percent from Chile, and *** percent across all sources). Products classified as "Base caps/ corner guards" were the lowest reported end-use category across U.S. producers and all import sources.

[5] U.S. producers and importers who did not know the end use of their imports classified their products under "Other", which likely inflated this statistic.

**Table IV-5**
**Wood mouldings: U.S. producers' and U.S. importers' U.S. shipments by type, 2018**

| Item | Crown/cove mouldings | Door frames/ jambs | Base caps/ corner guards | Other products | All products |
|---|---|---|---|---|---|
| | Quantity (1,000 board feet) | | | | |
| U.S. producers | *** | *** | *** | *** | *** |
| U.S. importers: | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |
| U.S. producers and U.S. importers | *** | *** | *** | *** | *** |
| | Share across (percent) | | | | |
| U.S. producers | *** | *** | *** | *** | 100.0 |
| U.S. importers: | | | | | |
| Brazil | *** | *** | *** | *** | 100.0 |
| China | *** | *** | *** | *** | 100.0 |
| Subject sources | *** | *** | *** | *** | 100.0 |
| Chile | *** | *** | *** | *** | 100.0 |
| All other sources | *** | *** | *** | *** | 100.0 |
| Nonsubject sources | *** | *** | *** | *** | 100.0 |
| All import sources | *** | *** | *** | *** | 100.0 |
| U.S. producers and U.S. importers | *** | *** | *** | *** | 100.0 |
| | Share down (percent) | | | | |
| U.S. producers | *** | *** | *** | *** | *** |
| U.S. importers: | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |
| U.S. producers and U.S. importers | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

**Figure IV-3**
**Wood mouldings: U.S. producers' and U.S. importers' U.S. shipments by type, 2018**

* * * * * * *

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

## Geographical markets

U.S. producers and importers reported selling wood mouldings and millwork products to all regions in the contiguous United States.[6] Table IV-6 presents U.S. imports by border of entry in 2018.[7] In 2018, the South U.S. customs district was the entrance location for 47.3 percent of wood mouldings imports from Brazil and 25.4 percent of wood mouldings imports from China. The East U.S. customs district was the entrance location for 45.2 percent of wood mouldings imports from Brazil and 43.1 percent of wood mouldings imports from China. Imports from nonsubect sources also entered most commonly through the East (48.3 percent of nonsubject imports) and South (44.6 percent of nonsubject imports) customs districts in 2018.

[6] See table II-3.

[7] The "East" border of entry includes the following Customs entry districts: Baltimore, MD; Boston, MA; Buffalo, NY; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Ogdensburg, NY; Philadelphia, PA; Portland, ME; San Juan, PR; Savannah, GA; St. Albans, VT; and Washington, DC. The "North" border of entry includes the following Customs entry districts: Chicago, IL; Cleveland, OH; Detroit, MI; Duluth, MN; Great Falls, MT; Minneapolis, MN; Pembina, ND; and St. Louis, MO. The "South" border of entry includes the following Customs entry districts: Dallas-Fort Worth, TX; El Paso, TX; Houston-Galveston, TX; Laredo, TX; Miami, FL; Mobile, AL; New Orleans, LA; and Tampa, FL. The "West" border of entry includes the following Customs entry districts: Anchorage, AK; Columbia-Snake, OR; Honolulu, HI; Los Angeles, CA; Nogales, AZ; San Diego, CA; San Francisco, CA; and Seattle, WA.

**Table IV-6**
**Wood mouldings: U.S. imports by border of entry, 2018**

| Item | Border of entry | | | | |
|---|---|---|---|---|---|
| | East | North | South | West | All borders |
| | Quantity (1,000 board feet) | | | | |
| U.S. imports from: | | | | | |
| Brazil | 127,555 | 8,412 | 133,452 | 12,708 | 282,126 |
| China | 53,320 | 20,581 | 31,374 | 18,476 | 123,751 |
| Subject sources | 180,875 | 28,993 | 164,826 | 31,184 | 405,877 |
| Chile | 125,865 | 1,501 | 37,791 | 8,774 | 173,930 |
| All other sources | 25,992 | 5,850 | 102,362 | 5,953 | 140,157 |
| Nonsubject sources | 151,857 | 7,351 | 140,153 | 14,726 | 314,087 |
| All import sources | 332,732 | 36,343 | 304,979 | 45,910 | 719,964 |
| | Share across (percent) | | | | |
| U.S. imports from: | | | | | |
| Brazil | 45.2 | 3.0 | 47.3 | 4.5 | 100.0 |
| China | 43.1 | 16.6 | 25.4 | 14.9 | 100.0 |
| Subject sources | 44.6 | 7.1 | 40.6 | 7.7 | 100.0 |
| Chile | 72.4 | 0.9 | 21.7 | 5.0 | 100.0 |
| All other sources | 18.5 | 4.2 | 73.0 | 4.2 | 100.0 |
| Nonsubject sources | 48.3 | 2.3 | 44.6 | 4.7 | 100.0 |
| All import sources | 46.2 | 5.0 | 42.4 | 6.4 | 100.0 |
| | Share down (percent) | | | | |
| U.S. imports from: | | | | | |
| Brazil | 38.3 | 23.1 | 43.8 | 27.7 | 39.2 |
| China | 16.0 | 56.6 | 10.3 | 40.2 | 17.2 |
| Subject sources | 54.4 | 79.8 | 54.0 | 67.9 | 56.4 |
| Chile | 37.8 | 4.1 | 12.4 | 19.1 | 24.2 |
| All other sources | 7.8 | 16.1 | 33.6 | 13.0 | 19.5 |
| Nonsubject sources | 45.6 | 20.2 | 46.0 | 32.1 | 43.6 |
| All import sources | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Note: Data converted from meters to board feet using 1 meter = .65 board feet.

Source: Official U.S. import statistics using HTS statistical reporting numbers 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100, accessed January 30, 2020.

## Presence in the market

Table IV-7 present monthly U.S. imports from January 2016 through December 2019. Imports of wood mouldings from Brazil, China, and nonsubject sources were present in the U.S. market in every month from January 2016 through November 2019.

**Table IV-7**
**Wood mouldings: U.S. imports by month, January 2016 through December 2019**

| U.S. imports | Brazil | China | Subject sources | Chile | All other sources | Nonsubject sources | All import sources |
|---|---|---|---|---|---|---|---|
| | Quantity (1,000 board feet) | | | | | | |
| 2016: Jan. | 17,236 | 5,771 | 23,006 | 14,416 | 7,461 | 21,877 | 44,884 |
| 2016: Feb. | 17,501 | 3,672 | 21,173 | 15,702 | 8,583 | 24,285 | 45,458 |
| 2016: Mar. | 18,240 | 3,251 | 21,491 | 13,494 | 8,541 | 22,035 | 43,526 |
| 2016: Apr. | 17,817 | 2,171 | 19,989 | 15,448 | 10,994 | 26,442 | 46,430 |
| 2016: May. | 22,738 | 3,135 | 25,872 | 16,246 | 10,290 | 26,535 | 52,408 |
| 2016: Jun. | 18,808 | 3,563 | 22,372 | 15,634 | 9,677 | 25,311 | 47,683 |
| 2016: Jul. | 20,586 | 4,182 | 24,768 | 13,301 | 10,033 | 23,334 | 48,102 |
| 2016: Aug. | 24,138 | 4,705 | 28,843 | 16,343 | 11,391 | 27,734 | 56,577 |
| 2016: Sep. | 17,226 | 4,486 | 21,711 | 15,943 | 10,019 | 25,962 | 47,673 |
| 2016: Oct. | 19,367 | 5,070 | 24,437 | 13,382 | 11,373 | 24,755 | 49,192 |
| 2016: Nov. | 19,614 | 5,818 | 25,432 | 18,148 | 10,758 | 28,906 | 54,338 |
| 2016: Dec. | 21,859 | 5,968 | 27,827 | 12,640 | 9,547 | 22,187 | 50,014 |
| 2017: Jan. | 24,182 | 7,666 | 31,848 | 18,233 | 11,792 | 30,026 | 61,874 |
| 2017: Feb. | 17,963 | 6,126 | 24,089 | 15,738 | 10,672 | 26,411 | 50,500 |
| 2017: Mar. | 21,251 | 4,785 | 26,036 | 14,855 | 13,056 | 27,911 | 53,947 |
| 2017: Apr. | 22,547 | 4,900 | 27,447 | 18,036 | 11,891 | 29,927 | 57,374 |
| 2017: May. | 23,223 | 6,826 | 30,049 | 14,932 | 13,540 | 28,472 | 58,522 |
| 2017: Jun. | 20,700 | 7,603 | 28,303 | 13,991 | 12,717 | 26,708 | 55,011 |
| 2017: Jul. | 25,988 | 8,469 | 34,457 | 15,462 | 13,332 | 28,794 | 63,251 |
| 2017: Aug. | 28,331 | 7,968 | 36,299 | 17,269 | 12,695 | 29,964 | 66,263 |
| 2017: Sept. | 24,886 | 8,261 | 33,147 | 12,336 | 12,621 | 24,957 | 58,104 |
| 2017: Oct. | 21,244 | 8,702 | 29,946 | 14,331 | 12,955 | 27,286 | 57,232 |
| 2017: Nov. | 23,004 | 7,761 | 30,765 | 13,916 | 12,600 | 26,516 | 57,282 |
| 2017: Dec.. | 19,876 | 8,628 | 28,504 | 7,613 | 9,592 | 17,205 | 45,709 |

Table continued on next page.

**Table IV-7-- Continued**
**Wood mouldings: U.S. imports by month, January 2016 through December 2019**

| U.S. imports | Brazil | China | Subject sources | Chile | All other sources | Nonsubject sources | All import sources |
|---|---|---|---|---|---|---|---|
| | Quantity (1,000 board feet) | | | | | | |
| 2018: Jan. | 25,773 | 11,152 | 36,925 | 17,987 | 13,369 | 31,356 | 68,281 |
| 2018: Feb. | 21,434 | 10,023 | 31,457 | 16,942 | 12,503 | 29,445 | 60,902 |
| 2018: Mar. | 23,983 | 8,587 | 32,570 | 15,500 | 12,558 | 28,057 | 60,628 |
| 2018: Apr. | 26,719 | 6,317 | 33,036 | 13,683 | 11,040 | 24,724 | 57,760 |
| 2018: May | 21,494 | 9,731 | 31,226 | 14,308 | 10,535 | 24,843 | 56,069 |
| 2018: Jun. | 16,845 | 10,555 | 27,400 | 11,476 | 11,696 | 23,171 | 50,571 |
| 2018: Jul. | 23,840 | 9,475 | 33,315 | 15,122 | 12,897 | 28,019 | 61,334 |
| 2018: Aug. | 24,701 | 10,071 | 34,772 | 17,103 | 12,021 | 29,124 | 63,896 |
| 2018: Sept. | 23,421 | 10,076 | 33,497 | 11,749 | 10,084 | 21,834 | 55,331 |
| 2018: Oct. | 23,853 | 11,016 | 34,869 | 15,545 | 12,087 | 27,632 | 62,501 |
| 2018: Nov. | 26,870 | 11,711 | 38,581 | 11,369 | 11,076 | 22,444 | 61,025 |
| 2018: Dec. | 23,193 | 15,035 | 38,228 | 13,145 | 10,292 | 23,437 | 61,665 |
| 2019: Jan. | 25,494 | 7,695 | 33,189 | 12,775 | 10,960 | 23,735 | 56,924 |
| 2019: Feb. | 18,603 | 9,463 | 28,066 | 13,304 | 9,924 | 23,228 | 51,294 |
| 2019: Mar. | 24,664 | 11,537 | 36,201 | 13,527 | 10,616 | 24,143 | 60,345 |
| 2019: Apr. | 25,063 | 9,014 | 34,077 | 15,724 | 9,695 | 25,419 | 59,496 |
| 2019: May | 26,016 | 12,428 | 38,444 | 16,361 | 12,766 | 29,126 | 67,570 |
| 2019: Jun. | 23,055 | 11,866 | 34,921 | 10,172 | 11,469 | 21,641 | 56,562 |
| 2019: Jul. | 28,290 | 13,857 | 42,147 | 17,103 | 13,766 | 30,869 | 73,016 |
| 2019: Aug. | 22,871 | 14,315 | 37,185 | 15,918 | 13,258 | 29,176 | 66,361 |
| 2019: Sept. | 27,012 | 14,801 | 41,813 | 13,930 | 12,235 | 26,164 | 67,977 |
| 2019: Oct. | 23,446 | 13,302 | 36,747 | 14,989 | 14,436 | 29,425 | 66,173 |
| 2019: Nov. | 22,568 | 13,200 | 35,768 | 10,534 | 12,778 | 23,312 | 59,080 |

Note: Data converted from meters to board feet using 1 meter = .65 board feet.

