

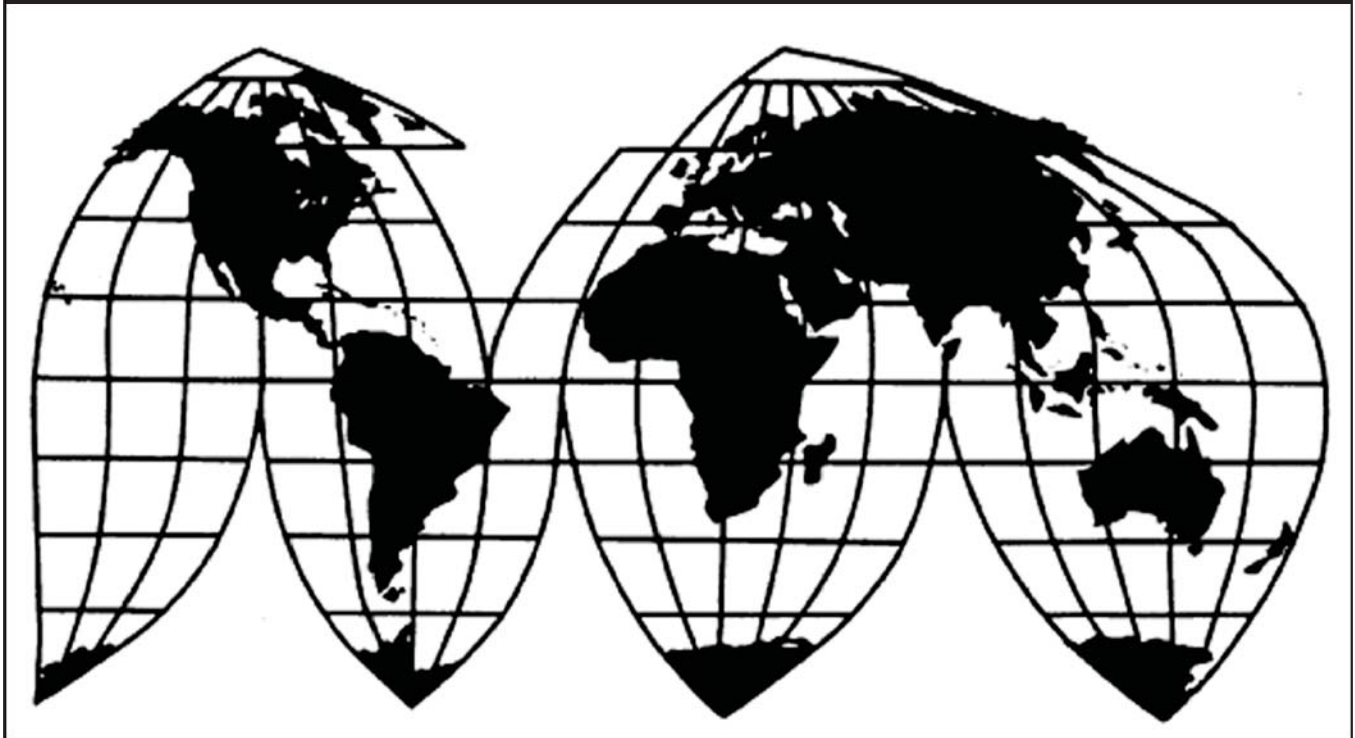
Wooden Bedroom Furniture from China

Investigation No. 731-TA-1058 (Second Review)

Publication 4665

January 2017

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1058 (Second Review)

Wooden Bedroom Furniture from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on November 2, 2015 (80 FR 67417) and determined on February 5, 2016 that it would conduct a full review (81 FR 8991, February 23, 2016). Notice of the scheduling of the Commission’s review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on July 8, 2016 (81 FR 44659). The hearing was held in Washington, DC, on November 10, 2016, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

² Commissioner Dean A. Pinkert did not participate in this review.

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on wooden bedroom furniture (“WBF”) from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹

I. Background

A. Original Investigation

The American Furniture Manufacturers Committee for Legal Trade (“AFMC”) (an association of domestic WBF producers), its individual members, and a labor union filed a petition seeking imposition of antidumping duties on WBF from China on October 31, 2003. In November 2004, the Commission determined that an industry in the United States was materially injured by reason of less than fair value (“LTFV”) imports of WBF from China,² and the U.S. Department of Commerce (“Commerce”) issued an antidumping duty order on January 4, 2005.³

B. The First Review

On December 1, 2009, the Commission instituted the first review of the antidumping duty order on WBF from China. Despite finding that the respondent interested party group response was inadequate, the Commission determined to conduct a full review because of changes in the relevant conditions of competition.⁴ On November 30, 2010, the Commission determined that revocation of the antidumping duty order on WBF from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States

¹ Commissioner Pinkert did not participate in this five-year review.

² *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Final), USITC Pub. 3743 (Dec. 2004) (“Original Determination, USITC Pub. 3743”); Confidential Determination (EDIS No. 221170). Neither the Commission’s original determination nor its first five-year review determination was appealed.

³ *Antidumping Duty Order: Wooden Bedroom Furniture from the People’s Republic of China*, 70 Fed. Reg. 329 (Jan. 4, 2005).

⁴ *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Review), USITC Pub. 4203 (Dec. 2004) (“First Review, USITC Pub. 4203”) at 3, Appendix A; Confidential Determination (EDIS No. 440402) at 3-4. The Commission stated it conducted “a full review due to (1) changes in the conditions of competition, including substantial increases in the ratio of imports to domestic production for several domestic producers, and (2) the fact that, in this fragmented industry, there is an indication that there will be participation in a full review by a not insignificant number of foreign producers and importers that are not also domestic producers.” *Id.*

within a reasonably foreseeable time.⁵ Commerce published notice of continuation of the antidumping duty order on WBF on December 30, 2010.⁶

C. The Current Review

On November 2, 2015, the Commission instituted this second five-year review of the antidumping duty order on WBF from China.⁷ AFMC and domestic producers Ashley Furniture Industries, Inc. and Vaughan-Bassett Furniture Company, Inc. responded to the notice of institution. Four subject producers in China and four importers of the subject merchandise also responded to the notice of institution.⁸ On February 5, 2016, the Commission found both the domestic interested party group response and the respondent interested party group response to be adequate, and it therefore determined to conduct a full review of the antidumping duty order.⁹

The Commission received joint prehearing and posthearing briefs from the AFMC and the Vaughan-Bassett Furniture Company, Inc. Representatives of both appeared at the Commission's hearing in support of continuation of the order and were accompanied by counsel.

U.S. industry data are based on the questionnaire responses of 21 U.S. producers believed to account for the majority of U.S. production of WBF in 2015.¹⁰ The Commission received questionnaire responses from 37 U.S. importers of WBF, which accounted for *** percent of subject imports from China in 2015.¹¹ Import data are based primarily on official Commerce import statistics.¹² Foreign industry data and related information are based on information from public sources and other information submitted in this review as well as the

⁵ First Review, USITC Pub. 4203, at 3.

⁶ *Wooden Bedroom Furniture from the People's Republic of China: Continuation of Antidumping Duty Order*, 75 Fed. Reg. 82373 (Dec. 30, 2010)

⁷ *Wooden Bedroom Furniture from the People's Republic of China; Institution of a Five-Year Review*, 80 Fed. Reg. 67417 (Nov. 2, 2015).

⁸ Confidential Report, INV-OO-118 (Dec. 15, 2016) ("CR"), Public Report, *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Second Review), USITC Pub. 4665 (Jan. 2017) ("PR") at Appendix A, *Explanation of Commission Determinations on Adequacy*. The following four producers in China responded to the notice of institution: Dorbest Limited (Rui Feng Woodwork Co., Ltd., Rui Feng Lumber Development Co., Ltd.); Guangdong Yihua Timber Industry Co., Ltd.; Zhangjiagang Daye Hotel Furniture Co., Ltd.; and Zhangzhou Guo Hui Industrial & Trade Co., Ltd. Importers Ashley Furniture Industries, Inc.; Hooker Furniture Corporation; and New Classic Home Furnishings Inc. also responded to the notice of institution. Ashley Furniture Industries, Inc.; Hooker Furniture Corporation; and Guangdong Yihua Timber Industry Co., Ltd. subsequently withdrew their requests for a full review. See CR/PR at I-1 n.2.

⁹ *Wooden Bedroom Furniture from China; Notice of Commission Determination To Conduct a Full Five-Year Review*, 81 Fed. Reg. 8991, (Feb. 23, 2016).

¹⁰ CR at I-6, PR at I-5.

¹¹ CR/PR at IV-1.

¹² CR/PR at Table IV-1.

questionnaire responses of ten producers and exporters of WBF in China accounting for *** percent of exports of WBF from China to the United States in 2015.¹³

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”¹⁴ 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 under this subtitle.”¹⁵ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹⁶

Commerce has defined the imported merchandise within the scope of the order under review as follows:

Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, or bedrooms, in which all of the individual pieces are of approximately the same style and approximately the same material and/or finish. The subject merchandise is made substantially of wood products, including both solid wood and also engineered wood products made from wood particles, fibers, or other wooden materials such as plywood, strand board, particle board, and fiberboard, with or without wood veneers, wood overlays, or laminates, with or without non-wood components or trim such as metal, marble, leather, glass, plastic, or other resins, and whether or not assembled, completed, or finished.

