



## FACT SHEET

### Commerce Preliminarily Finds Countervailable Subsidization of Imports of Hardwood and Decorative Plywood from the People's Republic of China

- On February 27, 2013, the Department of Commerce (Commerce) announced its preliminary affirmative countervailing duty (CVD) determination in the investigation of imports of hardwood and decorative plywood from People's Republic of China (China).
- For purposes of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce determined that producers/exporters from China have received countervailable subsidies ranging from 0.22 percent (*de minimis*) to 27.16 percent.
- Commerce preliminarily determined that the three respondents, Linyi City Dongfang Jinxin Economic & Trade Co., Ltd (Dongfang), Linyi San Fortune Wood Co., Ltd. (San Fortune), and Shanghai Fancywood Inc. a/k/a Shanghai Senda Fancywood Industry Co. . (Senda), have each received countervailable subsidies that are *de minimis*.
- For each of the 15 companies that did not respond to Commerce's Quantity and Value Questionnaires which is used for purposes of respondent selection, the Department has applied a rate of 27.16 percent *ad valorem* based on adverse facts available for their failure to provide information requested by Commerce.
- All other Chinese producers/exporters have been assigned a preliminary subsidy rate of 22.63 percent *ad valorem* which reflects an average of the *de minimis* rates and the adverse facts available rates.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect a cash deposit based on these preliminary rates. Imports that are produced and exported by Dongfang, San Fortune and Senda will not be subject to cash deposit requirements because the subsidy rate for these companies is *de minimis* which results in a preliminary negative determination for them.
- The petitioner for this investigation is the Coalition for Fair Trade of Hardwood Plywood. The members of the Coalition are: Columbia Forest Products (Greensboro, NC); Commonwealth Plywood Inc. (Whitehall, NY); Murphy Plywood (Eugene, OR); Roseburg Forest Products Co. (Roseburg and Dillard, OR); States Industries, Inc. (Eugene, OR); and Timber Products Company (Springfield, OR).

- The merchandise subject to this investigation is hardwood and decorative plywood.<sup>1</sup> Hardwood and decorative plywood is a flat panel composed of an assembly of two or more layers or plies of wood veneers in combination with a core. The veneers, along with the core, are glued or otherwise bonded together to form a finished product. A hardwood and decorative plywood panel must have face and back veneers which are composed of one or more species of hardwoods, softwoods, or bamboo. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2009.
- All hardwood and decorative plywood is included within the scope of this investigation, without regard to dimension (overall thickness, thickness of face veneer, thickness of back veneer, thickness of core, thickness of inner veneers, width, or length). However, the most common panel sizes of hardwood and decorative plywood are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048 mm (48 x 120 inches).
- A “veneer” is a thin slice of wood which is rotary cut, sliced or sawed from a log, bolt or flitch. The face veneer is the exposed veneer of a hardwood and decorative plywood product which is of a superior grade than that of the back veneer, which is the other exposed veneer of the product (i.e., as opposed to the inner veneers). When the two exposed veneers are of equal grade, either one can be considered the face or back veneer. For products that are entirely composed of veneer, such as Veneer Core Platforms, the exposed veneers are to be considered the face and back veneers, in accordance with the descriptions above.
- The core of hardwood and decorative plywood consists of the layer or layers of one or more material(s) that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to veneers, particleboard, and medium-density fiberboard (MDF).
- All hardwood and decorative plywood is included within the scope of this investigation regardless of whether or not the face and/or back veneers are surface coated, unless the surface coating obscures the grain, texture or markings of the wood. Examples of surface coatings which may not obscure the grain, texture or markings of the wood include, but are not limited to, ultra-violet light cured polyurethanes, oil or oil-modified or water based polyurethanes, wax, epoxy-ester finishes, and moisture-cured urethanes. Hardwood and decorative plywood that has face and/or back veneers which have an opaque surface coating which obscures the grain, texture or markings of the wood, are not included within the scope of this investigation. Examples of surface coatings which may not obscure the grain, texture or markings of wood include, but are not limited to, paper, aluminum, high pressure laminate (HPL), MDF, medium density overlay (MDO), and phenolic film). Additionally, the face veneer of hardwood and decorative plywood may be sanded, smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing. The face veneer may be stained.

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<sup>1</sup> In accordance with the preamble to Commerce’s regulations, a period of time was set aside in the October 24, 2012, Initiation Notice for parties to raise issues regarding product coverage, and encouraged all parties to submit comments. Commerce received numerous comments concerning the scope. On December 5, 2012, in response to comments Commerce received from CBP regarding the scope, Commerce clarified the scope and placed this clarification on the record, and provided interested parties an opportunity to comment. A number of comments were received on the revised scope. Commerce has since made a few additional clarifications to the scope issued on December 5, 2012, which are reflected in this fact sheet.

- The scope of the investigation excludes the following items: (1) structural plywood (also known as “industrial plywood” or “industrial panels”) that is manufactured and stamped to meet U.S. Products Standard PS 1-09 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), including but not limited to the “bond performance” requirements set forth at paragraph 5.8.6.4 of that Standard and the performance criteria detailed at Table 4 through 10 of that Standard; (2) products which have a face and back veneer of cork; (3) multilayered wood flooring, as described in the antidumping duty and countervailing duty orders on Multilayered Wood Flooring from the People’s Republic of China, Import Administration, International Trade Administration, U.S. Department of Commerce Investigation Nos. A-570-970 and C-570-971 (published December 8, 2011); (4) plywood which has a shape or design other than a flat panel.
- Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 4412.10.0500; 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5135; 4412.31.5155; 4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; and 4412.99.9000.
- In 2011, imports of hardwood and decorative plywood from China were valued at an estimated \$616.5 million.