Source: Official U.S. import statistics using HTS statistical reporting numbers 4409.10.4010, 4408.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100, accessed January 30, 2020.

## Apparent U.S. consumption

Table IV-8 and Figure IV-4 present data on apparent U.S. consumption for wood mouldings. Apparent U.S. consumption increased by *** percent by quantity and *** percent by value between 2016 and 2018. Apparent U.S. consumption was *** percent lower in interim 2019 than interim 2018 by quantity and *** percent higher by value.

**Table IV-8**
**Wood mouldings: Apparent U.S. consumption, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| U.S. producers' U.S. shipments | *** | *** | *** | *** | *** |
| U.S. importers' U.S. shipments from -- | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |
| Apparent U.S. consumption | *** | *** | *** | *** | *** |
| | Value (1,000 dollars) | | | | |
| U.S. producers' U.S. shipments | *** | *** | *** | *** | *** |
| U.S. importers' U.S. shipments from -- | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |
| Apparent U.S. consumption | *** | *** | *** | *** | *** |

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

**Figure IV-4**
**Wood mouldings: Apparent U.S. consumption, 2016-18, January to September 2018, and January to September 2019**

* * * * * * *

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

## U.S. market shares

U.S. market share data are presented in Table IV-9. Total market share of U.S producers' U.S. shipments decreased *** percentage points by quantity and *** percentage points by value between 2016 and 2018. U.S. producers' U.S. shipments total market share was also *** percentage points lower in interim 2019 than interim 2018 as a share of quantity and *** percentage points lower as a share of value between the interim periods.

U.S. shipments of subject imports from Brazil gained market share during the 2016-18 period, *** percentage points by quantity and *** percentage points by value. U.S. shipments of subject imports from China also gained market share during the 2016-18 period, *** percentage points by quantity *** percentage points by value. Overall, U.S. shipments of subject imports gained market share during the 2016-18 period, *** percentage points by quantity and *** percentage points by value. U.S. shipments of imports from nonsubject sources lost market share during this same period, *** percentage points by quantity and *** percentage points by value.

**Table IV-9**
**Wood mouldings: Market shares, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Apparent U.S. consumption | *** | *** | *** | *** | *** |
| | Share of quantity (percent) | | | | |
| U.S. producers' U.S. shipments | *** | *** | *** | *** | *** |
| U.S. importers' U.S. shipments from: Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |
| | Value (1,000 dollars) | | | | |
| Apparent U.S. consumption | *** | *** | *** | *** | *** |
| | Share of value (percent) | | | | |
| U.S. producers' U.S. shipments | *** | *** | *** | *** | *** |
| U.S. importers' U.S. shipments from: Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Chile | *** | *** | *** | *** | *** |
| All other sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |

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

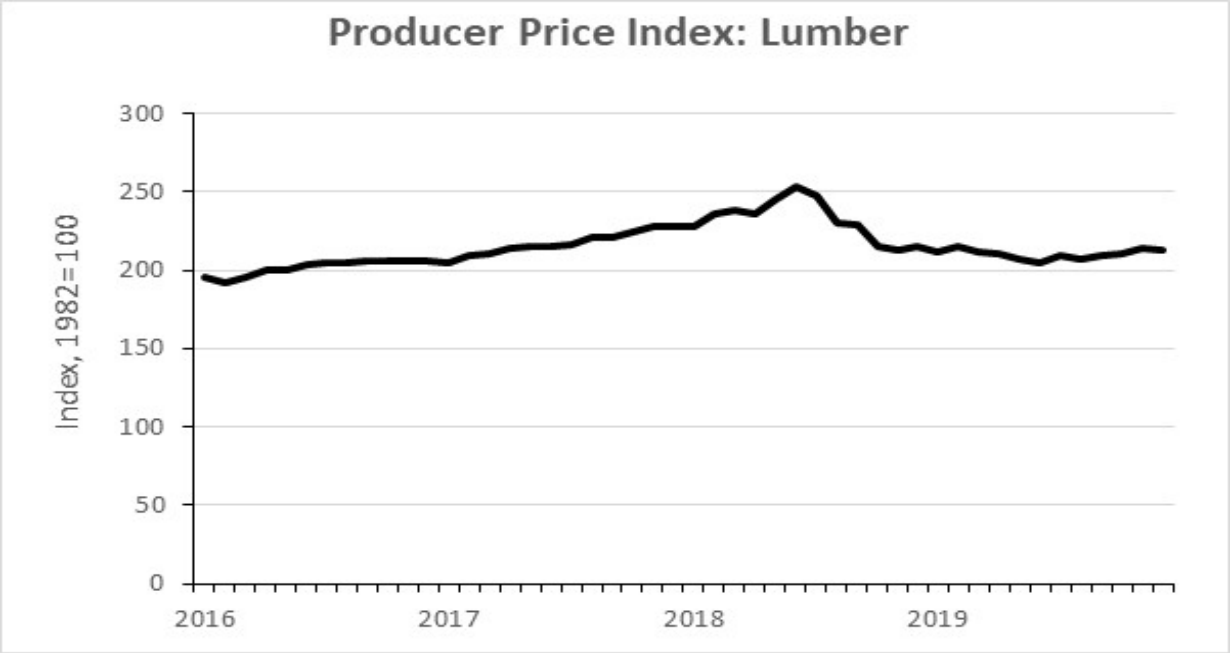
# Part V: Pricing data

## Factors affecting prices

### Raw material costs

U.S. producers' data show that raw materials accounted for approximately *** percent of the cost of goods sold for WMMP in each year from 2016 to 2018. WMMP are made from lumber, whether rough or already processed into blanks.[1] Lumber costs rose 29.8 percent from January 2016 to June 2018, and then declined 19.2 percent to June 2019. They have risen somewhat since then (Figure V-1).[2]

**Figure V-1**
**Producer Price Index, Lumber, January 2016-November 2019**




Source: U.S. Bureau of Labor Statistics via the Federal Reserve Bank of St. Louis, https://fred.stlouisfed.org.

A majority of U.S. producers and a plurality of responding importers described raw material costs as fluctuating since January 1, 2016. Eight U.S. producers and 19 importers indicated that raw material costs had fluctuated, 3 U.S. producers and 12 importers indicated

[1] For example, see conference transcript, p. 32 (Easton) and p. 50 (Procton).
[2] Producer Price Indices for other wood products show similar trends.

that such costs had increased, and 2 U.S. producers and 8 importers indicated that such costs had decreased or remained unchanged. U.S. producers frequently reported that their selling prices (of WMMP) had not risen enough to cover rising raw material costs, and/or that subject import prices did not reflect rising raw material costs. For example, U.S. producer *** described lumber costs as rising in 2016 and 2017 before flattening in 2018 and 2019, but it stated that its sales prices of WMMP had not risen enough to cover these cost increases because of low-priced subject imports. Importers were more likely to describe raw material costs as moving with global supply and demand for lumber, and sometimes differently for different types of lumber. For example, importer *** stated that increased costs for one type of lumber do not always translate into higher WMMP prices if producers switch to different types of lumber. *** also described Chinese producers as able to use less wood to make the same amount of WMMP as U.S. producers do. Similarly, importer *** stated that its foreign suppliers had invested in machinery that reduces waste wood, resulting in its WMMP prices being less sensitive to lumber costs. Three importers also cited currency movements, and two cited tariffs, as affecting raw material costs.

## Transportation costs to the U.S. market

Transportation costs for WMMP shipped from subject countries to the United States averaged 7.2 percent for Brazil and 10.1 percent for China during 2018. These estimates were derived from official import data and represent the transportation and other charges on imports.[3]

## U.S. inland transportation costs

Twelve responding U.S. producers and 35 responding importers reported that they typically arrange transportation of WMMP to their customers, while 1 U.S. producer and 8 importers stated that their purchasers do.[4] Most U.S. producers and importers reported that their U.S. inland transportation costs ranged from 2 to 10 percent of the cost of WMMP. Twenty-four importers indicated that they ship WMMP from their point of importation, while 15 indicated that they do so from a storage facility.[5]

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[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 numbers 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100.

[4] One importer indicated that both it and its customers can arrange transportation.

[5] One importer indicated that it can ship from both storage facilities and points of importation.

# Pricing practices

## Pricing methods

As presented in table V-1, U.S. producers and importers reported using multiple methods for determining prices for WMMP, with transaction-by-transaction negotiation as the most commonly-reported method for both U.S. producers and importers. Importers were more likely than producers to report using set price lists, although only a minority of importers reported doing so. U.S. producer *** described its pricing as ***. U.S. producer Endura indicated that it monitors market pricing, and that it adjusts price by size of order. Importer *** indicated that its methods may vary by customer.

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

| Method | U.S. producers | Importers |
|---|---|---|
| Transaction-by-transaction | 9 | 35 |
| Contract | 3 | 8 |
| Set price list | 3 | 14 |
| Other | 4 | 6 |
| Responding firms | 13 | 41 |

Note: 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 and importers reported selling most of their WMMP in the spot market or under short-term contracts. As shown in table V-2, responding U.S. producers and importers reported their 2018 U.S. commercial shipments of WMMP by type of sale. Eight of twelve responding U.S. producers and 23 of 39 responding importers indicated that they shipped at least 70 percent of their shipments as spot sales. Three U.S. producers and three importers indicated that they shipped at least 90 percent under short-term contracts. One U.S. producer split its sales nearly evenly between short-term contracts and spot sales. No U.S. producers reported any long-term or annual contracts, while nine importers indicated that they ship at least 67 percent of their shipments under long-term or annual contracts.

**Table V-2**
**WMMP: 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 | *** | *** |
| Annual contracts | *** | *** |
| Short-term contracts | *** | *** |
| Spot sales | *** | *** |

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

U.S. producers' short-term contracts ranged from 30 to 180 days and sometimes allowed price renegotiation (two U.S. producers) and sometimes did not (another two U.S. producers). U.S. producers' contracts fixed price, or both price and quantity, and usually did not involve any indexing to raw material costs. When queried specifically on the issue, two U.S. producers indicated that they do not index their prices to raw material costs, as most of their sales are in the spot market.[6]

Among U.S. importers, short-term contracts ranged from 30 to 180 days, and long-term contracts ranged from a year and a half to three years. Some importers' contracts allowed price renegotiation and some did not; price renegotiation was more likely in annual and long-term contracts than short-term contracts. As with U.S. producers, importers' contracts fixed price, or both price and quantity, and usually did not involve indexing to raw material costs.

## Sales terms and discounts

WMMP are usually sold on a delivered basis. Twelve U.S. producers and 31 importers typically quote prices on a delivered basis, while 3 U.S. producers and 15 importers typically quote prices on an f.o.b. basis, usually from a U.S. port (with respect to the importers). Of those firms, two U.S. producers and six importers quoted prices on both an f.o.b. and delivered basis.

Discounts are common but not ubiquitous in sales of WMMP. Four U.S. producers and nine importers offered both quantity and annual volume discounts. Three additional U.S. producers and four additional importers reported offering quantity discounts. However, 4 U.S. producers and 17 importers indicated they had no discount policy. Six U.S. producers and 11 importers offered other discounts, usually for payment on faster terms.

[6] Conference transcript, p. 84 (Trapp, Carroll).

## 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 WMMP products shipped to unrelated U.S. customers during January 2016-September 2019.

**Product 1.**—Finger-jointed lineal trim, made of pine/ fir, with dimensions of 9/16" x 5-1/4", WM-618, primed or coated.

**Product 2.**—Finger-jointed lineal trim, made of pine/ fir, 5/8" x 2-1/4", LWM-366, primed or coated.

**Product 3.**—Finger-jointed lineal trim, made of pine/ fir, 11/16" x 11/16" x 16' WM-106, primed or coated.

**Product 4.** —Jamb: Exterior door frame nominally 1-1/4" thick with a nominal ½" rabbeted drop for door stop x nominal 4-9/16" width x nominal 7' long and machined with end dadoes for threshold and head attachment, primed or coated.

**Product 5.** —Jamb: Exterior door frame nominally 1-1/4" thick with a nominal ½" rabbeted drop for door stop x nominal 6-9/16" width x nominal 7' long and machined with end dadoes for threshold and head attachment, primed or coated.