The subject merchandise includes the following items: (1) wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side rails), wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds; (3) night tables, night stands, dressers, commodes,

¹³ CR at I-7, PR at I-5.

¹⁴ 19 U.S.C. § 1677(4)(A).

¹⁵ 19 U.S.C. § 1677(10); *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); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁶ *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

bureaus, mule chests, gentlemen's chests, bachelor's chests, lingerie chests, wardrobes, vanities, chessers, chifforobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are attached to, incorporated in, sit on, or hang over the dresser; (5) chests-on-chests, highboys, lowboys, chests of drawers, chests, door chests, chiffoniers, hutches, and armoires; (6) desks, computer stands, filing cabinets, book cases, or writing tables that are attached to or incorporated in the subject merchandise; and (7) other bedroom furniture consistent with the above list.

The scope of the order excludes the following items: (1) seats, chairs, benches, couches, sofas, sofa beds, stools, and other seating furniture; (2) mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames; (3) office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases; (4) dining room or kitchen furniture such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches; (5) other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems; (6) bedroom furniture made primarily of wicker, cane, osier, bamboo or rattan; (7) side rails for beds made of metal if sold separately from the headboard and footboard; (8) bedroom furniture in which bentwood parts predominate; (9) jewelry armories; (10) cheval mirrors; (11) certain metal parts; (12) mirrors that do not attach to, incorporate in, sit on, or hang over a dresser if they are not designed and marketed to be sold in conjunction with a dresser as part of a dresser-mirror set; (13) upholstered beds; and (14) toy boxes. Also excluded from the scope are certain enclosable wall bed units, also referred to as murphy beds, which are composed of the following three major sections: (1) A metal wall frame, which attaches to the wall and uses coils or pistons to support the metal mattress frame; (2) a metal frame, which has euro slats for supporting a mattress and two legs that pivot; and (3) wood panels, which attach to the metal wall frame and/or the metal mattress frame to form a cabinet to enclose the wall bed when not in use. Excluded enclosable wall bed units are imported in ready-to-assemble format with all parts necessary for assembly. Enclosable wall bed units do not include a mattress. Wood panels of enclosable wall bed units, when imported separately, remain subject to the order.

Also excluded from the scope are certain shoe cabinets 31.5-33.5 inches wide by 15.5-17.5 inches deep by 34.5-36.5 inches high. They are designed strictly to store shoes, which are intended to be aligned in rows perpendicular to the wall along which the cabinet is positioned. Shoe cabinets do not have drawers, rods, or other indicia for the storage of clothing other than shoes. The cabinets are not designed, manufactured, or offered for sale in coordinated groups or sets and are made substantially of wood, have two to four shelves inside them, and are covered by doors. The doors often have blinds that are designed to allow air circulation and release of bad odors. The doors themselves may be made of wood or glass. The depth of the shelves does not exceed 14 inches. Each shoe cabinet has doors, adjustable shelving, and ventilation holes.

Also excluded from the scope are certain bed bases consisting of: (1) A wooden box frame, (2) three wooden cross beams and one perpendicular center wooden support beam, and (3) wooden slats over the beams. These bed bases are constructed without inner springs and/or coils and do not include a headboard, footboard, side rails, or mattress. The bed bases are imported unassembled.

Imports of subject merchandise are classified under subheadings 9403.50.9042 and 9403.50.9045 of the HTSUS as “wooden . . . beds” and under subheading 9403.50.9080 of the HTSUS as “other . . . wooden furniture of a kind used in the bedroom.” In addition, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds may also be entered under subheading 9403.50.9042 or 9403.50.9045 of the HTSUS as “parts of wood.” Subject merchandise may also be entered under subheadings 9403.50.9041, 9403.60.8081, 9403.20.0018, or 9403.90.8041. Further, framed glass mirrors may be entered under subheading 7009.92.1000 or 7009.92.5000 of the HTSUS as “glass mirrors . . . framed.” The order covers all wooden bedroom furniture meeting the above description, regardless of tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.¹⁷

Since the issuance of the antidumping duty order on January 4, 2005, Commerce has issued 18 scope rulings with respect to the order covering WBF in which it found that certain products were not within the scope of the order.¹⁸ Commerce incorporated the scope rulings into the scope language and updated the HTS numbers to reflect changes to the HTS.¹⁹

WBF is wooden furniture designed and manufactured for use in the bedroom. It includes items such as beds, nightstands, chests, armoires, and dressers with mirrors.²⁰ WBF is generally, but not exclusively, designed and manufactured in coordinated groups, commonly called bedroom suites, in which all of the individual pieces share the same basic design, raw materials, construction, and finish. At a minimum, a suite includes a bed frame, chest of drawers, and a night stand.²¹ However, the specific furniture in a suite can differ in different regions of the United States.²²

¹⁷ *Issues and Decision Memorandum for the Expedited Second Sunset Review of the Antidumping Duty Order on Wooden Bedroom Furniture from the People's Republic of China* (March 2, 2016) at 2-5. Several footnotes to the scope definition further describing the discrete types of furniture items included in or excluded from the scope have been omitted.

¹⁸ CR at I-12, PR at I-9.

¹⁹ CR at I-12, I-18, PR at I-9, I-15.

²⁰ CR at I-19, PR at I-15.

²¹ CR at I-19, PR at I-15.

²² CR at I-19, PR at I-15.

1. The Original Investigation and First Five-Year Review

In the original investigation, the Commission found that all WBF constituted one domestic like product, coextensive with the scope of the investigation. The Commission considered one like product issue, namely whether “joinery” WBF – in which no fasteners, such as nails or screws, are used in the construction of the furniture – should be considered a different domestic like product than other types of WBF. It found that, while there may be some physical and production differences between joinery and non-joinery WBF, they were not significant enough to warrant finding that joinery and non-joinery furniture are different domestic like products.²³

In the first review of the antidumping duty order, the Commission found no new information that warranted revisiting the domestic like product definition from the original determination. It also observed that no party had argued that the Commission should depart from that definition. Accordingly, it again defined one domestic like product that encompasses WBF and that was coextensive with the scope of the order under review.²⁴

2. The Current Review

In this review, there is no new information that would suggest any reason to revisit the domestic like product definition from the original investigation.²⁵ The AFMC agrees with the domestic like product definition from the original investigation and first review.²⁶ Accordingly, we again define a single domestic like product consisting of all WBF, coterminous with Commerce’s scope.

B. Domestic Industry

Section 771(4)(A) of the Tariff Act defines the relevant industry 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.”²⁷ 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.

²³ Original Determination, USITC Pub. 3743, at 8-9.

²⁴ First Review, USITC Pub. 4203, at 6.

²⁵ See *generally* CR at I-15 to I-25, PR at I-12 to I-19.

²⁶ AFMC’s Response to Notice of Institution at 30. AFMC reserved the right to reconsider its position during the investigation, but it did not address the issue in either of its briefs to the Commission.

²⁷ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

The only domestic industry issue in this review concerns whether appropriate circumstances exist to exclude any producer from the domestic industry as a related party 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.²⁸ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.²⁹

1. The Original Investigation and First Five-Year Review

In its original determination, the Commission defined the domestic industry as all U.S. producers of WBF. The Commission considered, and rejected, petitioners' arguments that it should exclude *** from the domestic industry as related parties under section 771(4)(B) of the Act.³⁰

In the first review of the antidumping duty order, the Commission considered 20 related parties that imported subject merchandise and determined to exclude *** of these firms from the domestic industry as related parties.³¹

²⁸ See *Torrington Co v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd mem.*, 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).

²⁹ 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*, 790 F. Supp. at 1168.

³⁰ Original Determination, USITC Pub. 3743, at 11-13; Confidential Determination at 14-18.

³¹ The Commission first considered *** related parties that each shipped more domestically produced WBF than it imported from China in almost all years of the period of review. The Commission found that the primary interest of each of these firms was in domestic production rather than importation, and the Commission did not find appropriate circumstances to exclude the producers from the industry as related parties. First Review, USITC Pub. 4203, at 7-8; Confidential Determination at 10-11. For *** other domestic producers (***), however, the Commission found that each producer's imports exceeded its domestic production during most years of the period of review. It therefore found that each producer's primary interest was in importation of the subject merchandise and that (Continued...)

2. The Current Review

In the current five-year review, seven domestic producers are related parties because they imported the subject merchandise during the period of review.³² No party argues for the exclusion of any firm as a related party, and we determine that appropriate circumstances do not exist to exclude any firm from the domestic industry as a related party.³³

***, ***, the *** domestic producer, accounted for *** percent of domestic WBF production during 2015.³⁴ The ratio of the value of its imports of subject merchandise to the value of its U.S. shipments of domestic product remained low throughout the January 2013-June 2016 period of review, falling from *** percent in 2013 to *** percent in 2014, and then to *** percent in 2015 and January-June (“interim”) 2016.³⁵ The low and declining ratio of the

(...Continued)

appropriate circumstance existed to exclude these *** domestic producers from the definition of the domestic industry. First Review, USITC Pub. 4203, at 9-10. Vice Chairman Williamson and Commission Lane found that appropriate circumstances did not exist to exclude the *** related parties. See First Review, USITC Pub. 4203, at 9 n.40.