#### **NEXT STEPS**

- There is a companion antidumping (AD) investigation on hardwood and decorative plywood. The preliminary determination in that investigation is due at the end of April 2013. Because the deadline for the final determination in the CVD investigation has been aligned with the deadline for the final determination in the AD investigation, the due date for both final determinations is currently scheduled for July 2013, but that date can be extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of hardwood and decorative plywood from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD and AD orders. If either Commerce or the ITC’s final determination is negative, no orders will be issued.

**PRELIMINARY SUBSIDY RATES:**

<b>EXPORTER/PRODUCER</b>	<b>RATE</b>
Linyi City Dongfang Jinxin Economic & Trade Co., Ltd.	0.28%*
Linyi San Fortune Wood Co., Ltd.	0.22%*
Shanghai Fancywood Inc. a/k/a Shanghai Senda Fancywood Industry Co.	0.65%*
Asia Dekor (Heyuan) Woods Co., Ltd.*	27.16%
Baishan Huafeng Wooden Product Co*	27.16%
China Friend Limited*	27.16%
Feixian Guangyuan Plywood Factory*	27.16%
Feixian Xinfeng Wood Co Ltd.*	27.16%
Huzhou Chen Hang Wood Co. Ltd.*	27.16%
Jiafeng Wood (Suzhou) Co., Ltd.*	27.16%
Linyi Guoxin Wood Co., Ltd.*	27.16%
Linyi Huayuan Wood Co., Ltd.*	27.16%
Linyi Sengong Wood Co., Ltd.*	27.16%
Lizhong Wood Industry Limited Co.*	27.16%
Shandong Lichen Group Co., Ltd.*	27.16%
Wellmade Floor Industries Co. Ltd.*	27.16%
Zhejiang Dadongwu GreenHome Wood Co.*	27.16%
Zhejiang Desheng Wood Industry Co., Ltd.*	27.16%
All Others	22.63%

\* *de minimis* = less than 1% for developed countries, less than 2% for developing countries.

**CASE CALENDAR:**

<b>EVENT</b>	<b>CVD INVESTIGATION</b>
<b>Petitions Filed</b>	<b>September 27, 2012</b>
<b>DOC Initiation Date</b>	<b>October 17, 2012</b>
<b>ITC Preliminary Determination</b>	<b>November 13, 2012</b>
<b>DOC Preliminary Determination</b>	<b>February 26, 2013</b>
<b>DOC Final Determination*</b>	<b>July 15, 2013</b>
<b>ITC Final Determination**</b>	<b>August 29, 2013</b>
<b>Issuance of Orders***</b>	<b>September 5, 2013</b>

NOTE: Commerce preliminary and final determination deadlines are governed by the statute. For CVD investigations, the deadline is set forth in section 705(a)(1) of the Tariff Act of 1930, as amended (the Act). For AD investigations, the deadline is set forth in section 735(a) of the Act. These deadlines may be extended under certain circumstances.

\* The Department, in accordance with 19 CFR 351.210(b)(4)(i) is aligning the final determination with the final determination in the companion AD investigation. The preliminary determination for the AD investigation is currently scheduled for April 29, 2013.

\*\*This will take place only in the event of final affirmative determinations from Commerce.

\*\*\*This will take place only in the event of final affirmative determinations from Commerce and the ITC.

**IMPORT STATISTICS:**

<b>CHINA</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Value (USD)</b>	<b>545,292,000</b>	<b>635,191,000</b>	<b>616,547,000</b>

Source: U.S. Bureau of Census, accessed through Global Trade Atlas. (HTSUS 4412.10.0500, 4412.31.0520, 4412.31.0540, 4412.31.0560, 4412.31.2510, 4412.31.2520, 4412.31.4040, 4412.31.4050, 4412.31.4060, 4412.31.4070, 4412.31.5135, 4412.31.5155, 4412.31.5165, 4412.31.5175, 4412.31.6000, 4412.31.9100, 4412.32.0520, 4412.32.0540, 4412.32.0560, 4412.32.2510, 4412.32.2520, 4412.32.3135, 4412.32.3155, 4412.32.3165, 4412.32.3175, 4412.32.3185, 4412.32.5600, 4412.39.1000, 4412.39.3000, 4412.39.4011, 4412.39.4012, 4412.39.4019, 4412.39.4031, 4412.39.4032, 4412.39.4039, 4412.39.4051, 4412.39.4052, 4412.39.4059, 4412.39.4061, 4412.39.4062, 4412.39.4069, 4412.39.5010, 4412.39.5030, 4412.39.5050, 4412.94.1030, 4412.94.1050, 4412.94.3111, 4412.94.3121, 4412.94.3131, 4412.94.3141, 4412.94.3160, 4412.94.3171, 4412.94.4100, 4412.94.6000, 4412.94.7000, 4412.94.8000, 4412.94.9000, 4412.99.0600, 4412.99.1020, 4412.99.1030, 4412.99.1040, 4412.99.3110, 4412.99.3120, 4412.99.3130, 4412.99.3140, 4412.99.3150, 4412.99.3160, 4412.99.3170, 4412.99.4100, 4412.99.5710, 4412.99.6000, 4412.99.7000, 4412.99.8000, and 4412.99.9000).

Some HTS subheadings are basket categories and may cover both subject and non-subject merchandise.

\*Volume could not be calculated, as imports of subject merchandise are reported in multiple units of measure.