**Product 6.** —Brick moulding: Casing that attaches to exterior edge of door frame nominally 1-1/4" thick x 2" wide and 7' long with moulded profile on face, primed or coated.

Six U.S. producers and 28 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[7] Pricing data reported by these firms accounted for approximately 17.8 percent of the value of U.S. producers' commercial shipments of WMMP, 7.1 percent of the value of U.S. commercial shipments of subject imports from Brazil, and 7.4 percent of the value of U.S. commercial shipments of subject imports from China in 2018.

[7] Pricing data were collected in lineal feet for products 1 to 3, and in units for products 4 to 6. 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. Within each pricing product, a variety of price levels were often reported, even among firms reporting for the same source (e.g., United States, China, etc.).

Price data for products 1-6 are presented in tables V-3 to V-8 and figures V-2 to V-7. Nonsubject country prices are presented in Appendix D.

**Table V-3**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per lineal foot) | Quantity (lineal feet) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 1: Finger-jointed lineal trim, made of pine/ fir, with dimensions of 9/16" x 5-1/4", WM-618, primed or coated.

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

**Table V-4**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per lineal foot) | Quantity (lineal feet) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 2: Finger-jointed lineal trim, made of pine/ fir, 5/8" x 2-1/4", LWM-366, primed or coated.

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

**Table V-5**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per lineal foot) | Quantity (lineal feet) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) | Price (per lineal foot) | Quantity (lineal feet) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 3: Finger-jointed lineal trim, made of pine/ fir, 11/16” x 11/16” x 16’ WM-106, primed or coated.

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

**Table V-6**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per unit) | Quantity (units) | Price (per unit) | Quantity (units) | Margin (percent) | Price (per unit) | Quantity (units) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 4: Jamb: Exterior door frame nominally 1-1/4” thick with a nominal ½” rabbeted drop for door stop x nominal 4-9/16” width x nominal 7’ long and machined with end dadoes for threshold and head attachment, primed or coated.

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

**Table V-7**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per unit) | Quantity (units) | Price (per unit) | Quantity (units) | Margin (percent) | Price (per unit) | Quantity (units) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 5: Jamb: Exterior door frame nominally 1-1/4" thick with a nominal ½" rabbeted drop for door stop x nominal 6-9/16" width x nominal 7' long and machined with end dadoes for threshold and head attachment, primed or coated.

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

**Table V-8**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 6 and margins of underselling/(overselling), by quarter, January 2016-September 2019**

| Period | United States | | Brazil | | | China | | |
|---|---|---|---|---|---|---|---|---|
| | Price (per unit) | Quantity (units) | Price (per unit) | Quantity (units) | Margin (percent) | Price (per unit) | Quantity (units) | Margin (percent) |
| **2016:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2017:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2018:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** | *** | *** | *** | *** |
| **2019:** Jan.-Mar. | *** | *** | *** | *** | *** | *** | *** | *** |
| Apr.-June | *** | *** | *** | *** | *** | *** | *** | *** |
| July-Sept. | *** | *** | *** | *** | *** | *** | *** | *** |

Note: Product 6: Brick moulding: Casing that attaches to exterior edge of door frame nominally 1-1/4" thick x 2" wide and 7' long with moulded profile on face, primed or coated.

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

**Figure V-2**
**WMMP: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2016-September 2019**

*  *  *  *  *  *  *

**Fgure V-3**
**WMMP: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2016-September 2019**

*  *  *  *  *  *  *

**Figure V-4**
**WMMP: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2016-September 2019**

* * * * * * *

**Figure V-5**
**WMMP: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2016-September 2019**

* * * * * * *

**Figure V-6**
**WMMP: Weighted-average prices and quantities of domestic and imported product 5, by quarter, January 2016-September 2019**

* * * * * * *

**Figure V-7**
**WMMP: Weighted-average prices and quantities of domestic and imported product 6, by quarter, January 2016-September 2019**

* * * * * * *

## Price trends

Prices for the pricing products showed varying trends during January 2016-September 2019, with U.S. prices increasing for four products, prices of Brazilian product increasing for four products, and prices of Chinese product increasing for three products. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** to *** percent during January 2016-September 2019, while import price increases ranged from *** to *** percent for imports from Brazil and *** to *** percent for imports from China. Domestic price decreases were *** to *** percent during January 2016-September 2019, while import price decreases ranged from *** to *** percent for imports from Brazil and *** to *** percent for imports from China.

**Table V-9**
**WMMP: Summary of weighted-average f.o.b. prices for products 1-4 from the United States, Brazil, and China**

| Item | Number of quarters | Low price (per lineal foot (products 1-3) or unit (products 4-6)) | High price (per lineal foot (products 1-3) or unit (products 4-6)) | Change in price (percent) |
|---|---|---|---|---|
| **Product 1** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |
| **Product 2** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |
| **Product 3** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |
| **Product 4** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |
| **Product 5** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |
| **Product 6** | | | | |
| United States | *** | *** | *** | *** |
| Brazil | *** | *** | *** | *** |
| China | *** | *** | *** | *** |

Note: 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

Table V-10 shows data on underselling and overselling separated by whether quantity data were collected in lineal feet (products 1-3) or units (products 4-6). Prices for product imported from Brazil were below those for U.S.-produced product in *** of *** instances; margins of underselling ranged from *** to *** percent. In the remaining *** instances, prices for product from Brazil were between *** and *** percent above prices for the domestic product. Prices for product imported from China were below those for U.S.-produced product in *** of *** instances; margins of underselling ranged from *** to *** percent. In the remaining *** instances, prices for product from China were between *** and *** percent above prices for the domestic product.

Combining instances of underselling and overselling for imports from Brazil and China, prices for all subject imports were below those for U.S.-produced product in 133 of 178 instances; margins of underselling ranged from 0.3 to 79.9 percent. In the remaining 45 instances, prices for subject imports were above prices for domestic prices; margins of overselling ranged from 0.3 to 74.7 percent.

**Table V-10**
**WMMP: Instances of underselling/overselling and the range and average of margins, by product and country, January 2016-September 2019**

| Data in lineal feet (products 1-3) | | | | | |
|---|---|---|---|---|---|
| Source | Underselling | | | | |
| | Number of quarters | Quantity (lineal feet) | Average margin (percent) | Margin range (percent) | |
| | | | | Min | Max |
| Product 1 | *** | *** | *** | *** | *** |
| Product 2 | *** | *** | *** | *** | *** |
| Product 3 | *** | *** | *** | *** | *** |
| Total | 55 | 162,377 | 17.9 | 0.3 | 67.4 |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Total | 55 | 162,377 | 17.9 | 0.3 | 67.4 |
| Source | (Overselling) | | | | |
| | Number of quarters | Quantity[1] (lineal feet) | Average margin (percent) | Margin range (percent) | |
| | | | | Min | Max |
| Product 1 | *** | *** | *** | *** | *** |
| Product 2 | *** | *** | *** | *** | *** |
| Product 3 | *** | *** | *** | *** | *** |
| Total | 33 | 135,261 | (14.6) | (0.5) | (74.7) |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Total | 33 | 135,261 | (14.6) | (0.5) | (74.7) |

Table continued on next page.

**Table V-10—Continued.**
**WMMP: Instances of underselling/overselling and the range and average of margins, by product and country, January 2016-September 2019**

| Data in units (products 4-6) | | | | | |
|---|---|---|---|---|---|
| Source | Underselling | | | | |
| | Number of quarters | Quantity (1,000 units) | Average margin (percent) | Margin range (percent) | |
| | | | | Min | Max |
| Product 4 | *** | *** | *** | *** | *** |
| Product 5 | *** | *** | *** | *** | *** |
| Product 6 | *** | *** | *** | *** | *** |
| Total | 78 | 52,547 | 50.0 | 0.4 | 79.9 |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Total | 78 | 52,547 | 50.0 | 0.4 | 79.9 |
| Source | (Overselling) | | | | |
| | Number of quarters | Quantity[1] (1,000 units) | Average margin (percent) | Margin range (percent) | |
| | | | | Min | Max |
| Product 4 | *** | *** | *** | *** | *** |
| Product 5 | *** | *** | *** | *** | *** |
| Product 6 | *** | *** | *** | *** | *** |
| Total | 12 | 2,068 | (8.8) | (0.3) | (21.2) |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Total | 12 | 2,068 | (8.8) | (0.3) | (21.2) |

Note: 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.

## Lost sales and lost revenue

Of the 12 responding U.S. producers, ten reported that they had to either reduce prices or roll back announced price increases, and ten firms reported that they had lost sales. In the petition, three U.S. producers (***) submitted lost sales and/or lost revenue allegations. *** submitted allegations consisting mostly of either lost sales or combined lost sales/lost revenue, with total lost sales and lost revenue of $82.7 million. At the conference, petitioners explained that because much of the market involves spot pricing without a chance to revise prices, lost sales are more common than lost revenue.[8] *** submitted allegations that ***

[8] Conference transcript, pp. 77-78 (Trapp, Procton, Carroll).

***.

Staff contacted 17 purchasers and received responses from 12 purchasers, ***.[9] Responding purchasers reported purchasing 2.8 billion board feet of WMMP during 2016-18 (table V-11).

During 2018, responding purchasers purchased 49.2 percent from U.S. producers, 16.2 percent from Brazil, 19.5 percent from China, 14.8 percent from nonsubject countries, and 0.4 percent from "unknown source" countries.

Of the 12 responding purchasers, nine reported that, since 2016, they had purchased imported WMMP from Brazil and China instead of U.S.-produced product. Eight of these purchasers reported that subject import prices were lower than U.S.-produced product, and three of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Three purchasers estimated the quantity of WMMP from Brazil and China purchased instead of domestic product; quantities ranged from approximately *** board feet to *** board feet (table V-12), with *** of the total quantity coming from China and *** coming from Brazil (table V-13). Purchasers identified capacity, meeting technical specifications, and quality as non-price reasons for purchasing imported rather than U.S.-produced product.

Of the 12 responding purchasers, two reported that U.S. producers had reduced prices in order to compete with lower-priced imports from Brazil or China; seven reported that they did not know whether U.S. producers had reduced prices in order to compete with imports from either Brazil, China, or both. (table V-14). The reported estimated price reduction were 10 percent for China and 20 percent for Brazil. ***.

[9] Additionally, the Commission received a ***.

**Table V-11**
**WMMP: Purchasers' responses to purchasing patterns**

| Purchaser | Purchases in 2016-18 (1,000 board feet) | | | Change in domestic share (pp, 2016-18) | Change in subject country share (pp, 2016-18) |
|---|---|---|---|---|---|
| | Domestic | Subject | All other | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| Total | 1,506,561 | 908,161 | 386,999 | (9.7) | 6.8 |

Note: Includes all other sources and unknown sources.
Note: Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

**Table V-12**
**WMMP: Purchasers' responses to purchasing subject imports instead of domestic product**

| Purchaser | Purchased imports instead of domestic (Y/N) | Imports priced lower (Y/N) | If purchased imports instead of domestic, was price a primary reason | | |
|---|---|---|---|---|---|
| | | | Y/N | If Yes, quantity purchased instead of domestic (1,000 board feet) | If No, non-price reason |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |

Table continued on next page.

**Table V-12—Continued.**
**WMMP: Purchasers' responses to purchasing subject imports instead of domestic product**

| Purchaser | Purchased imports instead of domestic (Y/N) | Imports priced lower (Y/N) | If purchased imports instead of domestic, was price a primary reason | | |
|---|---|---|---|---|---|
| | | | Y/N | If Yes, quantity purchased instead of domestic (1,000 board feet) | If No, non-price reason |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |

Table continued on next page.