In its analysis, the Commission considered the value of shipments and imports rather than quantity. It stated that “{n}ormally, in this analysis, imports are compared to domestic production, not domestic shipments. But, because of the predominant use of value data in this review, the ratio was calculated based on shipments (for which value data were available) and not domestic production (for which value data were not available).” First Review, USITC Pub. 4203, at 7-8 n.31.

The Commission also examined the information concerning *** producers that had corporate relationships with Chinese exporters or U.S. importers of the subject merchandise to assess whether any of these producers should be excluded from the industry as a related party. It found no evidence that any of these producers derived any significant financial benefit by virtue of their relationships with Chinese exporters or U.S. importers, or that there was any other basis for exclusion. Accordingly, the Commission did not find that appropriate circumstances existed to exclude these producers from the domestic industry. First Review, USITC Pub. 4203, at 10.

³² CR at I-27, PR at I-21. One of these related parties, ***, also is a related party because it shares common control with an importer of subject merchandise. CR/PR at Table I-4 n.8.

³³ AFMC did not take a position with respect to whether any related parties should be excluded. AFMC’s Posthearing Brief, Answers to Questions at 11.

³⁴ CR/PR at Table I-4.

³⁵ See CR/PR at Table III-7. The ratio also was low and declining on a quantity (pieces) basis. *Id.* The Commission relied primarily on value-based indicators in the original investigation and first review due to unavailability of quantity data. First Review, USITC Pub. 4203, at 7-8 n.31; Original Investigation, USITC Pub. 3743 at 14 n.108. Although data are available for some quantity indicators in this review, see CR/PR at Table III-7, we rely primarily on value-based indicators. In proceedings such as this, which involve a large grouping of items differing greatly in size, characteristics, and price, we have relied primarily on value-based indicators. See, e.g., *Diamond Sawblades and Parts Thereof from China*, Inv. No. 731-TA-1092 (Review), USITC Pub. 4559 at 12 n.64 (Sept. 2015); *Certain Iron Mechanical Transfer Drive Components from Canada and China*, Inv. Nos. 701-TA-550 and 731-TA-1304 to 1305 (Final), USITC Pub. at 19 n.73, 36 & n.190 (Dec. 2016). We are mindful of the limitations of using value rather than quantity measures, such as the difficulty in determining whether changes in value are caused by changes in product mix or price, so we also considered quantity data based on pieces, where appropriate.

value of imports to its U.S. shipments indicates that its primary interest remained in domestic production. *** takes no position on continuation of the order.³⁶ Because it *** of the industry and its primary interest is in domestic production, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

***. *** is a very small producer, accounting for *** percent of domestic production of WBF during 2015.³⁷ It is a related party because it imported *** pieces of WBF during 2013,³⁸ when its ratio of subject imports (on a value basis) to its U.S. shipments (of domestic product) peaked at *** percent.³⁹ The small size of its imports relative to its U.S. shipments and the infrequency of its imports indicate that its primary interest was in domestic production.⁴⁰ *** supports continuation of the order.⁴¹ Because its imports were minimal and its primary interest was in domestic production, we find that appropriate circumstances do not exist to exclude *** from the definition of the domestic industry.

***. The record indicates that these five producers arguably have a substantial interest in importing subject merchandise as well as producing WBF. For ***, the value of their subject imports exceeded the value of their U.S. shipments of domestic production throughout the period of review (2013-2015 and January-June 2016).⁴² For ***, the value of their U.S. shipments of domestic production exceeded the value of their subject imports during much or all of the period of review.⁴³ *** oppose continuation of the order, *** supports continuation of the order, and *** takes no position.⁴⁴

While their interest in importing may suggest that exclusion of these related parties is appropriate, no party has urged exclusion of any related party from the definition of the domestic industry. Further, each of these five domestic producers is very small relative to the domestic WBF producers as a whole. The largest of the five producers is *** which accounted for *** percent of domestic production of WBF during 2015; all five of these related parties together accounted for less than *** percent of domestic production of WBF during 2015.⁴⁵ Therefore, inclusion or exclusion of these parties would have minimal effect on the domestic industry's trade or financial data. Given these considerations, and in particular the absence of any argument concerning these related parties, we find that appropriate circumstances do not exist to exclude any of these five firms from the domestic industry as a related party.

³⁶ CR/PR at Table I-4.

³⁷ CR/PR at Table I-4.

³⁸ See CR/PR at Table III-7.

³⁹ CR/PR at Table III-7. The ratio also was low on a quantity (pieces) basis. *Id.*

⁴⁰ See CR/PR at Table III-7.

⁴¹ CR/PR at Table I-4.

⁴² When considered on a quantity basis, all five of these related parties' imports of subject merchandise generally exceeded their domestic production in each period in which they imported during the January 2013 to June 2016 period of review. See CR/PR at Table III-7.

⁴³ See CR/PR at Table III-7.

⁴⁴ CR/PR at Table I-4. The five related parties offered varied explanations concerning their reasons for importing the subject merchandise, stating that they import to ***. See CR/PR at Table III-6.

⁴⁵ See CR/PR at Table I-4. ***. CR/PR at Tables III-1 and III-6.

For the above reasons, we find that appropriate circumstances do not exist to exclude any related parties from the domestic industry, and we define the domestic industry as all domestic producers of WBF.

III. Whether Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁴⁶ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the *status quo* – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁴⁷ Thus, the likelihood standard is prospective in nature.⁴⁸ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.⁴⁹

⁴⁶ 19 U.S.C. § 1675a(a).

⁴⁷ SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

⁴⁸ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁴⁹ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁵⁰ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”⁵¹

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁵² It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁵³ The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.⁵⁴

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.⁵⁵ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.⁵⁶

⁵⁰ 19 U.S.C. § 1675a(a)(5).

⁵¹ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

⁵² 19 U.S.C. § 1675a(a)(1).

⁵³ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning WBF from China. CR at I-10 n.16, PR at I-8 n.16.

⁵⁴ 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

⁵⁵ 19 U.S.C. § 1675a(a)(2).

⁵⁶ 19 U.S.C. § 1675a(a)(2)(A-D).

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁵⁷

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁵⁸ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.⁵⁹

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶⁰

The conditions of competition the Commission identified in the original investigation and first review generally continued into the current period of review. We have identified several additional conditions of competition that inform our determination.

⁵⁷ See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

⁵⁸ 19 U.S.C. § 1675a(a)(4).

⁵⁹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

⁶⁰ 19 U.S.C. § 1675a(a)(4).

1. Demand Conditions

In its original determination, the Commission observed that demand for WBF was affected by changes in the housing market, consumer tastes, personal income levels, and demographics, and it stated that demand was only moderately responsive to changes in price. Apparent U.S. consumption of WBF grew during the period of investigation January 2001-June 2004 (“POI”), increasing by 13.2 percent between 2001 and 2003.⁶¹

In the first review of the antidumping duty order, the Commission found that demand for WBF was closely tied to conditions in the housing market and was also affected by consumer confidence and consumer access to credit. Apparent U.S. consumption of WBF fluctuated, but fell overall during the period of review from \$4.7 billion in 2004 to \$3.4 billion in 2009. The Commission stated that any improvement in WBF demand in the reasonably foreseeable future was likely to be modest.⁶²

During the current review period, apparent U.S. consumption increased *** percent, rising from \$*** billion in 2013 to \$*** billion in 2015.⁶³ Although apparent U.S. consumption is higher than during the first review, it remains below the level of the original investigation.⁶⁴ Housing starts, a key indicator of future demand for WBF, also remain below the levels of the original investigation.⁶⁵ For the most part, market participants anticipate that demand for WBF will continue to recover to some extent. They generally expect demand to increase, stay the same, or fluctuate rather than decrease.⁶⁶

2. Supply Conditions

In its original determination, the Commission noted that there were more than 50 domestic firms reporting production of WBF during the POI. It found that the domestic WBF industry was a high variable-cost industry, that is, an industry in which unit raw materials, labor, and other variable costs are high relative to unit fixed costs. The Commission explained that an industry with such a cost structure can be expected to respond to changes in demand for its products by reducing capacity, production, and employment levels.⁶⁷ Nonsubject imports maintained a substantial but stable presence in the U.S. market during the POI.⁶⁸ The domestic industry was responsible for a substantial but stable percentage of the subject imports during the POI; its imports accounted for between 33.3 percent and 36.0 percent of the subject

⁶¹ Original Determination, USITC Pub. 3743, at 14.

⁶² First Review, USITC Pub. 4203, at 14.

⁶³ CR/PR at Table I-7. Apparent U.S. consumption was \$*** billion in interim 2015 and interim 2016. *Id.*

⁶⁴ See CR/PR at Table I-1.

⁶⁵ CR at II-21, PR at II-12.

⁶⁶ See CR/PR at Table II-3.

⁶⁷ Original Determination, USITC Pub. 3743, at 17.