**Table V-12—Continued.**
**WMMP: Purchasers' responses to purchasing subject imports instead of domestic product**

| Purchaser | Purchased imports instead of domestic (Y/N) | Imports priced lower (Y/N) | If purchased imports instead of domestic, was price a primary reason | | |
|---|---|---|---|---|---|
| | | | Y/N | If Yes, quantity purchased instead of domestic (1,000 board feet) | If No, non-price reason |
| *** | | | | | *** |
| Total | Yes--9; No--3 | Yes--8; No--1 | Yes--3; No--6 | *** | |

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

**Table V-13**
**WMMP: Purchasers' responses to purchasing subject imports instead of domestic, by country**

| Source | Count of purchasers reporting subject instead of domestic | Count of purchasers reported that imports were priced lower | Count of purchasers reporting that price was a primary reason for shift | Quantity subject purchased (1,000 board feet) |
|---|---|---|---|---|
| Brazil | 8 | 7 | 3 | *** |
| China | 8 | 7 | 2 | *** |
| Any subject source | 9 | 8 | 3 | *** |

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

**Table V-14**
**WMMP: Purchasers' responses to U.S. producer price reductions, by firm**

| Purchaser | Brazilian producers reduced price (Y/N) | Chinese producers reduced price (Y/N) |
|---|---|---|
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| *** | *** | *** |
| Total / average | Yes--1; No--4 | Yes--1; No--4 |

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

# Part VI: Financial experience of U.S. producers

## Background

Thirteen firms provided usable financial results on their operations.[1] In 2018, *** accounted for *** percent of the U.S. producers' net sales by quantity, *** accounted for *** percent, *** accounted for *** percent, *** accounted for *** percent, *** accounted for *** percent, and all other firms accounted for *** percent.[2] Net sales consisted of commercial sales, transfers to related firms, and internal consumption, which accounted for *** percent, *** percent, and *** percent of total net sales quantity in 2018, respectively.[3]

## Operations on WMMP

Income-and-loss data for U.S. producers' WMMP operations are presented in table VI-1. Table VI-2 presents corresponding changes in average per board foot values. Table VI-3 presents selected company-specific financial data.

[1] All responding U.S. producers except *** reported financial data on the basis of generally accepted accounting principles ("GAAP"). *** used tax as its accounting basis. The producers with fiscal year ends other than December 31 are ***. All responding U.S. producers except *** provided their financial results on a calendar year basis.

[2] By value, *** accounted for *** percent, *** accounted for *** percent, *** accounted for *** percent, *** accounted for *** percent, *** accounted for *** percent, and all other firms accounted for *** percent in 2018.

[3] *** reported transfers to related firms and *** reported internal consumption.

**Table VI-1**
**WMMP: Results of operations of U.S. producers, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Commercial sales | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Total net sales | *** | *** | *** | *** | *** |
| | Value (1,000 dollars) | | | | |
| Commercial sales | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Total net sales | *** | *** | *** | *** | *** |
| Cost of goods sold.-- Raw materials | *** | *** | *** | *** | *** |
| Direct labor | *** | *** | *** | *** | *** |
| Other factory costs | *** | *** | *** | *** | *** |
| Less: byproduct revenue | *** | *** | *** | *** | *** |
| Total COGS | *** | *** | *** | *** | *** |
| Gross profit | *** | *** | *** | *** | *** |
| SG&A expense | *** | *** | *** | *** | *** |
| Operating income or (loss) | *** | *** | *** | *** | *** |
| All other expenses, net | *** | *** | *** | *** | *** |
| Net income or (loss) | *** | *** | *** | *** | *** |
| Depreciation/amortization | *** | *** | *** | *** | *** |
| Cash flow | *** | *** | *** | *** | *** |
| | Ratio to net sales (percent) | | | | |
| Cost of goods sold.-- Raw materials | *** | *** | *** | *** | *** |
| Direct labor | *** | *** | *** | *** | *** |
| Other factory costs | *** | *** | *** | *** | *** |
| Less: byproduct revenue | *** | *** | *** | *** | *** |
| Average COGS | *** | *** | *** | *** | *** |
| Gross profit | *** | *** | *** | *** | *** |
| SG&A expense | *** | *** | *** | *** | *** |
| Operating income or (loss) | *** | *** | *** | *** | *** |
| Net income or (loss) | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-1—Continued**
**WMMP: Results of operations of U.S. producers, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Ratio to total COGS (percent) | | | | |
| Cost of goods sold before by-product offset.-- Raw materials | *** | *** | *** | *** | *** |
| Direct labor | *** | *** | *** | *** | *** |
| Other factory costs | *** | *** | *** | *** | *** |
| Average COGS | *** | *** | *** | *** | *** |
| | Unit value (dollars per board foot) | | | | |
| Commercial sales | *** | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** | *** |
| Total net sales | *** | *** | *** | *** | *** |
| Cost of goods sold.-- Raw materials | *** | *** | *** | *** | *** |
| Direct labor | *** | *** | *** | *** | *** |
| Other factory costs | *** | *** | *** | *** | *** |
| Less: byproduct revenue | *** | *** | *** | *** | *** |
| Average COGS | *** | *** | *** | *** | *** |
| Gross profit | *** | *** | *** | *** | *** |
| SG&A expense | *** | *** | *** | *** | *** |
| Operating income or (loss) | *** | *** | *** | *** | *** |
| Net income or (loss) | *** | *** | *** | *** | *** |
| | Number of firms reporting | | | | |
| Operating losses | *** | *** | *** | *** | *** |
| Net losses | *** | *** | *** | *** | *** |
| Data | *** | *** | *** | *** | *** |

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

**Table VI-2**
**WMMP: Changes in AUVs, between calendar years and between partial year periods**

| Item | Between calendar years | | | Between partial year period |
|---|---|---|---|---|
| | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| | Change in AUVs (dollars per board foot) | | | |
| Commercial sales | *** | *** | *** | *** |
| Internal consumption | *** | *** | *** | *** |
| Transfers to related firms | *** | *** | *** | *** |
| Total net sales | *** | *** | *** | *** |
| Cost of goods sold.-- Raw materials | *** | *** | *** | *** |
| Direct labor | *** | *** | *** | *** |
| Other factory costs | *** | *** | *** | *** |
| Less: byproduct revenue | *** | *** | *** | *** |
| Average COGS | *** | *** | *** | *** |
| Gross profit | *** | *** | *** | *** |
| SG&A expense | *** | *** | *** | *** |
| Operating income or (loss) | *** | *** | *** | *** |
| Net income or (loss) | *** | *** | *** | *** |

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

**Table VI-3**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Total net sales (1,000 board feet) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Total net sales (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Cost of goods sold (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Gross profit or (loss) (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | SG&A expenses (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Operating income or (loss) (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Net income or (loss) (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | COGS to net sales ratio (percent) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Gross profit or (loss) to net sales ratio (percent) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | SG&A expense to net sales ratio (percent) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Operating income or (loss) to net sales ratio (percent) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Net income or (loss) to net sales ratio (percent) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Unit net sales value (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit raw materials (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit direct labor (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Unit other factory costs (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit COGS (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit gross profit or (loss) (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit SG&A expenses (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

Table continued on next page.

**Table VI-3—Continued**
**WMMP: Select results of operations of U.S. producers, by company, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Unit operating income or (loss) (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | Unit net income or (loss) (dollars per board foot) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

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

## Net sales

As shown in table VI-1, total net sales by quantity and value decreased overall from 2016 to 2018 and were lower in January-September 2019 compared to the same period in 2018. As seen in table VI-3, all the largest producers except *** reported declines in net sales quantity and value from 2016 to 2018, with *** reporting an irregular increase in net sales quantity and value and *** reporting a similar range of net sales quantity and value. *** reported lower net sales, by quantity and value, in January-September 2019 compared to January-September 2018. The U.S. producers' average net sales unit value increased from $*** in 2016 to $*** in 2018, and was higher in January-September 2019 ($***) than in January-September 2018 ($***). ***.[4] Net

[4] ***. Emails from ***, February 3 and 4, 2020.

sales unit values for internal consumption and transfers to related firms are lower than commercial sales.[5]

## Cost of goods sold and gross profit or (loss)

As seen in table VI-1, the average cost of goods sold ("COGS") to net sales ratio increased from *** percent in 2016 to *** percent in 2018 but was *** lower in January-September 2019 compared to January-September 2018.

Raw material costs were the largest component of COGS throughout 2016-18 and during both interim periods. It accounted for between *** percent (January-September 2019) and *** percent (2018 and January-September 2018) of total COGS. The average raw material costs per unit increased from $*** in 2016 to $*** in 2018 but were lower between the comparable interim periods.[6] As seen in table VI-3, all of the largest firms reported an increase in raw material costs per board foot from 2016 to 2018. Of the largest producers, three (***) reported higher raw material costs per board foot in January-September 2019 than in January-September 2018. Two U.S. producers' (***) lower raw material costs per board foot between the comparable interim periods caused a reduction in the industry average during this time. *** reported inputs from related suppliers which are at fair market value.[7] Table VI-4 presents a break-out of the raw material costs, by type, for fiscal year 2018.

[5] ***. Email from ***, February 10, 2020. ***. Email from ***, February 10, 2020.

[6] A spokesman for Endura testified that there was fairly rapid escalation of the fiber costs in 2018 that has ameliorated somewhat in 2019. Conference transcript, p. 76 (Procton).

[7] ***. U.S. producers' questionnaire responses of ***, question III-7a.

**Table VI-4**
**WMMP: U.S. producers' raw materials, by type, 2018**

| Raw materials | Calendar 2018 | | |
|---|---|---|---|
| | Value (1,000 dollars) | Unit value (dollars per board foot) | Share of value (percent) |
| Wood inputs: | | | |
| Softwood | *** | *** | *** |
| Hardwood | *** | *** | *** |
| Composite materials | *** | *** | *** |
| Total wood inputs | *** | *** | *** |
| Adhesives | *** | *** | *** |
| Primer/coating materials | *** | *** | *** |
| Other material inputs | *** | *** | *** |
| Total raw materials | *** | *** | *** |

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

Note.--Unfavorable variances are shown in parenthesis; all others are favorable.

Direct labor costs accounted for between *** percent in 2018 and *** percent in 2016 of COGS, whereas other factory costs accounted for between *** percent in 2016 and *** percent in January-September 2019. The average direct labor costs per unit increased from $*** in 2016 to $*** in 2018 and were higher between the comparable interim periods. Finally, the average other factory costs per unit increased from $*** in 2016 to $*** in 2018 and were higher between the comparable interim periods.

By-products, consisting of the sale or consumption of residual wood chips, bark, shavings, sawdust, and other products produced during the course of producing WMMP represent *** percent to *** percent of total revenue (net sales value plus byproduct revenue) during the reporting period.

Due to the decline in net sales quantity and values and the increase in COGS, gross profit declined from $*** in 2016 to $*** in 2018 and also declined on a per unit basis and as a ratio to net sales. Gross profit was higher when comparing January-September 2019 ($***) to January-September 2018 ($***), due to the greater decline in COGS than in revenue.

## SG&A expenses and operating income

Total SG&A expenses increased from $*** in 2016 to $*** in 2018, but were lower in January-September 2019 ($***) compared to January-September 2018 ($***). The SG&A expense ratio (SG&A expenses as a share of sales) increased

from *** percent in 2016 to *** percent in 2018, and was higher in January-September 2019 compared to January-September 2018.[8]

Operating income declined from *** in 2016 to a loss of *** in 2018. The operating loss narrowed in January-September 2019 (a loss of $***) compared to the same period in 2018 (a loss of $***).

## Other expenses and net income

Classified below the operating income level are interest expense, other expense, and other income. In table VI-1, these items are aggregated and only the net amount is shown. The net "all other expenses" increased from 2016 to 2018 and was higher in January-September 2019 compared to January-September 2018. On an overall basis and similar to the trend in operating income, net income declined from *** in 2016 to a loss of *** in 2018. The net loss improved in January-September 2019 (a loss of $***) compared to the same period in 2018 (a loss of $***).

## Variance analysis

The variance analysis presented in table VI-5 is based on the data in table VI-1.[9] The analysis shows that operating income declined from 2016 to 2018 because ***. Between the comparable interim periods, the lower operating loss in January-September 2019 is primarily attributable to ***

[8] ***. Email from ***, February 6, 2020.

[9] The Commission's variance analysis is calculated in three parts: sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost variance is calculated as the change in unit price or unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or unit cost. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A expense variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances.

***.

**Table VI-5**
**WMMP: Variance analysis for U.S. producers, between calendar years and between partial year periods**

| Item | Between calendar years | | | Between partial year period |
|---|---|---|---|---|
| | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| | Value (1,000 dollars) | | | |
| Net sales: | | | | |
| Price variance | *** | *** | *** | *** |
| Volume variance | *** | *** | *** | *** |
| Net sales variance | *** | *** | *** | *** |
| COGS: | | | | |
| Cost variance | *** | *** | *** | *** |
| Volume variance | *** | *** | *** | *** |
| COGS variance | *** | *** | *** | *** |
| Gross profit variance | *** | *** | *** | *** |
| SG&A expenses: | | | | |
| Cost/expense variance | *** | *** | *** | *** |
| Volume variance | *** | *** | *** | *** |
| Total SG&A expense variance | *** | *** | *** | *** |
| Operating income variance | *** | *** | *** | *** |
| Summarized (at the operating income level) as: | | | | |
| Price variance | *** | *** | *** | *** |
| Net cost/expense variance | *** | *** | *** | *** |
| Net volume variance | *** | *** | *** | *** |

Note.--Unfavorable variances are shown in parenthesis; all others are favorable.