⁶⁸ Original Determination, USITC Pub. 3743, at 16-18.

merchandise (measured by value) imported during the POI. Subject imports accounted for an increasing portion of the domestic industry's total shipments during the POI.⁶⁹

In the first review, the Commission observed that 57 domestic producers provided information on their production during the period of review, and the five largest producers accounted for approximately 70 percent of domestic production in 2009. Although there were several openings of new plants, or re-openings of existing plants during the period of review, a much larger number of plants were closed and the domestic industry's capacity generally fell.⁷⁰

Subject imports' share of the U.S. market declined irregularly over the first period of review. Nonsubject imports increased their market share, and by the end of the period, Vietnam had become the most significant nonsubject supplier of WBF to the U.S. market.⁷¹

During the current period of review, the domestic industry's share of apparent U.S. consumption fell from *** percent in 2013 to *** percent in 2014 and then increased slightly to *** in 2015.⁷² Several firms have exited the wooden bedroom furniture industry during the period. Wright Table Co. and Vaughan Furniture both ceased operations in 2015 while Higdon Furniture and Mobel and Lea Furniture stopped producing WBF during 2014.⁷³ Craftique Furniture, Thornwood Manufacturing, Crawford Furniture Manufacturing, Vermont Tubbs, Brown Street Furniture, and Linwood Furniture also stopped producing WBF during the period.⁷⁴ Despite these firms exiting the industry, the domestic industry increased its capacity over the period from 8.9 million pieces of WBF in 2013 to 9.8 million pieces in 2015.⁷⁵

Subject imports decreased their presence in the U.S. market during the current period of review; their share of apparent U.S. consumption decreased from *** percent in 2013 to *** percent in 2014 and *** percent in 2015.⁷⁶ Nonsubject imports were the largest source of WBF in the U.S. market during the period; their share of apparent U.S. consumption increased from *** percent in 2013 to *** percent in 2014 and *** in 2015.⁷⁷ The largest nonsubject source of

⁶⁹ Original Determination, USITC Pub. 3743, at 17.

⁷⁰ First Review, USITC Pub. 4203, at 14.

⁷¹ First Review, USITC Pub. 4203, at 15.

⁷² CR/PR at Table I-7. The domestic industry's market share was *** percent in interim 2015 and *** percent in interim 2016. *Id.*

⁷³ CR/PR at III-1.

⁷⁴ CR/PR at III-1 to III-2.

⁷⁵ CR/PR at Table III-2. The domestic industry's capacity in interim 2016 was also higher than in interim 2015. *Id.*

⁷⁶ CR/PR at Table I-7. Subject imports' market share was *** percent in interim 2015 and *** percent in interim 2016. *Id.* Imports from nonsubject suppliers in China fell from *** percent of apparent U.S. consumption in 2013 to *** percent in 2014 and *** percent in 2015. *Id.* Their market share was *** percent in interim 2015 and *** percent in interim 2016. *Id.*

⁷⁷ CR/PR at Table I-7. Nonsubject imports' market share was *** percent in interim 2015 and *** percent in interim 2016. *Id.*

WBF imports during the period of review was Vietnam, although there were also imports of WBF from Indonesia, Malaysia, and Canada.⁷⁸

3. Substitutability

In the original investigation, the record indicated that there was a moderate to high degree of substitutability between the domestic like product and the subject imports, and that price was an important factor in purchasing decisions.⁷⁹ The Commission observed that most WBF was sold by producers and importers to furniture retailers in the U.S. market, with smaller amounts being sold to hospitality/institutional firms, distributors, and other firms in the market.⁸⁰

In the first review, the Commission found that there was a moderately high degree of substitutability between the domestic like product and imported WBF. Purchasers generally agreed that the market for WBF contained three tiers of quality or pricing levels, but there was no consistent definition among purchasers of the furniture quality or pricing that characterized the tiers. Further, the record indicated that the subject imports competed with the domestic like product in all price ranges or tiers of the market.⁸¹

The record in the current review indicates that there is a moderate to high degree of substitutability between domestically produced WBF and subject imports.⁸² The majority of domestic producers, importers, and purchasers reported that WBF from the United States and China were always or frequently interchangeable.⁸³

The vast majority of responding purchasers indicated that price, availability, product consistency, reliability, and quality were the most important factors considered in purchasing decisions.⁸⁴ Price was cited most frequently as a top factor in purchasing decisions.⁸⁵ Because virtually all responding purchasers reported that WBF from the United States and China always or usually met minimum quality specifications,⁸⁶ we find that price plays an important role in purchasing decisions.

⁷⁸ CR at II-16, PR at II-9. Domestic producers accounted for *** percent of the nonsubject imports from Vietnam during 2015. *See* CR/PR at Table I-6.

⁷⁹ Original Determination, USITC Pub. 3743, at 15-16.

⁸⁰ Original Determination, USITC Pub. 3743, at 15.

⁸¹ First Review, USITC Pub. 4203, at 15.

⁸² CR at II-26, PR at II-16.

⁸³ CR/PR at Table II-9.

⁸⁴ CR/PR at Table II-6.

⁸⁵ CR at II-28, PR at II-17; CR/PR at Table II-5.

⁸⁶ CR/PR at Table II-10.

C. Likely Volume of Subject Imports

1. The Original Investigation and First Five-Year Review

In its original determination, the Commission found that the volume of subject imports increased rapidly and consistently during the POI, both in absolute terms and relative to production and consumption in the United States. The Commission found that the volume and increase in volume of subject imports, both in absolute terms and relative to production and consumption in the United States, were significant. The Commission considered, and rejected, arguments that the domestic industry was itself primarily responsible for the increases in subject import volumes during the POI and that an increased supply of moderately priced subject WBF had increased overall demand in the market.⁸⁷

In the first review, the Commission identified several factors indicating that revocation of the order would lead to a significant volume of subject imports. Despite the antidumping duty order, subject imports maintained a significant presence in the U.S. market over the period of review. The Commission also found that there was significant and growing WBF production capacity in China and that the industry in China was export oriented. The record contained ample evidence showing that China had a very large WBF industry capable of expanding its exports rapidly.⁸⁸ The Commission rejected the argument that growing home market demand in China would lead to a reduction in exports of WBF to the United States.⁸⁹

2. The Current Five-Year Review

In the current review, subject imports maintained a presence in the U.S. market, although the volume of subject imports decreased from \$*** million in 2013 to \$*** million in 2014 and \$*** million in 2015.⁹⁰ Subject imports accounted for *** percent of apparent U.S. consumption in 2013, *** percent in 2014, and *** percent in 2015.⁹¹

The Commission received responses to the Commission's questionnaires from only a tiny fraction of the industry in China producing WBF. The Commission issued questionnaires to 121 WBF producers or exporters in China. The ten producers/exporters that responded to the Commission's questionnaires accounted for *** percent of exports from China to the United States during 2015.⁹² However, their reported exports for 2015 accounted for less than *** percent of all exports of WBF from China during 2015.⁹³ Consequently, in addition to the

⁸⁷ Original Determination, USITC Pub. 3743, at 18-20.

⁸⁸ First Review, USITC Pub. 4203, at 18-19.

⁸⁹ First Review, USITC Pub. 4203, at 20.

⁹⁰ CR/PR at Table IV-1. Subject imports were \$*** million in interim 2015 and \$*** million in interim 2016. *Id.*

⁹¹ CR/PR at Table I-7. Subject imports' market share was *** percent in interim 2015 and *** percent in interim 2016. *Id.*

⁹² CR at IV-7, PR at IV-5.

⁹³ See also AFMC's Prehearing Brief at 8-9.

information provided in questionnaires, we have used public data sources and un rebutted information about the Chinese industry provided by the AFMC to assess the subject industry in China.

We find that, in the event of revocation of the antidumping duty order, the volume of subject imports from China is likely to be significant. Information provided by the AFMC indicates that there is substantial and growing production capacity in China. Although precise figures concerning the size of the WBF industry in China are unavailable, the available information indicates that the wooden furniture industry (including firms producing non-bedroom furniture) in China is enormous, consisting of approximately 80,000 mills employing 5 million workers.⁹⁴ The volume of exports of WBF from China also indicates that the industry is very large relative to the U.S. market.⁹⁵

The WBF industry in China also continues to add to its capacity. The questionnaire response of *** pieces of WBF.⁹⁶ The AFMC has identified information in the Chinese press indicating that other subject producers are adding large volumes of additional capacity. For example, three Chinese producers, Bake Zhuangyuan Furniture Co., Ltd., Chifeng Baidian Furniture Co., Ltd., and Fugong Maoyuan Commercial & Trading Co., Ltd., have plans to or have already started production of WBF at new facilities.⁹⁷

The Chinese industry also possesses significant excess capacity to produce WBF. The ten responding producers reported excess capacity of *** pieces in 2015.⁹⁸ The AFMC estimates that total unused capacity in China was *** pieces.⁹⁹ This is more than *** times the domestic industry's production of 7.7 million pieces of WBF during 2015.¹⁰⁰

Subject producers in China reported producing other wooden furniture on the same machinery that they use to produce WBF, and seven of the ten responding Chinese firms indicated that they can switch from other products to the production of WBF.¹⁰¹ Inventories in China are also a potential source of increased subject imports.¹⁰²

The export orientation of the industry in China producing WBF is apparent from the public data and information provided by the responding producers in China in their questionnaire responses. Global Trade Atlas data show that exports of WBF from China increased each year from 2013 to 2015, rising from \$3.0 billion in 2013 to \$4.5 billion in 2015.¹⁰³ The questionnaire data show that the home market accounts for a very small portion of

⁹⁴ AFMC's Prehearing Brief at 16 & Exhibit 6.

⁹⁵ See CR/PR at Tables I-7 and IV-8 (exports from China were more than twice apparent U.S. consumption in 2015).

⁹⁶ AFMC's Prehearing Brief at 32.

⁹⁷ AFMC's Prehearing Brief at 36.

⁹⁸ CR/PR at Table IV-7.

⁹⁹ See AFMC's Prehearing Brief at 29.

¹⁰⁰ See CR/PR at Table III-3.

¹⁰¹ CR at IV-11, PR at IV-7.

¹⁰² At the end of the period of review, the 10 responding Chinese producers had *** pieces of WBF in inventory. CR/PR at Table IV-6.

¹⁰³ CR/PR at Table IV-8.

shipments of WBF, under *** percent throughout the period of review.¹⁰⁴ Indeed, the responding firms relied heavily upon the United States as a market for their shipments despite the existence of the antidumping duty order.¹⁰⁵

China was the largest source of U.S. imports of WBF prior to the imposition of the antidumping duty order, and it is currently the source of over 60 percent of U.S. imports of non-bedroom wooden furniture.¹⁰⁶ The Chinese producers' continued interest in the U.S. market is clear, and they have purchasers and distributors already in place that could facilitate the increased marketing and distribution of subject imports in the U.S. market if the order were revoked.

Subject producers' interest in the U.S. market is also demonstrated by the specific instances identified by AFMC in which the Department of Justice confirmed schemes to evade dumping duties on WBF, and multiple other instances where Commerce officials reportedly have provided additional information to U.S. Customs and Border Protection to support further independent investigations.¹⁰⁷ AFMC also has identified governmental programs in China that it argues encourage the production and export of wooden furniture.¹⁰⁸ Weakening demand in third-country markets for wooden furniture, such as Japan, also makes it more likely that subject producers in China would seek to expand their exports to the United States of WBF should the antidumping duty order be revoked.¹⁰⁹

Accordingly, based on subject producers' behavior during the original investigation, subject imports' continued presence in the U.S. market, information available regarding the subject producers' substantial and growing production capacity and unused capacity, and their export orientation and the apparent attractiveness of the U.S. market, we find that the likely volume of subject imports, in absolute terms and relative to both U.S. production and consumption, would be significant in the event of revocation.

D. Likely Price Effects

1. The Original Investigation and First Five-Year Review

In the original determination, the Commission found the quarterly price comparison data showed consistent and substantial underselling by the subject imports throughout the period of investigation, and that the margins of underselling were large. The record also

¹⁰⁴ See CR/PR at Table IV-6.

¹⁰⁵ See CR/PR at Table IV-6. For instance, in 2015, *** percent of their shipments were to the United States.

¹⁰⁶ AFMC's Posthearing Brief at 3-4.

¹⁰⁷ AFMC's Prehearing Brief at 47-50. According to the domestic industry's witnesses, a common scheme is for Chinese producer/exporters subject to high duty rates to fraudulently use invoices from companies with lower rates. Tr. at 91 (Bassett).

¹⁰⁸ AFMC's Prehearing Brief at 50-53.

¹⁰⁹ AFMC's Prehearing Brief at 38. There are no known antidumping or countervailing duty orders in third-country markets involving WBF from China. CR at IV-12, PR at IV-8.

showed that subject imports depressed and suppressed domestic prices to a significant degree. The Commission noted that the significant and consistent underselling by subject imports caused a significant shift in purchases from the domestic merchandise to the subject imports. Thus, the subject import underselling not only had a significant effect on the domestic industry's prices but on its sales volumes and market share as well.¹¹⁰

In the first review, the Commission found that, even with the order in place, subject imports' underselling remained significant during the period of review as subject imports undersold the domestic like product in a majority of quarterly comparisons. In view of the finding that subject import volume would be likely to increase, the moderately high degree of substitutability between subject imports and the domestic like product, the importance of price in purchasing decisions, and the significance of subject import underselling even with the antidumping duty order in place, the Commission found that subject import underselling would likely intensify after revocation of the order, as subject foreign producers would seek to increase their penetration of the U.S. market, in competition with domestically produced WBF and nonsubject imports. It concluded that the significant underselling after revocation would likely result in the depression or suppression of domestic like product prices to a significant degree.¹¹¹

2. The Current Five-Year Review

As described above, the record in the current review indicates that there is a moderate to high degree of substitutability between imports from the China and the domestic like product and that price plays an important role in purchasing decisions.

The record contains limited pricing comparisons of the domestic like product and subject imports from China.¹¹² However, in cases involving a wide range of differentiated products such as WBF, it is expected that pricing data coverage will not be extensive.¹¹³ Further, the data are consistent with our findings in both the original investigation and first review and with other evidence in the record that subject imports are sold or offered for sale at lower prices than the domestic like product.¹¹⁴

The pricing data indicate that subject imports from China undersold the domestic like product in 56 of 123 quarterly price comparisons by margins ranging from 1.1 percent to 66.8

¹¹⁰ Original Determination, USITC Pub. 3743, at 21-22.

¹¹¹ First Review, USITC Pub. 4203, at 21-22.

¹¹² The Commission collected pricing data on fourteen component parts (*i.e.*, beds, nightstands, dressers, and mirrors) of different styles of WBF suites. See CR at V-9 to V-11, PR at V-5 to V-8. Seven U.S. producers and eight importers provided usable pricing data for sales of the requested products. Pricing data reported by these firms accounted for approximately 0.9 percent of U.S. producers' shipments of WBF and 2.9 percent of U.S. shipments of subject imports from China in 2015 (by value). CR at V-13, PR at V-9.

¹¹³ See, *e.g.*, *Kern-Liebers USA, Inc. v. United States*, 19 CIT 87, 114-15 (1995).

¹¹⁴ Nine of 12 purchasers described the prices of the domestic product as inferior to (or lower priced than) subject imports. CR/PR at Table II-8.

percent.¹¹⁵ Both on a quantity and value basis, over 80 percent of the reported subject import volume was involved in quarters of underselling, despite the antidumping duty order.¹¹⁶

In view of our finding of a likely significant volume of subject imports, the interchangeability between subject imports and the domestic like product, the importance of price in purchasing decisions, and the history of underselling by the subject imports, we find that upon revocation of the order, subject producers would likely significantly undersell the domestic like product to gain market share as they did during the original investigation. This underselling would likely result in significant price effects, as domestic producers would be forced either to cut prices or risk losing sales to subject import competition.

We consequently find that absent the disciplining effects of the order, significant volumes of subject imports from China would likely significantly undersell the domestic like product to gain market share and likely would have significant depressing and/or suppressing effects on prices of the domestic like product.

E. Likely Impact

1. The Original Investigation and First Five-Year Review

In its original determination, the Commission found that, as lower-priced subject imports entered the market in increasing volumes, the domestic industry experienced substantial declines in almost all of its trade and financial indicia, even during a period of growing apparent U.S. consumption. Gains in market share by subject imports were matched almost entirely by losses in market share by the domestic industry. The domestic industry experienced significant declines in its capacity, production, capacity utilization, domestic shipments, net sales values and quantities, employment levels, operating income, operating income margins, and capital investment. Because of its relatively high variable costs, the industry responded to subject imports primarily by reducing its capacity, production, and employment levels. The Commission concluded that subject imports adversely affected the performance of the domestic industry during the POI.¹¹⁷

In the first review, the Commission found that the domestic industry experienced steep declines in almost all performance indicators during 2007-2009. Moreover, demand was not likely to improve significantly in the reasonably foreseeable future. The Commission accordingly concluded that the domestic industry was vulnerable to the recurrence or continuation of material injury.¹¹⁸

Given its finding that a significantly increased volume of subject imports would likely undersell the domestic like product, thereby depressing or suppressing domestic like product prices to a significant degree, the Commission concluded that the likely volume and price

¹¹⁵ CR/PR at Table V-16.

¹¹⁶ See CR/PR at Tables V-3 to V-14 and V-16.

¹¹⁷ Original Determination, USITC Pub. 3743, at 23-26.

¹¹⁸ First Review, USITC Pub. 4203, at 24-25.

effects of the subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.¹¹⁹

The Commission rejected respondents' claim that revocation of the order would have no effect on the domestic industry and it found that the Chinese industry was far larger than that in Vietnam or any other nonsubject country, produced a greater range and variety of WBF, and had well-established U.S. channels of distribution.¹²⁰

2. The Current Five-Year Review

The condition of the domestic industry improved over the period of review, yet it remained weak and several producers ceased production of WBF. The domestic industry's capacity, production, and capacity utilization generally increased, although production and capacity utilization were lower in interim 2016 than in interim 2015.¹²¹ The domestic industry's U.S. shipments and end-of-period inventories increased from 2013 to 2015, but its U.S. shipments were lower in interim 2016 than in interim 2015.¹²² The domestic industry's number of production and related workers ("PRWs"), productivity, and wages paid generally increased over the period although the number of PRWs fell to their lowest point of the period during interim 2016; total hours worked and per unit labor costs generally decreased.¹²³

¹¹⁹ First Review, USITC Pub. 4203, at 25.