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

## Capital expenditures and research and development expenses

Table VI-6 presents capital expenditures and research and development ("R&D") expenses by firm. Capital expenditures increased irregularly from 2016 to 2018, and were higher in January-September 2019 than in the same period in 2018. ***

***.[10] ***.[11]

R&D expenses increased from 2016 to 2018, but were lower in January-September 2019 compared to the same period in 2018.

**Table VI-6**
**WMMP: Capital expenditures and research and development expenses for U.S. producers, by firm, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Capital expenditures (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |
| | R&D expenses (1,000 dollars) | | | | |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| *** | *** | *** | *** | *** | *** |
| All firms | *** | *** | *** | *** | *** |

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

[10] Email from ***, January 23, 2020.
[11] U.S. producers' questionnaire response of ***, questions III-13.

## Assets and return on assets

Table VI-7 presents data on the U.S. producers' total assets and their operating return on assets (operating income divided by total assets).[12] Total net assets declined from $*** in 2016 to $*** in 2018.[13] The U.S. producers' return on assets declined from *** percent in 2016 to *** percent in 2018.

[12] With respect to a company's overall operations, staff notes that total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets which are generally not product specific. Accordingly, high level corporate allocations may be required in order to report a total asset value for WMMP.

[13] ***. U.S. producers' questionnaire response of ***, questions III-12.

**Table VI-7**
**WMMP: Value of assets used in production, warehousing, and sales, and operating return on assets for U.S. producers by firm, 2016-18**

| Firm | Calendar years | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| | Total net assets (1,000 dollars) | | |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| All firms | *** | *** | *** |
| | Operating return on assets (percent) | | |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| *** | *** | *** | *** |
| All firms | *** | *** | *** |

Note: ***. Email from ***, February 6, 2020.

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

## Capital and investment

The Commission requested U.S. producers of WMMP to describe any actual or potential negative effects of imports of WMMP from Brazil and China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-8 presents the number of firms reporting an impact in each category and table VI-9 provides the U.S. producers' narrative responses.

**Table VI-8**
**WMMP: Actual and anticipated negative effects of imports on investment and growth and development**

| Item | No | Yes |
|---|---|---|
| Negative effects on investment | 4 | 9 |
| Cancellation, postponement, or rejection of expansion projects | | 6 |
| Denial or rejection of investment proposal | | 0 |
| Reduction in the size of capital investments | | 7 |
| Return on specific investments negatively impacted | | 6 |
| Other | | 2 |
| Negative effects on growth and development | 4 | 9 |
| Rejection of bank loans | | 5 |
| Lowering of credit rating | | 1 |
| Problem related to the issue of stocks or bonds | | 0 |
| Ability to service debt | | 3 |
| Other | | 6 |
| Anticipated negative effects of imports | 4 | 9 |

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

**Table VI-9**
**WMMP: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016**

| Item / Firm | Narrative |
|---|---|
| **Cancellation, postponement, or rejection of expansion projects:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| **Reduction in the size of capital investments:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

Table continued on next page.

**Table VI-9--Continued**
**WMMP: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016**

| | |
|---|---|
| **Return on specific investments negatively impacted:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| **Other negative effects on investments:** | |
| *** | *** |
| *** | *** |
| **Rejection of bank loans:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| **Lowering of credit rating:** | |
| *** | *** |
| **Ability to service debt:** | |
| *** | *** |
| *** | *** |
| *** | *** |

Table continued on next page.

**Table VI-9--Continued**
**WMMP: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016**

| Other effects on growth and development: | |
|---|---|
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

Table continued on next page.

**Table VI-9--Continued**
**WMMP: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016**

| Anticipated effects of imports: | |
|---|---|
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

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

# 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 Brazil

The Commission issued foreign producers' or exporters' questionnaires to 25 firms believed to produce and/or export wood mouldings from Brazil.[3] Usable responses to the Commission's questionnaire were received from 13 firms: Araupel S.A.; Braslumber Indústria De Molduras Ltda. (Braslumber); Braspine Madeiras Ltda. (Braspine); G13 Madeiras Ltda. (G13 Madeiras); Industria de Madeiras Faqueadas Ipumirim S/A (Ipumirim); Lavradora Racional de Madeiras Lavrama S.A. (Lavradora); Linea Parana Madeiras Ltda. (Linea); Madesp Ind. e Com. De Madeiras Ltda. (Madesp); Randa Indústria e Comércio de Portas e Compensados Ltda. (Randa); Madeireira Rozene Rossini Ltda. (Rossini); Salvaro Industria e Comercio De Madeira Ltda. (Salvaro); Solida Brasil Madeiras Ltda. (Solida); and Sul America Industria de Molduras S.A. (Sul America). These firms' exports to the United States accounted for approximately *** percent of U.S. imports of wood mouldings from Brazil by quantity in 2018.[4] According to estimates requested of the responding Brazilian producers, the production of wood mouldings in Brazil reported in questionnaires accounts for approximately *** percent of overall production of wood mouldings in Brazil.[5] Table VII-1 presents information on the wood mouldings operations of the responding producers and exporters in Brazil.

The three largest producers (***) accounted for *** percent of reported production in Brazil and *** percent of reported exports to the United States in 2018.

[3] These firms were identified through a review of information submitted in the petition and contained in *** records.

[4] This estimation was obtained by dividing the total number of exports to the United States in 2018 reported by responding firms by the total Brazilian import of wood mouldings to the United States in 2018. See tables VII-3 and IV-2.

[5] Each responding Brazilian firm was asked in the questionnaire to estimate the percentage of total production of WMMP in Brazil that was accounted for by the firm's production in 2018. This total percentage estimation was calculated by adding up the estimations provided by each of the firms except for ***, which estimated a production share of *** percent.

**Table VII-1**
**Wood mouldings: Summary data on firms in Brazil, 2018**

| Firm | Production (1,000 board feet) | Share of reported production (percent) | Exports to the United States (1,000 board feet) | Share of reported exports to the United States (percent) | Total shipments (1,000 board feet) | Share of firm's total shipments exported to the United States (percent) |
|---|---|---|---|---|---|---|
| Araupel S.A. | *** | *** | *** | *** | *** | *** |
| Braslumber | *** | *** | *** | *** | *** | *** |
| Braspine | *** | *** | *** | *** | *** | *** |
| G13 Madeiras | *** | *** | *** | *** | *** | *** |
| Ipumirim | *** | *** | *** | *** | *** | *** |
| Lavradora | *** | *** | *** | *** | *** | *** |
| Linea | *** | *** | *** | *** | *** | *** |
| Madesp | *** | *** | *** | *** | *** | *** |
| Randa | *** | *** | *** | *** | *** | *** |
| Rossini | *** | *** | *** | *** | *** | *** |
| Salvaro | *** | *** | *** | *** | *** | *** |
| Solida | *** | *** | *** | *** | *** | *** |
| Sul America | *** | *** | *** | *** | *** | *** |
| Total | *** | 100.0 | *** | 100.0 | *** | *** |

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

Note. ***.

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

## Changes in operations

As presented in table VII-2, producers in Brazil reported several operational and organizational changes since January 1, 2016. Two firms reported plant openings and three firms reported expansions.

**Table VII-2**
**Wood mouldings: Reported changes in operations by producers in Brazil, since January 1, 2016**

| Item / Firm | Reported changes in operations |
|---|---|
| **Plant openings:** | |
| *** | *** |
| *** | *** |
| **Relocations:** | |
| *** | *** |
| **Expansions:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| **Other:** | |
| *** | *** |
| *** | *** |
| *** | *** |
| *** | *** |

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

## Operations on wood mouldings

Table VII-3 presents information on the wood mouldings operations of the responding producers and exporters in Brazil. Responding Brazilian producers' wood mouldings capacity and production increased between 2016 and 2018 (by *** percent and *** percent respectively). The capacity utilization of the responding Brazilian producers was flat during the period. The responding Brazilian producers' exports to the United States increased by *** percent during the period.

The Brazilian industry exported the vast majority (over *** percent) of its total shipments in 2018, primarily to the United States. Exports to the United States were over *** percent of the Brazilian industry's total shipments in 2018. Exports to the United States as a

share of shipments rose by *** percentage points between 2016 and 2018, while exports to other markets fell by *** percentage points during this period.

**Table VII-3**

**Wood mouldings: Data on industry in Brazil, 2016-18, January to September 2018, and January to September 2019 and projection calendar years 2019 and 2020**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 |
| | Quantity (1,000 board feet) | | | | | | |
| Capacity | *** | *** | *** | *** | *** | *** | *** |
| Production | *** | *** | *** | *** | *** | *** | *** |
| End-of-period inventories | *** | *** | *** | *** | *** | *** | *** |
| Shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | *** | *** | *** | *** | *** | *** | *** |
| Inventories/production | *** | *** | *** | *** | *** | *** | *** |
| Inventories/total shipments | *** | *** | *** | *** | *** | *** | *** |
| Share of shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Table continued on next page.

**Table VII-3-- Continued**
**Wood mouldings: Data on industry in Brazil, 2016-18, January to September 2018, and January to September 2019 and projection calendar years 2019 and 2020**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 |
| | Quantity (1,000 board feet) | | | | | | |
| Resales exported to the United States | *** | *** | *** | *** | *** | *** | *** |
| Total exports to the U.S. | *** | *** | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | | | |
| Share of total exports to the United States: Exported by producers | *** | *** | *** | *** | *** | *** | *** |
| Exported by resellers | *** | *** | *** | *** | *** | *** | *** |
| Adjusted share of total shipments exported to the United States | *** | *** | *** | *** | *** | *** | *** |

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

## Alternative products

Table IV-4 presents the overall capacity and production on the same equipment as in-scope production by Brazilian producers. Of the responding Brazilian producers, three of the thirteen (***) reported having produced other products on the same equipment and machinery used to produce WMMP.[6] Approximately *** percent of total production on the same machinery consisted of out-of-scope products during 2018. These products included ***. Total production increased by *** percent between 2016 and 2018. Production in interim 2019 was *** percent higher than in interim 2018. Overall capacity utilization increased by *** percentage points between 2016 and 2017, then decreased by *** percentage points between 2017 and 2018, for an overall decrease in capacity utilization by *** percentage points between 2016 and 2018.

[6] ***

**Table VII-4**
**Wood mouldings: Overall capacity and production on the same equipment as in-scope production by producers in Brazil, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Overall capacity | *** | *** | *** | *** | *** |
| Production: Wood mouldings | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | |
| Overall capacity utilization | *** | *** | *** | *** | *** |
| Share of production: Wood mouldings | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## Exports

Table IV-5 presents exports of wood mouldings from Brazil. According to GTA, the leading export markets for wood mouldings from Brazil are the United States, France, Belgium, Denmark, and Canada. During 2018, the United States was the top export market for wood mouldings from Brazil by value, accounting for 68.5 percent of Brazilian exports, followed by the France, accounting for 8.7 percent of exports.

**Table VII-5**
**Wood mouldings: Exports from Brazil by destination market, 2016-18**

| Destination market | Calendar year | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| | Value (1,000 dollars) | | |
| United States | 315,685 | 342,444 | 339,497 |
| France | 31,840 | 35,903 | 43,026 |
| Belgium | 17,199 | 16,545 | 21,571 |
| Denmark | 8,565 | 10,805 | 12,923 |
| Canada | 13,205 | 12,589 | 12,187 |
| Japan | 11,530 | 8,483 | 7,505 |
| Germany | 5,197 | 5,464 | 7,442 |
| Netherlands | 5,794 | 6,102 | 7,164 |
| Italy | 4,018 | 3,727 | 4,713 |
| All other destination markets | 37,510 | 40,075 | 39,346 |
| Total exports | 450,542 | 482,138 | 495,375 |
| | Share of value (percent) | | |
| United States | 70.1 | 71.0 | 68.5 |
| France | 7.1 | 7.4 | 8.7 |
| Belgium | 3.8 | 3.4 | 4.4 |
| Denmark | 1.9 | 2.2 | 2.6 |
| Canada | 2.9 | 2.6 | 2.5 |
| Japan | 2.6 | 1.8 | 1.5 |
| Germany | 1.2 | 1.1 | 1.5 |
| Netherlands | 1.3 | 1.3 | 1.4 |
| Italy | 0.9 | 0.8 | 1.0 |
| All other destination markets | 8.3 | 8.3 | 7.9 |

Source: Official exports statistics under HS subheading 4409.10, 4409.22, and 4409.29 as reported by SECEX – Foreign Trade Secretariat in the Global Trade Atlas database, accessed February 3, 2020.