¹²⁰ First Review, USITC Pub. 4203, at 26.

¹²¹ Capacity for producing WBF increased from 8.9 million pieces in 2013 to 9.7 million pieces in 2014 and 9.8 million pieces in 2015. It was 4.9 million pieces in interim 2015 and 5.2 million pieces in interim 2016. CR/PR at Table III-2. Production of WBF increased from 6.3 million pieces in 2013 to 7.0 million pieces in 2014 and 7.7 million pieces in 2015. Production was 4.0 million pieces in interim 2015 and 3.8 million pieces in interim 2016. *Id.* Capacity utilization increased from 70.6 percent in 2013 to 72.1 percent in 2014 and 78.4 percent in 2015. It was 80.5 percent in interim 2015 and 72.8 percent in interim 2016. *Id.*

¹²² The domestic industry's U.S. shipments of WBF increased from 6.2 million pieces to 6.4 million pieces in 2014 and 7.4 million pieces in 2015. The industry's U.S. shipments were 3.9 million pieces in interim 2015 and 3.7 million pieces in interim 2016. CR/PR at Table III-4. Ending inventory quantities were 753,889 pieces in 2013, 934,668 pieces in 2014, and 945,265 pieces in 2015. Inventories were 781,824 pieces at the end of interim 2015 and 886,125 pieces at the end of interim 2016. CR/PR at Table III-5.

¹²³ PRWs involved in WBF production increased from 4,811 in 2013 to 4,976 in 2014 before declining to 4,817 in 2015. PRWs were 4,843 in interim 2015 and 4,763 in interim 2016. Worker productivity (measured in pieces per 1,000 hours) increased from 609.3 in 2013 to 685.5 in 2014 and 774.3 in 2015. Productivity in pieces per 1,000 hours was 724.9 in interim 2015 and 704.9 in interim 2016. Total hours worked were 10.3 million hours in 2013, 10.2 million hours in 2014, and 9.9 million hours in 2015. Hours worked totaled 5.5 million in interim 2015 and 5.4 million in interim 2016. Wages paid increased from \$151.1 million in 2013 to \$152.1 million in 2014 and \$158.0 million in 2015. They were \$77.9 million in interim 2015 and \$78.9 million in interim 2016. Per unit labor costs (dollars per pieces) decreased from \$23.98 in 2013 to \$21.83 in 2014 and \$20.52 in 2015. They were \$19.68 in interim 2015 and \$20.89 in interim 2016. CR/PR at Table III-8.

The domestic industry's financial performance improved during the period of review, although the industry remained generally unprofitable. Sales revenues increased overall from 2013 to 2015 though they were slightly lower in interim 2016 than in interim 2015.¹²⁴ Operating income and operating income as a ratio to net sales, though mostly negative, improved as well.¹²⁵ The domestic industry's total capital expenditures increased overall from 2013 to 2015 while its research and development expenses declined.¹²⁶

Although the domestic industry increased its production, U.S. shipments, capacity utilization, productivity, and profitability, it reported positive operating income only during 2015 and interim 2016.¹²⁷ The domestic industry's market share also fell from *** percent in 2013 to *** percent in 2015, and several producers exited the industry.¹²⁸ In view of the industry's poor performance over the period of review and given record information suggesting only a modest improvement in demand in the reasonably foreseeable future, we find that the domestic industry is vulnerable to continuation or recurrence of material injury.

As discussed above, we have found that revocation of the antidumping duty order on imports of WBF from China would likely lead to a significant increase in the volume of subject imports that would likely undersell the domestic like product and significantly suppress or depress prices for the domestic like product. We find that the likely volume and price effects of subject imports would likely have a significant impact on the production, shipments, sales, market share, and revenue of the domestic industry. These reductions would have a direct adverse impact on the domestic industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments.

We also have considered the likely role of nonsubject imports in the U.S. market. There is no indication that the presence of nonsubject imports would prevent WBF imports from China from re-entering the U.S. market in significant quantities if the antidumping duty order were revoked. Although nonsubject imports from Vietnam have had a high and increasing presence in the U.S. market, Vietnam is a far smaller global exporter of WBF than China and

¹²⁴ Revenues from sales of WBF were \$621.2 million in 2013, \$617.7 million in 2014, and \$677.2 million in 2015. Revenues were \$351.3 million in interim 2015 and \$350.2 million in interim 2016. CR/PR at Table III-9.

¹²⁵ Operating income was negative \$9.5 million in 2013, negative \$28.3 million in 2014, and \$167,000 in 2015. Operating income was negative \$2.4 million in interim 2015 and \$4.9 million in interim 2016. As a ratio to net sales, operating income was negative 1.5 percent in 2013, negative 4.6 percent in 2014, and less than 0.05 percent in 2015. The industry's operating income ratio was negative 0.7 percent in interim 2015 and 1.4 percent in interim 2016. CR/PR at Table III-9.

¹²⁶ The domestic industry's total capital expenditures were \$8.4 million in 2013, \$13.5 million in 2014, and \$10.7 million in 2015. They totaled \$3.8 million in interim 2015 and \$3.6 million in interim 2016. Research and development expenses totaled \$1.6 million in 2013, \$1.8 million in 2014, and \$1.0 million in 2015. They were 547,000 in interim 2015 and 539,000 in interim 2016. CR/PR at Table III-11.

¹²⁷ See CR/PR at Table III-9.

¹²⁸ The industry's market share was *** percent in interim 2015 and *** percent in interim 2016. CR/PR at Table I-7.

China currently accounts for 60 percent of U.S. imports of non-bedroom wooden furniture,¹²⁹ both of which suggest that subject imports from China would likely displace nonsubject imports in addition to the domestic industry upon revocation of the order.

Thus, we conclude that revocation of the antidumping duty order on subject imports from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the foregoing reasons, we determine that revocation of the antidumping duty order on WBF from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

¹²⁹ AFMC's Posthearing Brief at 3-4.

PART I: INTRODUCTION

BACKGROUND

On November 2, 2015, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on wooden bedroom furniture from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On February 5, 2016, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:⁵

¹ 19 U.S.C. 1675(c).

² *Wooden Bedroom Furniture From China; Institution of a Five-Year Review*, 80 FR 67417, November 2, 2015. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission received seven submissions from the following entities: 1) The American Furniture Manufacturers Committee for Legal Trade (“Domestic Committee”) and Vaughan-Bassett Furniture Company, Inc. (“Vaughan-Bassett”). The Domestic Committee is an ad hoc association of 11 U.S. producers of wooden bedroom furniture, including Vaughan-Bassett; 2) Ashley Furniture Industries, Inc. (“Ashley”); 3) Hooker Furniture Corporation (“Hooker”); 4) Guangdong Yihua Timber Industry Co., Ltd. (“Yihua”) and New Classic Home Furnishings Inc. (“New Classic”); 5) Zhangjiagang Daye Hotel Furniture Co., Ltd. (“Daye”); 6) Dorbest Limited (Rui Feng Woodwork Co., Ltd., Rui Feng Lumber Development Co., Ltd.) (“Dorbest”); and 7) Zhangzhou Guo Hui Industrial & Trade Co., Ltd. (“Guo Hui”). Ashley, Hooker, Yihua and New Classic subsequently amended their responses to withdraw their requests that the Commission conduct a full review. *Withdrawal of Request for Full Review*, Ashley Furniture Industries, Inc., January 13, 2016; *Withdrawal of Request for Full Review*, Hooker Furniture Corporation, January 13, 2016; and *Amendment to Response to Notice of Institution*, Yihua and New Classic, January 14, 2016.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 80 FR 67705, November 3, 2015 (the “effective” date is Sunday, November 1, 2015).

⁴ *Wooden Bedroom Furniture From China; Notice of Commission Determination To Conduct a Full Five-Year Review*, 81 FR 8991, February 23, 2016. The Commission found that both the domestic and respondent interested party group responses to its notice of institution were adequate.

⁵ The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy are referenced in appendix A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site. Appendix B is reserved for the witnesses appearing at the Commission’s hearing.

Effective date	Action
January 4, 2005	Commerce's antidumping duty order on wooden bedroom furniture from China (70 FR 329)
November 2, 2015	Commission's institution of the five-year review (80 FR 67417)
November 1, 2015	Commerce's initiation of the five-year review (80 FR 67705, November 3, 2016)
February 5, 2016	Commission's determination to conduct a full five-year review (81 FR 8991, February 23, 2016)
March 9, 2016	Commerce's final results of its expedited five-year review of the antidumping duty order (81 FR 12462)
July 1, 2016	Commission's scheduling of the review (81 FR 44659, July 8, 2016)
November 10, 2016	Commission's hearing
January 10, 2017	Commission's vote
January 25, 2017	Commission's determination and views

The original investigation

The original investigation resulted from a petition filed on October 31, 2003, by the American Furniture Manufacturers Committee for Legal Trade ("AFMC"), Washington, DC, and its individual members,⁶ and the Cabinet Makers, Millmen, and Industrial Carpenters, Local 721, Whittier, CA,⁷ alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of wooden bedroom furniture from China. Following notification of a final determination by Commerce that imports of wooden bedroom furniture from China were being sold at LTFV, the Commission determined in December 2004 that a domestic industry was materially injured by reason of LTFV imports of wooden bedroom furniture from China.⁸ Commerce published the antidumping duty order on wooden bedroom furniture from China on January 4, 2005.⁹

⁶ At the time of the filing of the petition, the Domestic Committee was an *ad hoc* association of 27 U.S. producers of wooden bedroom furniture. *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. I-1.

⁷ On December 4, 2003, the petition was amended to include four additional labor unions as co-competitors, including: UBC Southern Council of Industrial Workers, Local Union 2305, Columbus, MS; United Steelworkers of America, Local 193U, Lewisburg, PA; Carpenters Industrial Union, Local 2093, Phoenix, AZ; and Teamsters, Chauffeurs, Warehousemen and Helpers, Local 991, Bay Minette, AL. A sixth labor union, the IUE, Industrial Division of CWA, Local 82472, Hagerstown, MD, was added as a co-competitor on November 2, 2004. *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. I-1.

⁸ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004.

⁹ *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture From the People's Republic of China*, 70 FR 329, January 4, 2005.

Subsequent five-year review

In December 2010, the Commission completed a full five-year review of the subject order and determined that revocation of the antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹⁰ Following affirmative determinations in the first five-year review by Commerce and the Commission,¹¹ Commerce issued a continuation of the antidumping duty order on imports of wooden bedroom furniture from China, effective December 30, 2010.¹²

STATUTORY CRITERIA

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . ., (Commerce’s findings) regarding duty absorption . . .

¹⁰ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010.

¹¹ *Wooden Bedroom Furniture From China*, 75 FR 80528, December 22, 2010; *Wooden Bedroom Furniture From the People’s Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order*, 75 FR 19364, April 14, 2010.

¹² *Wooden Bedroom Furniture From the People’s Republic of China: Continuation of Antidumping Duty Order*, 75 FR 82373, December 30, 2010.

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

(D) 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.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.” Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigation, first full five-year review and the current full five-year review. U.S. industry data and related information in this second review are based on questionnaire responses of 21 U.S. producers, believed to account for the majority of wooden bedroom furniture production in 2015.¹³ Fifty firms (including all known large producers) provided the Commission with completed U.S. producer questionnaires in the first review. U.S. industry data in the original investigation were based on questionnaire responses of 49 U.S. producers, accounting for approximately 88 percent of the value of U.S. producers’ U.S. shipments of wooden bedroom furniture in 2003.

U.S. import data for the original investigation, first review, and this second review are based on official Commerce statistics and proprietary Customs data. Related information on imports in the current review are based on the questionnaire responses of 37 U.S. importers of wooden bedroom furniture that are believed to have accounted for ***¹⁴ percent of the subject U.S. imports from China in 2015.

Foreign industry data and related information are based on the questionnaire responses of ten producers of wooden bedroom furniture in China that accounted for approximately *** percent of Chinese exports of wooden bedroom furniture to the United States in 2015.¹⁵

A summary of trade and financial data for wooden bedroom furniture as collected in this review is presented in appendix C. Responses by U.S. producers, importers, purchasers, and foreign producers of wooden bedroom furniture to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation of the order are presented in appendix D.

¹³ Several firms that responded in the first review have since gone out of business or were acquired by other firms. There were 11 responding firms in the first review that are believed to still be in operation but did not respond during this second review. Those firms represented approximately *** percent of the reported U.S. production in 2009. In addition, the Commission received responses from three firms that did not participate in the first review.

¹⁴ Coverage was calculated using the value of subject U.S. imports from China reported by responding U.S. importers in 2015 \$*** compared to the value from proprietary Customs data \$***.

¹⁵ Coverage was derived from the responding foreign producers’ value of exports to the United States in 2015 (\$***), compared to the value from proprietary Customs data \$***.

Table I-1**Wooden bedroom furniture: Comparative data from the original investigation, first review, and current review, terminal years 2003, 2009, and 2015**

Item	Original investigation	First review	Current review
	2003	2009	2015
Quantity (pieces); Value (1,000 dollars); and Unit Value (dollars per piece)			
U.S. consumption (value)	4,666,667	3,403,639	***
U.S. producers' share (percent)	40.3	22.0	***
U.S. importers' share (percent)			
China, subject	***	***	***
China, nonsubject	***	***	***
Vietnam	1.0	24.7	***
All other sources	28.7	31.2	***
Subtotal, nonsubject sources	***	***	***
Total imports	59.7	78.0	***
U.S. imports' value from:			
China, subject	***	***	***
China, nonsubject	***	***	***
Vietnam	45,454	839,136	1,715,156
All other sources	1,340,575	1,062,414	1,520,460
Subtotal, nonsubject sources	***	***	***
Total imports	2,787,927	2,655,854	***
U.S. producers':			
Capacity (quantity)	17,316,172	11,079,849	9,822,922
Production (quantity)	12,712,592	6,467,592	7,701,495
Capacity utilization (percent)	72.7	58.4	78.4
U.S. shipments:			
Quantity	12,641,093	6,342,624	7,354,210
Value	1,878,740	747,785	648,453
Unit value	\$148.62	\$117.90	\$88.17
Export shipments:			
Quantity	***	***	\$336,688
Value	***	***	\$26,543
Unit value	***	***	\$78.84
Ending inventory(quantity)	1,810,686	1,387,600	945,265
Inventories/total shipments (percent)	14.0	21.1	12.3
Production workers (number)	26,181	9,063	4,817
Hours worked (1,000)	49,053	18,617	9,946
Wages paid (1,000 dollars)	624,685	235,871	158,046
Hourly wages	\$12.73	\$12.67	\$15.89
Productivity (pieces per 1,000 hours)	256.6	347.4	774.3
Unit labor costs	\$49.63	\$36.47	\$20.52

Table continued on next page.

Table I-1--Continued**Wooden bedroom furniture: Comparative data from the original investigation, first review, and current review, terminal years 2003, 2009, and 2015**

Item	Original investigation	First review	Current review
	2003	2009	2015
Quantity (pieces); Value (1,000 dollars); and Unit Value (dollars per piece)			
Net sales:			
Quantity	12,522,006	6,498,395	7,709,792
Value	1,899,142	774,626	677,164
Unit value	\$151.66	\$119.20	\$87.83
Cost of goods sold	1,546,745	665,675	541,363
Gross profit or (loss)	352,397	108,951	135,801
SG&A expense	304,928	132,605	135,634
Operating income or (loss)	47,469	(23,654)	167
Capital expenditures	30,382	9,581	10,696
Unit COGS	\$123.52	\$102.44	\$70.22
Unit SG&A	\$24.35	\$20.41	\$17.59
Unit operating income	\$3.79	\$(3.64)	\$0.02
COGS/sales (percent)	81.4	85.9	79.9
Operating income or (loss)/ sales (percent)	2.5	(3.1)	0.0

Note.— Customs collects quantity data for beds but not for other wooden bedroom furniture; therefore, only value data for wooden bedroom furniture from official statistics are presented in this table.

Source: Compiled from data presented in Office of Investigations memo INV-BB-147, November 29, 2004; Office of Investigations memo INV-HH-105, November 3, 2010; and data submitted in response to Commission questionnaires. Import data are compiled from official Commerce statistics and from proprietary Customs data.

RELATED INVESTIGATIONS

Wooden bedroom furniture has not been the subject of any prior antidumping or countervailing duty investigations in the United States.

COMMERCE'S REVIEWS

Administrative reviews¹⁶

Since the first five-year review, Commerce has completed six administrative reviews with respect to the outstanding antidumping duty order on wooden bedroom furniture from China.¹⁷ The results of the administrative reviews are shown in table I-2.

¹⁶ Since the issuance of the antidumping order, Commerce has not made any duty absorption findings with respect to wooden bedroom furniture from China.

¹⁷ For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-2**Wooden bedroom furniture: Administrative reviews of the antidumping duty order for China**

Date final results published	Period of review	Number of producers or exporters¹	Margin (percent)
April 11, 2016 (81 FR 21319)	January 1, 2014 -- December 31, 2014	18	216.01 (PRC-wide rate)
June 17, 2015 (80 FR 34619)	January 1, 2013 -- December 31, 2013	28	216.01 (PRC-wide rate)
September 2, 2014 (79 FR 51954)	January 1, 2012 -- December 31, 2012	46	216.01 (PRC-wide rate)
June 12, 2013 (78 FR 35249)	January 1, 2011 -- December 31, 2011	6	41.75
August 27, 2012 (77 FR 51754)	January 1, 2010 -- December 31, 2010	17	216.01 (PRC-wide rate)
August 11, 2011 (76 FR 49729)			
September 16, 2011 (76 FR 57713) ²	January 1, 2009 -- December 31, 2009	30	41.75

¹ Individual producers/exporters are listed in the cited *Federal Register* notices.