Note: GTA data for HS subheadings 4409.10, 4409.22, and 4409.29 include products that are outside the scope of these investigations. Consequently, the global export data presented are overstated.

## The industry in China

The Commission issued foreign producers' or exporters' questionnaires to 45 firms believed to produce and/or export wood mouldings from China.[7] Usable responses to the Commission's questionnaire were received from 22 firms: Jiangsu Chen Sheng Forestry Development Co., Ltd. (Chen Sheng Forestry); Fujian Sanming City Donglai Wood Co., Ltd. (Donglai Wood); Evermark (Yantai) Co., Ltd. (Evermark); Xuzhou Goodwill Resource Co., Ltd (Goodwill Resource); Qingdao Hampton New Material Co., Ltd. (Hampton New Material); Shaxian Hengtong Wood Industry Co., Ltd. (Hengtong Wood); Fujian Hongjia Craft Products Co., Ltd (Hongjia); Shandong Miting Household Co., Ltd.: Exporter/Shandong Jicheng Decoration Materials Co., Ltd.: Producer (Jicheng Decoration); Xiamen Jinxi Building Material Co., Ltd. (Jinxi); Sanming Lingtong Trading Co., Ltd. (Lingtong Trading); Huaan Longda Wood Industry Co., Ltd. (Longda Wood); Fujian Nanping Yuanqiao Wood-Industry Co., Ltd. (Nanping); Nanping Qiangmei Import And Export Co., Ltd. (Qiangmei); Zhangping City Sanchuan Industry and Trade Co., Ltd. (Sanchuan Industry); Qingdao Sanhe Dacheng International Trade Co., Ltd. (Sanhe Dacheng); Shaxian Shiyiwood., Ltd. (Shiyiwood); Lianyungang Tianke New Energy Technology Co., Ltd. (Tianke New Energy); Zhangzhou Wangjiamei Industry & Trade Co., Ltd. (Wangjiamei); Jiangsu Wenfeng Wood Co., Ltd. (Wenfeng); Wuxi Boda Bamboo & Wood Industrial Co., Ltd. (Wuxi); Zhangzhou Yihong Industrial Co., Ltd. (Yihong Industrial); and Putian Yihong Wood Industry Co., Ltd. (Yihong Wood). These firms' exports to the United States accounted for approximately *** percent of U.S. imports of wood mouldings from China in 2018.[8] Table VII-6 presents information on the wood mouldings operations of the responding producers and exporters in China.

[7] These firms were identified through a review of information submitted in the petition and contained in *** records.

[8] This estimation was obtained by dividing the total number of exports to the United States in 2018 reported by responding firms by the total Chinese exports of wood mouldings to the United States in 2018. See tables tables VII-9 and IV-2.

**Table VII-6**
**Wood mouldings: Summary data on firms in China, 2018**

| Firm | Production (1,000 board feet) | Share of reported production (percent) | Exports to the United States (1,000 board feet) | Share of reported exports to the United States (percent) | Total shipments (1,000 board feet) | Share of firm's total shipments exported to the United States (percent) |
|---|---|---|---|---|---|---|
| Chen Sheng Forestry | *** | *** | *** | *** | *** | *** |
| Donglai Wood | *** | *** | *** | *** | *** | *** |
| Evermark | *** | *** | *** | *** | *** | *** |
| Hampton New Material | *** | *** | *** | *** | *** | *** |
| Hengtong Wood | *** | *** | *** | *** | *** | *** |
| Hongjia | *** | *** | *** | *** | *** | *** |
| Jicheng Decoration | *** | *** | *** | *** | *** | *** |
| Longda Wood | *** | *** | *** | *** | *** | *** |
| Nanping | *** | *** | *** | *** | *** | *** |
| Sanchuan Industry | *** | *** | *** | *** | *** | *** |
| Shiyiwood | *** | *** | *** | *** | *** | *** |
| Tianke New Energy | *** | *** | *** | *** | *** | *** |
| Wangjiamei | *** | *** | *** | *** | *** | *** |
| Wenfeng | *** | *** | *** | *** | *** | *** |
| Wuxi | *** | *** | *** | *** | *** | *** |
| Yihong Industrial | *** | *** | *** | *** | *** | *** |
| Yihong Wood | *** | *** | *** | *** | *** | *** |
| Total | *** | 100.0 | *** | 100.0 | *** | *** |

Note: ***.

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

Table VII-7 shows summary data on resellers in China that exported to the United States in 2018. Of the responding Chinese firms, five of the 22 acted as resellers in 2018.

**Table VII-7**
**Wood mouldings: Summary data on resellers in China exporting to the United States, 2018**

| Firm | Resales exported to the United States (1,000 board feet) | Share of resales exported to the United States (percent) |
|---|---|---|
| Chen Sheng Forestry | *** | *** |
| Goodwill Resource | *** | *** |
| Jinxi | *** | *** |
| Qiangmei | *** | *** |
| Sanhe Dacheng | *** | *** |
| Total | *** | *** |

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

## Changes in operations

As presented in table VII-8, producers in China reported several operational and organizational changes since January 1, 2016. Two firms reported plant openings and one firm reported an expansion.

**Table VII-8**
**Wood mouldings: Reported changes in operations by producers in China, since January 1, 2016**

| Item / Firm | Reported changes in operations |
|---|---|
| **Plant openings:** | |
| *** | *** |
| *** | *** |
| **Expansions:** | |
| *** | *** |
| **Acquisitions:** | |
| *** | *** |

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

## Operations on wood mouldings

Table VII-9 presents information on the wood mouldings operations of the responding producers and exporters in China. Responding Chinese producers' wood mouldings capacity and production increased between 2016 and 2018 (by *** percent and *** percent respectively). The capacity utilization of the responding Chinese producers rose during the period from *** percent to *** percent. The responding Chinese producers' exports to the United States increased by *** percent during the reporting period.

The Chinese industry exported over *** percent of its total shipments in 2018. Exports to the United States were over *** percent of the Chinese industry's total shipments in 2018. Exports to the United States as a share of shipments fell by *** percentage points between

2016 and 2018, while home market shipments rose by *** percentage points during this period.

**Table VII-9**
**Wood mouldings: Data on industry in China, 2016-18, January to September 2018, and January to September 2019 and projection calendar years 2019 and 2020**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 |
| | Quantity (1,000 board feet) | | | | | | |
| Capacity | *** | *** | *** | *** | *** | *** | *** |
| Production | *** | *** | *** | *** | *** | *** | *** |
| End-of-period inventories | *** | *** | *** | *** | *** | *** | *** |
| Shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | *** | *** | *** | *** | *** | *** | *** |
| Inventories/production | *** | *** | *** | *** | *** | *** | *** |
| Inventories/total shipments | *** | *** | *** | *** | *** | *** | *** |
| Share of shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## Alternative products

Table IV-10 presents the overall capacity and production on the same equipment as in-scope production by Chinese producers. Of the responding Chinese producers, two of the 22 (***) reported producing other products on the same equipment and machinery used to produce wood mouldings.[9] These products included ***. Approximately *** percent of total production on the same machinery consisted of out-of-scope products during 2018. Total production increased by *** percent between 2016 and 2018. Production in interim 2019 was *** percent higher than in interim 2018. Overall capacity utilization increased by *** percentage points between 2016 and 2018.

**Table VII-10**
**Wood mouldings: Overall capacity and production on the same equipment as in-scope production by producers in China, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Quantity (1,000 board feet) | | | | |
| Overall capacity | *** | *** | *** | *** | *** |
| Production: Wood mouldings | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | |
| Overall capacity utilization | *** | *** | *** | *** | *** |
| Share of production: Wood mouldings | *** | *** | *** | *** | *** |
| Out-of-scope production | *** | *** | *** | *** | *** |
| Total production on same machinery | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

## Exports

According to GTA, the leading export markets for wood mouldings from China are the United States, Japan, South Korea, Canada, and the United Kingdom (table IV-11). During 2018, the United States was the top export market for wood mouldings from China, accounting for 53.6 percent, followed by Japan, accounting for 19.4 percent.

[9] ***

**Table VII-11**
**Wood mouldings: Exports from China by destination market, 2016-18**

| Destination market | Calendar year | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| | Value (1,000 dollars) | | |
| United States | 105,459 | 100,958 | 101,844 |
| Japan | 52,418 | 49,295 | 36,785 |
| South Korea | 11,104 | 11,141 | 13,550 |
| Canada | 19,898 | 17,389 | 10,563 |
| United Kingdom | 22,690 | 15,753 | 10,442 |
| Australia | 6,591 | 7,138 | 6,676 |
| France | 3,064 | 2,088 | 1,895 |
| Hong Kong | 1,507 | 1,375 | 1,382 |
| India | 998 | 1,012 | 795 |
| All other destination markets | 10,731 | 7,504 | 6,120 |
| Total exports | 234,461 | 213,652 | 190,054 |
| | Share of value (percent) | | |
| United States | 45.0 | 47.3 | 53.6 |
| Japan | 22.4 | 23.1 | 19.4 |
| South Korea | 4.7 | 5.2 | 7.1 |
| Canada | 8.5 | 8.1 | 5.6 |
| United Kingdom | 9.7 | 7.4 | 5.5 |
| Australia | 2.8 | 3.3 | 3.5 |
| France | 1.3 | 1.0 | 1.0 |
| Hong Kong | 0.6 | 0.6 | 0.7 |
| India | 0.4 | 0.5 | 0.4 |
| All other destination markets | 4.6 | 3.5 | 3.2 |
| Total exports | 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. United States is shown at the top, all remaining top export destinations shown in descending order of 2018 data.

Source: Official exports statistics under HS subheading 4409.10, 4409.22, and 4409.29 as reported by China Customs in the Global Trade Atlas database, accessed February 3, 2020.

Note: GTA data for HS subheadings 4409.10, 4409.22, and 4409.29 include products that are outside the scope of these investigations. Consequently, the global export data presented are overstated.

## Subject countries combined

Table VII-12 presents summary data on wood mouldings operations of the reporting subject producers in the subject countries.

**Table VII-12**
**Wood mouldings: Data on industry in subject countries, 2016-18, January to September 2018, and January to September 2019 and projection calendar years 2019 and 2020**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2019 | 2020 |
| | Quantity (1,000 board feet) | | | | | | |
| Capacity | *** | *** | *** | *** | *** | *** | *** |
| Production | *** | *** | *** | *** | *** | *** | *** |
| End-of-period inventories | *** | *** | *** | *** | *** | *** | *** |
| Shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | *** | *** | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | | | |
| Capacity utilization | *** | *** | *** | *** | *** | *** | *** |
| Inventories/production | *** | *** | *** | *** | *** | *** | *** |
| Inventories/total shipments | *** | *** | *** | *** | *** | *** | *** |
| Share of shipments: | | | | | | | |
| Home market shipments: | | | | | | | |
| Internal consumption/ transfers | *** | *** | *** | *** | *** | *** | *** |
| Commercial home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Total home market shipments | *** | *** | *** | *** | *** | *** | *** |
| Export shipments to: | | | | | | | |
| United States | *** | *** | *** | *** | *** | *** | *** |
| All other markets | *** | *** | *** | *** | *** | *** | *** |
| Total exports | *** | *** | *** | *** | *** | *** | *** |
| Total shipments | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Table continued on next page.

**Table VII-12-- Continued**
**Wood mouldings: Data on industry in subject countries, 2016-18, January to September 2018, and January to September 2019 and projection calendar years 2019 and 2020**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | Quantity (1,000 board feet) | | | | | | |
| Resales exported to the United States | *** | *** | *** | *** | *** | *** | *** |
| Total exports to the U.S. | *** | *** | *** | *** | *** | *** | *** |
| | Ratios and shares (percent) | | | | | | |
| Share of total exports to the United States: Exported by producers | *** | *** | *** | *** | *** | *** | *** |
| Exported by resellers | *** | *** | *** | *** | *** | *** | *** |
| Adjusted share of total shipments exported to the United States | *** | *** | *** | *** | *** | *** | *** |

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. inventories of imported merchandise

Table VII-13 presents data on U.S. importers' reported inventories of wood mouldings. End-of-period inventories from Brazil decreased by *** percent between 2016 and 2018 and were *** percent higher in interim 2019 than interim 2018. End-of-period inventories from China increased by *** percent between 2016 and 2018 and were *** percent higher in interim 2019 than interim 2018. End-of-period inventories for subject sources increased by *** percent between 2016 and 2018, while end-of-period inventories for nonsubject sources increased by *** percent during the period. Overall, inventories from all import sources increased by *** percent between 2016 and 2018 and were *** percent higher in interim 2019 than interim 2018.

**Table VII-13**
**Wood mouldings: U.S. importers' end-of-period inventories of imports by source, 2016-18, January to September 2018, and January to September 2019**

| Item | Calendar year | | | January to September | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | Inventories (1,000 board feet); Ratios (percent) | | | | |
| Imports from Brazil | | | | | |
| Inventories | *** | *** | *** | *** | *** |
| Ratio to U.S. imports | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports | *** | *** | *** | *** | *** |
| Ratio to total shipments of imports | *** | *** | *** | *** | *** |
| Imports from China: | | | | | |
| Inventories | *** | *** | *** | *** | *** |
| Ratio to U.S. imports | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports | *** | *** | *** | *** | *** |
| Ratio to total shipments of imports | *** | *** | *** | *** | *** |
| Imports from subject sources: | | | | | |
| Inventories | *** | *** | *** | *** | *** |
| Ratio to U.S. imports | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports | *** | *** | *** | *** | *** |
| Ratio to total shipments of imports | *** | *** | *** | *** | *** |
| Imports from Chile: | | | | | |
| Inventories | *** | *** | *** | *** | *** |
| Ratio to U.S. imports | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports | *** | *** | *** | *** | *** |
| Ratio to total shipments of imports | *** | *** | *** | *** | *** |
| Imports from all other sources: | | | | | |
| Inventories | *** | *** | *** | *** | *** |
| Ratio to U.S. imports | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports | *** | *** | *** | *** | *** |
| Ratio to total shipments of imports | *** | *** | *** | *** | *** |
| 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 | *** | *** | *** | *** | *** |

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. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of wood mouldings from Brazil and China after September 30, 2019. Of the responding importers, 44 of the 46 indicated that they had arranged such imports. In total, importers indicated they had arranged for *** board feet of wood mouldings imports after September 30, 2019. Arranged imports from nonsubject sources constituted *** percent of total arranged imports for this time period. Conversely, arranged imports from subject sources constituted *** percent of total reported arranged imports (*** percent for Brazil and *** percent for China). These data are presented in table VII-14.

**Table VII-14**
**Wood mouldings: Arranged imports, October 2019 through September 2020**

| Item | Period | | | | |
|---|---|---|---|---|---|
| | Oct-Dec 2019 | Jan-Mar 2020 | Apr-Jun 2020 | Jul-Sept 2020 | Total |
| | Quantity (1,000 board feet) | | | | |
| Arranged U.S. imports from-- | | | | | |
| Brazil | *** | *** | *** | *** | *** |
| China | *** | *** | *** | *** | *** |
| Subject sources | *** | *** | *** | *** | *** |
| Nonsubject sources | *** | *** | *** | *** | *** |
| All import sources | *** | *** | *** | *** | *** |

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 wood mouldings in third-country markets. Counsel for the petitioner stated that they are not aware of any antidumping or countervailing duty orders in place in any third-country market on wood mouldings imports from China or Brazil.[10]

## Information on nonsubject countries

Chile is the third largest source of all wood moulding imports into the United States, accounting for *** percent of U.S. imports by quantity in 2018. Brazil and China ranked first and second, respectively, and approximately accounted for a combined 71.7 percent of U.S. imports by quantity in 2018.[11]

[10] Petition, p. 4.
[11] See table IV-2.

According to GTA, the value of Chile's global exports of all wood mouldings increased by 5.2 percent from 2016 to 2018. The United States was Chile's largest destination market in the last three years, based on value; Chile's exports to the United States accounted for 83.4 percent of Chile's global exports in 2018, which was a 1.3 percentage point decrease from 2016. Australia was Chile's second largest destination market, by value, which accounted for 10.4 percent of Chile's exports in 2018. Table VII-15 presents Chile's global export data for wood mouldings.[12]

[12] GTA data for HS subheadings 4409.10, 4409.22, and 4409.29 include products that are outside the scope of these investigations. Consequently, the global export data presented in table VII-15 are overstated.

**Table VII-15**

**Wood mouldings: Exports from Chile by destination market, 2016-18**

| Exporter | Calendar year | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| | Value (1,000 dollars) | | |
| United States | 204,048 | 205,436 | 211,324 |
| Australia | 23,315 | 24,297 | 26,386 |
| Mexico | 4,360 | 5,287 | 7,167 |
| Canada | 5,057 | 4,602 | 4,526 |
| New Zealand | 885 | 517 | 1,143 |
| Costa Rica | 832 | 698 | 971 |
| Netherlands | 722 | 645 | 465 |
| Japan | 327 | 391 | 376 |
| South Korea | 242 | 260 | 285 |
| All other exporters | 1,009 | 1,155 | 735 |
| Total | 240,799 | 243,287 | 253,378 |
| | Share of value (percent) | | |
| United States | 84.7 | 84.4 | 83.4 |
| Australia | 9.7 | 10.0 | 10.4 |
| Mexico | 1.8 | 2.2 | 2.8 |
| Canada | 2.1 | 1.9 | 1.8 |
| New Zealand | 0.4 | 0.2 | 0.5 |
| Costa Rica | 0.3 | 0.3 | 0.4 |
| Netherlands | 0.3 | 0.3 | 0.2 |
| Japan | 0.1 | 0.2 | 0.1 |
| South Korea | 0.1 | 0.1 | 0.1 |
| All other exporters | 0.4 | 0.5 | 0.3 |
| Total | 100.0 | 100.0 | 100.0 |

Source: Official exports statistics under HS subheading 4409.10, 4409.22, and 4409.29 as reported by Chile Customs - Servicio Nacional de Aduana in the Global Trade Atlas database, accessed February 3, 2020.

Table VII-16 presents global wood mouldings exports. The value of global exports of all wood mouldings increased by 11.1 percent from 2016 to 2018. Indonesia, a nonsubject country, was the largest global exporter, based on value in 2018 and accounted for 15.2 percent of global exports in that year. Brazil was the second largest global exporter, by value, accounting for 10.2 percent of global exports in 2018. Poland, the United States, and Germany, ranked third, fourth, and fifth, respectively; combined, these three countries accounted for approximately 23.4 percent of global exports in 2018. Table VII-16 presents global export data for wood mouldings.

**Table VII-16**

**Wood mouldings: Global exports by exporter, 2016-18**

| Exporter | Calendar year | | |
|---|---|---|---|
| | 2016 | 2017 | 2018 |
| | Value (1,000 dollars) | | |
| United States | 314,856 | 279,628 | 293,472 |
| Indonesia | 614,538 | 682,496 | 705,768 |
| Brazil | 450,542 | 482,138 | 495,375 |
| Poland | 256,388 | 270,486 | 297,460 |
| Germany | 196,709 | 233,717 | 260,924 |
| Chile | 240,799 | 243,287 | 253,378 |
| Malaysia | 198,533 | 197,178 | 216,836 |
| China | 234,461 | 213,652 | 190,054 |
| Estonia | 124,086 | 147,430 | 167,481 |
| Italy | 145,408 | 145,207 | 162,903 |
| Austria | 131,657 | 130,483 | 151,062 |
| Canada | 172,332 | 171,167 | 138,867 |
| Mexico | 84,995 | 99,296 | 104,333 |
| All other exporters | 1,140,894 | 1,230,921 | 1,280,969 |
| Total | 4,306,197 | 4,527,086 | 4,718,882 |
| | Share of value (percent) | | |
| United States | 7.3 | 6.2 | 6.2 |
| Indonesia | 14.3 | 15.1 | 15.0 |
| Brazil | 10.5 | 10.7 | 10.5 |
| Poland | 6.0 | 6.0 | 6.3 |
| Germany | 4.6 | 5.2 | 5.5 |
| Chile | 5.6 | 5.4 | 5.4 |
| Malaysia | 4.6 | 4.4 | 4.6 |
| China | 5.4 | 4.7 | 4.0 |
| Estonia | 2.9 | 3.3 | 3.5 |
| Italy | 3.4 | 3.2 | 3.5 |
| Austria | 3.1 | 2.9 | 3.2 |
| Canada | 4.0 | 3.8 | 2.9 |
| Mexico | 2.0 | 2.2 | 2.2 |
| All other exporters | 26.5 | 27.2 | 27.1 |
| Total | 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: Official exports statistics under HS subheading 4409.10, 4409.22, and 4409.29 reported by various national statistical authorities in the Global Trade Atlas database, accessed January 31, 2020.

Note: GTA data for HS subheadings 4409.10, 4409.22, and 4409.29 include products that are outside the scope of these investigations. Consequently, the global export data presented in table VII-16 are overstated.

# 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 |
|---|---|---|
| 85 FR 2438, January 15, 2019 | *Wood Mouldings and Millwork Products From Brazil and China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations* | https://www.federalregister.gov/documents/2020/01/15/2020-00465/wood-mouldings-and-millwork-products-from-brazil-and-china-institution-of-anti-dumping-and |
| 85 FR 6502, February 5 2020 | *Wood Mouldings and Millwork Products From Brazil and the People's Republic of China: Initiation of Less-Than-Fair-Value Investigations* | https://www.federalregister.gov/documents/2020/02/05/2020-02155/wood-mouldings-and-millwork-products-from-brazil-and-the-peoples-republic-of-china-initiation-of |
| 85 FR 6513, February 5 2020 | *Wood Mouldings and Millwork Products From the People's Republic of China: Initiation of Countervailing Duty Investigation* | https://www.federalregister.gov/documents/2020/02/05/2020-02153/wood-mouldings-and-millwork-products-from-the-peoples-republic-of-china-initiation-of-countervailing |
| 85 FR 11391, February 27, 2020 | *Wood Mouldings and Millwork Products From Brazil and China* | https://www.federalregister.gov/documents/2020/02/27/2020-04010/wood-mouldings-and-millwork-products-from-brazil-and-china |

# 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:** Wood Mouldings and Millwork Products from Brazil and China

**Inv. Nos.:** 701-TA-636 and 731-TA-1469-1470 (Preliminary

**Date and Time:** January 29, 2020 - 9:30 a.m.

Session 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 (**Jeffrey S. Grimson**, Mowry & Grimson, PLLC)

**In Support of the Imposition of**
**Antidumping and Countervailing Duty Orders:**

Wiley Rein LLP
Washington, DC
on behalf of

Coalition of American Millwork Producers

**Gary Trapp**, Executive Vice President & Chief Financial Officer,
Cascade Wood Products, Inc.

**Kevin MacDonald**, Vice President Operations, Endura Products, Inc.

**Bruce Procton**, President, Endura Products, Inc.

**Bill Carroll**, Millwork Division Manager, Sierra Pacific Industries

**Jon Gartman**, Secretary, Sierra Pacific Industries

**Greg Easton**, Vice President, Millwork Division, Woodgrain Millwork Inc.

**Timothy C. Brightbill** )
) – OF COUNSEL
**Laura El-Sabaawi** )

**In Opposition to the Imposition of**
**Antidumping and Countervailing Duty Orders:**

BakerHostetler
Washington, DC
on behalf of

Weston Wood Solutions Inc.

**Alan Lechem**, President, Weston Wood Solutions Inc.

**Michael S. Snarr** )
) – OF COUNSEL
**Elliot J. Feldman** )

Barnes & Thornburg LLP
Washington, DC
on behalf of

Composite Technology International, Inc. ("CTI")

**Griff Reid**, Chief Executive Officer, CTI

**Tony Casey**, Senior Vice President of Sales & Marketing CTI

**Bryan Settje**, Senior Vice President of Manufacturing Sales, CTI

**Jerrie Mirga**, Vice President, Economic Consulting Services LLC

**Christine J. Sohar Henter** )
**Clinton K. Yu** ) – OF COUNSEL
**Adetayo O. Osuntogun** )

Steptoe & Johnson LLP
Washington, DC
on behalf of

Associação Brasileira da Indústria de Madeira Processada Mecanicamente ("ABIMCI")

**Gian Carlo Almeida Marodin**, Director of Sales, Araupel S.A.

**Norton Luis Fabris**, Chief Executive Officer, Araupel S.A.

**Giovani Tadeu Simoes Pires Giacomet**, Finance Director,
BrasPine Madeiras Ltda. and Braslumber Indústria de molduras Ltda.

**Antonio Tadeu Giacomet**, Chairman of the Board,
BrasPine Madeiras Ltda. and Braslumber Indústria de molduras Ltda.

**Phillip Kleiss**, USA Sales Representative, Solida Brasil Madeiras Ltda.

**In Opposition to the Imposition of**
**Antidumping and Countervailing Duty Orders (continued):**

**Patrick Burke**, Director of Pine Procurement, Metrie Inc.

**Louis Donavon Ammons**, Managing Trader, Shamrock Building Materials, Inc.

**Marcia Pulcherio**, International Consultant, Steptoe and Johnson LLP

**Eric C. Emerson** ) – OF COUNSEL

Mowry & Grimson, PLLC
Washington, DC
on behalf of

American Moulding and Millwork Alliance ("AMMA")

**Joe Caldwell**, Chief Executive Officer, MJB Wood Group, Inc.

**Jeffrey S. Grimson** )
) – OF COUNSEL
**Kristin H. Mowry** )

**REBUTTAL/CLOSING REMARKS:**

| | |
|---|---|
| In Support of Imposition (**Timothy C. Brightbill**, Wiley Rein LLP) | 10 minutes |
| In Opposition to Imposition (**Eric E. Emerson**, Steptoe & Johnson LLP; and **Jeffrey S. Grimson**, Mowry & Grimson, PPLC) | 10 minutes |

**-END-**

# APPENDIX C

# SUMMARY DATA

**All U.S. producers**

**Table C-1**
**Wood mouldings: Summary data concerning the U.S. market, 2016-18, January to September 2018, and January to September 2019**

(Quantity=1,000 board feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per board foot; Period changes=percent--exceptions noted)

| | Reported data | | | | | Period changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | | | Jan-Sep |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| U.S. consumption quantity: | | | | | | | | | |
| Amount | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Producers' share (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Importers' share (fn1): | | | | | | | | | |
| Brazil | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| China | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Chile | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All other sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Nonsubject sources | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All import sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| U.S. consumption value: | | | | | | | | | |
| Amount | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Producers' share (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Importers' share (fn1): | | | | | | | | | |
| Brazil | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| China | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Chile | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All other sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Nonsubject sources | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All import sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| U.S. shipments of imports from: | | | | | | | | | |
| Brazil | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| China | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| Chile: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| All other sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▲*** |
| Nonsubject sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| All import sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |

Table continued.

**Table C-1--Continued**
**Wood mouldings: Summary data concerning the U.S. market, 2016-18, January to September 2018, and January to September 2019**

(Quantity=1,000 board feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per board foot; Period changes=percent--exceptions noted)

| | Reported data | | | | | Period changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | | | Jan-Sep |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| U.S. producers': | | | | | | | | | |
| Average capacity quantity | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Production quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Capacity utilization (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| U.S. shipments: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Export shipments: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Inventories/total shipments (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▲*** |
| Production workers | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Hours worked (1,000s) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Wages paid ($1,000) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▼*** |
| Hourly wages (dollars per hour) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Productivity (board feet per hour) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Unit labor costs | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Net sales: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Cost of goods sold (COGS) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▼*** |
| Gross profit or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| SG&A expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Operating income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Net income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Capital expenditures | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| R&D expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Net assets | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | *** |
| Unit COGS | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit SG&A expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit operating income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Unit net income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| COGS/sales (fn1) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Operating income or (loss)/sales (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Net income or (loss)/sales (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |

Notes:

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

**Related party exclusion**

**Table C-2**
**Wood mouldings: Summary data concerning the U.S. market excluding one U.S. producer ***, 2016-18, January to September 2018, and January to September 2019**

(Quantity=1,000 board feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per board foot; Period changes=percent--exceptions noted)

| | Reported data | | | | | Period changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | | | Jan-Sep |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| U.S. consumption quantity: | | | | | | | | | |
| Amount | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Producers' share (fn1): | | | | | | | | | |
| Included producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Excluded producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| All producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Importers' share (fn1): | | | | | | | | | |
| Brazil | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| China | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Chile | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All other sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Nonsubject sources | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All import sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| U.S. consumption value: | | | | | | | | | |
| Amount | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Producers' share (fn1): | | | | | | | | | |
| Included producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Excluded producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▼*** |
| All producers | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Importers' share (fn1): | | | | | | | | | |
| Brazil | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| China | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Chile | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All other sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Nonsubject sources | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| All import sources | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| U.S. shipments of imports from: | | | | | | | | | |
| Brazil | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| China | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Subject sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| Chile: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| All other sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▲*** |
| Nonsubject sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |

**Table C-2--Continued**
**Wood mouldings: Summary data concerning the U.S. market excluding one U.S. producer ***, 2016-18, January to September 2018, and January to September 2019**

(Quantity=1,000 board feet; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per board foot; Period changes=percent--exceptions noted)

| | Reported data | | | | | Period changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Calendar year | | | January to September | | Calendar year | | | Jan-Sep |
| | 2016 | 2017 | 2018 | 2018 | 2019 | 2016-18 | 2016-17 | 2017-18 | 2018-19 |
| U.S. shipments of imports from:--Continued. | | | | | | | | | |
| All import sources: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▲*** | ▼*** | ▲*** | ▲*** |
| Included U.S. producers': | | | | | | | | | |
| Average capacity quantity | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Production quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Capacity utilization (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| U.S. shipments: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Export shipments: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Ending inventory quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▲*** |
| Inventories/total shipments (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▲*** | ▲*** |
| Production workers | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Hours worked (1,000s) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Wages paid ($1,000) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▼*** |
| Hourly wages (dollars per hour) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Productivity (board feet per hour) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Unit labor costs | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Net sales: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▼*** |
| Value | *** | *** | *** | *** | *** | ▼*** | ▲*** | ▼*** | ▼*** |
| Unit value | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Cost of goods sold (COGS) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▼*** |
| Gross profit or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| SG&A expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Operating income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Net income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Capital expenditures | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▼*** | ▲*** |
| R&D expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Net assets | *** | *** | *** | NA | NA | ▼*** | ▼*** | ▼*** | NA |
| Unit COGS | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit SG&A expenses | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▲*** |
| Unit operating income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Unit net income or (loss) (fn2) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| COGS/sales (fn1) | *** | *** | *** | *** | *** | ▲*** | ▲*** | ▲*** | ▼*** |
| Operating income or (loss)/sales (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |
| Net income or (loss)/sales (fn1) | *** | *** | *** | *** | *** | ▼*** | ▼*** | ▼*** | ▲*** |

Notes:

Note.--Shares and ratios shown as “0.0” percent represent non-zero values less than “0.05” percent (if positive) and greater than “(0.05)” percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Period changes preceded by a “▲” represent an increase, while period changes preceded by

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison

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

# APPENDIX D

# CHILE PRICE DATA

Eight importers reported price data for Chile for products 1-6. The value of these price data reported by these firms accounted for 2.7 percent of the value of U.S. commercial shipments from Chile in 2018. These price items and accompanying data are comparable to those presented in tables V-3 to V-8 and figures V-2 to V-7. Price and quantity data for Chile are shown in tables D-1 to D-6 and in figure D-1 to D-6 (with domestic and subject sources).

In comparing Chile pricing data with U.S. producer pricing data, prices for product imported from Chile were lower than prices for U.S.-produced product in 70 instances (*** lineal feet and *** units) and higher in 20 instances (*** lineal feet and *** units). In comparing Chile pricing data with subject country pricing data, prices for product imported from Chile were lower than prices for product imported from Brazil in 38 instances (*** lineal feet and *** units) and higher in 52 instances (*** lineal feet and *** units), while prices for product imported from Chile were lower than prices for product imported from China in 41 instances (*** lineal feet and *** units) and higher in 47 instances (*** lineal feet and *** units). A summary of price differentials is presented in tables D-7 and D-8.

**Table D-1**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 1, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per lineal foot) | Quantity (1,000 lineal feet) | Price ($ per lineal foot) | Quantity (1,000 lineal feet) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 1: Fingerjointed lineal trim, made of pine/ fir, with dimensions of 9/16” x 5-1/4”, WM-618, primed or coated.

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

**Table D-2**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 2, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per lineal foot) | Quantity (1,000 lineal feet) | Price ($ per lineal foot) | Quantity (1,000 lineal feet) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 2: Fingerjointed lineal trim, made of pine/ fir, 5/8” x 2-1/4”, LWM-366, primed or coated.

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

**Table D-3**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 3, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per lineal foot) | Quantity (1,000 lineal feet) | Price ($ per lineal foot) | Quantity (1,000 lineal feet) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 3: Fingerjointed lineal trim, made of pine/ fir, 11/16” x 11/16” x 16’ WM-106, primed or coated.

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

**Table D-4**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 4, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per unit) | Quantity (1,000 units) | Price ($per unit) | Quantity (1,000 units) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 4: Jamb: Exterior door frame nominally 1-1/4” thick with a nominal ½” rabbeted drop for door stop x nominal 4-9/16” width x nominal 7’ long and machined with end dadoes for threshold and head attachment, primed or coated.

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

**Table D-5**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 5, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per unit) | Quantity (1,000 units) | Price ($per unit) | Quantity (1,000 units) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 5: Jamb: Exterior door frame nominally 1-1/4” thick with a nominal ½” rabbeted drop for door stop x nominal 6-9/16” width x nominal 7’ long and machined with end dadoes for threshold and head attachment, primed or coated.

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

**Table D-6**
**WMMP: Weighted-average f.o.b. prices and quantities of imported product 6, by quarters, January 2016-September 2019**

| Period | United States | | Chile | |
|---|---|---|---|---|
| | Price ($ per unit) | Quantity (1,000 units) | Price ($per unit) | Quantity (1,000 units) |
| **2016:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2017:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2018:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |
| Oct.-Dec. | *** | *** | *** | *** |
| **2019:** | | | | |
| Jan.-Mar. | *** | *** | *** | *** |
| Apr.-Jun. | *** | *** | *** | *** |
| Jul.-Sep. | *** | *** | *** | *** |

Note: Product 6: Brick moulding: Casing that attaches to exterior edge of door frame nominally 1-1/4" thick x 2" wide and 7' long with moulded profile on face, primed or coated.

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

**Figure D-1**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by quarters, January 2016-September 2019**

* * * * * * *

**Figure D-2**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters, January 2016-September 2019**

* * * * * * *

**Figure D-3**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters, January 2016-September 2019**

* * * * * * *

**Figure D-4**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by quarters, January 2016-September 2019**

* * * * * * *

**Figure D-5**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, by quarters, January 2016-September 2019**

* * * * * * *

**Figure D-6**
**WMMP: Weighted-average f.o.b. prices and quantities of domestic and imported product 6, by quarters, January 2016-September 2019**

* * * * * * *

**Table D-7**
**WMMP: Summary of higher/(lower) unit values for nonsubject price data, by product 1-3 and source, January 2016 through September 2019**

| Comparison | Total number of comparisons | Nonsubject lower than the comparison source | | Nonsubject higher than the comparison source | |
|---|---|---|---|---|---|
| | | Number of quarters | Quantity (1,000 lineal feet) | Number of quarters | Quantity (1,000 lineal feet) |
| **Nonsubject vs United States:** | | | | | |
| Chile vs. United States | *** | *** | *** | *** | *** |
| **Nonsubject vs subject countries:** | | | | | |
| Chile vs. Brazil | *** | *** | *** | *** | *** |
| Chile vs. China | *** | *** | *** | *** | *** |

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

**Table D-8**
**WMMP: Summary of higher/(lower) unit values for nonsubject price data, by product 4-6 and source, January 2016 through September 2019**

| Comparison | Total number of comparisons | Nonsubject lower than the comparison source | | Nonsubject higher than the comparison source | |
|---|---|---|---|---|---|
| | | Number of quarters | Quantity (1,000 units) | Number of quarters | Quantity (1,000 units) |
| **Nonsubject vs United States:** | | | | | |
| Chile vs. United States | *** | *** | *** | *** | *** |
| **Nonsubject vs subject countries:** | | | | | |
| Chile vs. Brazil | *** | *** | *** | *** | *** |
| Chile vs. China | *** | *** | *** | *** | *** |

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