² Amended from 76 FR 49729 (August 11, 2011).

Source: Cited *Federal Register* notices.

New Shipper Reviews

Since the first five-year review, Commerce has completed three new shipper reviews with respect to the outstanding antidumping duty order on wooden bedroom furniture from China. Commerce calculated antidumping duty rates for the following companies: Dongguan Yujia Furniture Co., Ltd., 0.00 percent;¹⁸ Dongguan Chengcheng Group Co., Ltd., 0.00 percent;¹⁹ and Wuxi Yushea Furniture Co., Ltd, 0.00 percent.²⁰

Changed circumstances reviews

Since the first five-year review, Commerce has completed four changed circumstances reviews with respect to wooden bedroom furniture from China, all relating to modifying the scope of the order. These reviews are discussed in the “Scope rulings” section.

¹⁸ *Wooden Bedroom Furniture From the People's Republic of China: Final Results of the 2010 Antidumping Duty New Shipper Review*, 76 FR 68138, November 3, 2011.

¹⁹ *Wooden Bedroom Furniture From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and New Shipper Review; 2012*, 79 FR 51954, September 2, 2014.

²⁰ *Wooden Bedroom Furniture From the People's Republic of China: Final Results and Final Rescission, In Part, of Administrative Review and Final Results of New Shipper Review; 2013*, 80 FR 34619, June 17, 2015.

Scope rulings

Since the issuance of the antidumping order on January 4, 2005, Commerce has issued 18 scope rulings with regard to wooden bedroom furniture in which it found that certain companies' products were not within the scope of the order, namely: (1) Sunrise Medical, Inc., certain overbed tables (70 FR 70785, November 23, 2005); (2) LumiSource Inc., certain stash chairs and stash cubes (71 FR 5646, February 2, 2006); (3) Dorel Asia SrL, infant (baby) changing tables with no drawers or doors and with the flat top surface surrounded by a permanent guard rail, and toddler beds (71 FR 66167, November 13, 2006); (4) Tuohy Furniture Corp., storage towers, TV stands, coffee tables, and wood panels (72 FR 5677, February 7, 2007); (5) Toys 'R Us, Inc., Toy Box with Wheels, manufactured by Fun Times (72 FR 23802, May 1, 2007); (6) Target Corp., the products in its "Manhattan Collection" (which consists of a bench, computer cart, bookcase, modular room divider, and desk (72 FR 43245, August 3, 2007); (7) AP Industries, certain convertible cribs (73 FR 49418, August 21, 2008); (8) Dutailier Group, Inc., convertible cribs (infant crib to toddler bed, certain model numbers) (73 FR 72771, December 1, 2008); (9) Shermag Inc., Three-in-One Cribs, certain model numbers (73 FR 72771, December 1, 2008); (10) Stanley Furniture Co., Inc., convertible cribs (74 FR 14521, March 31, 2009); (11) Acme Furniture Industry, Inc., certain mattress supports (74 FR 43680, August 27, 2009); (12) Zinus, Inc. and Zinus (Xiamen) Inc., the Smartbox mattress support and box spring (74 FR 43680, August 27, 2009); (13) Target Corp., the Shabby Chic secretary desk and mirror (74 FR 49859, September 29, 2009); (14) Legacy Classic Furniture, Legacy's Heritage Court Bench (78 FR 17183, March 20, 2013); (15) Techcraft Manufacturing, Inc., certain wall bed units (79 FR 64569, October 30, 2014); (16) Elements International Group LLC, certain shoe cabinets (80 FR 18383, April 6, 2015); (17) Pier 1 Imports (U.S.), Inc., jewelry armoires with at least one front door (80 FR 57150, September 22, 2015); and, (18) Olollo, Inc., certain bed bases (80 FR 75851, December 4, 2015). All scope rulings have been incorporated into Commerce's scope description with respect to wooden bedroom furniture from China.

Five-year reviews and current margins

On January 4, 2005, Commerce issued the antidumping duty order on wooden bedroom furniture from China, with company-specific dumping rates from 2.32 percent to 15.78 percent, as well as a PRC-wide rate of 198.08 percent.²¹ After completion of multiple rounds of review by the U.S. Court of International Trade ("CIT") and the U.S. Court of Appeals for the Federal Circuit ("CAFC"), on August 26, 2011, Commerce published an amended final determination and order pursuant to a court decision. The dumping margins of the cooperative mandatory respondents that were subject to the order continued to range from 2.32 percent to 15.78 percent, while the weighted-average dumping margin applied to the separate-rate respondents

²¹ *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture From the People's Republic of China*, 70 FR 329, January 4, 2005

that participated in the appeals process was amended to 6.68 percent.²² Commerce issued the results of its first expedited review on April 14, 2010 and found that revocation of the antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of dumping weighted-average margins between 2.32 and 15.78 percent as well as a PRC-wide rate of 198.08 percent.²³

On March 2, 2016, Commerce issued the final results of its second expedited review with respect to wooden bedroom furniture from China and found that that revocation of the order would likely lead to continuation or recurrence of dumping, and that the magnitude of the dumping margins likely to prevail would be weighted-average dumping margins up to 198.08 percent.²⁴ During Commerce's subsequent tenth administrative review on April 11, 2016, it found that seven producers/exporters should be treated as part of the PRC-wide entity because they have not established their separate rate eligibility. The existing rate for the PRC-wide entity was determined to be 216.01 percent during the first administrative review on November 7, 2007.²⁵

Table I-3 presents the current cash deposit rates as a result of amended final results and administrative, new shipper, changed circumstance reviews.

²² *Wooden Bedroom Furniture From the People's Republic of China: Corrected Notice of Court Decision Not in Harmony With the Final Determination of Sales at Less Than Fair Value and Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order Pursuant to Court Decision*, 76 FR 53409, August 26, 2011.

²³ *Wooden Bedroom Furniture From the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order*, 75 FR 19364, April 14, 2010.

²⁴ *Wooden Bedroom Furniture From the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 81 FR 12462, March 9, 2016; and Issues and Decision Memorandum from Christian Marsh to Paul Piquado, Assistant Secretary, concerning "Expedited Second Sunset Review of the Antidumping Duty Order on Wooden Bedroom Furniture from the People's Republic of China," dated March 2, 2016.

²⁵ *Second Amended Final Results of Antidumping Duty Administrative Review: Wooden Bedroom Furniture From the People's Republic of China*, 72 FR 62834, November 7, 2007.

Table I-3**Wooden bedroom furniture: Current cash deposit rates for producers/exporters in China**

Producer/exporter	Cash deposit rate (percent)
Lacquer Craft	Excluded
Markor Tianjin	0.83 ¹
Fine Furniture (Shanghai) Ltd.	1.97
Rui Feng Woodwork Co., Ltd., Rui Feng Lumber Development Co., Ltd., Dorbest Ltd.	2.40
Shing Mark Enterprise Co., Ltd., Carven Industries Ltd. (BVI), Carven Industries Ltd. (HK), Dongguan Zhenxin Furniture Co., Ltd., Dongguan Yongpeng Furniture Co., Ltd.	4.96
36 separately listed entities	6.68
Decca Furniture Ltd.	43.23
Yihua Timber Industry Co., Ltd. (a.k.a. Guangdong Yihua Timber Industry Co., Ltd.)	21.53
Wood Industry Co., Ltd., Taicang Fairmont Designs Furniture Co., Ltd., Meizhou Sunrise Furniture Co., Ltd.,	41.30
Shenyang Shining Dongxing Furniture Co., Ltd., Eurosa (Kunshan) Co., Ltd., Eurosa Furniture Co., (PTE) Ltd., Dongguan Singways Furniture Co., Ltd.	41.75
PRC-Wide Entity, and all other separately listed entities	216.01

Note.--The full list of firms is presented in the cited *Federal Register* notices.

¹ De minimis margin.

Source: Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Wooden Bedroom Furniture From the People's Republic of China, 70 FR 329, January 4, 2005; Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order/Pursuant to Court Decision: Wooden Bedroom Furniture from the People's Republic of China, 71 FR 67099, November 20, 2006; Wooden Bedroom Furniture From the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order, 75 FR 19364, April 14, 2010; Wooden Bedroom Furniture from the People's Republic of China: Corrected Notice of Court Decision Not in Harmony With the Final Determination of Sales at Less Than Fair Value and Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order Pursuant to Court Decision, 76 FR 53409, August 26, 2011; Wooden Bedroom Furniture From the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order, 81 FR 12462, March 9, 2016; and Issues and Decision Memorandum from Christian Marsh to Paul Piquado, Assistant Secretary, concerning "Expedited Second Sunset Review of the Antidumping Duty Order on Wooden Bedroom Furniture from the People's Republic of China," dated March 2, 2016. See also Domestic Committee's prehearing brief, October 31, 2016, Exhibit 2.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:²⁶

Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, or bedrooms, in which all of the individual pieces are of approximately the same style and approximately the same material and/or finish. The subject merchandise is made substantially of wood products, including both solid wood and also engineered wood products made from wood particles, fibers, or other wooden materials such as plywood, strand board, particle board, and fiberboard, with or without wood veneers, wood overlays, or laminates, with or without non-wood components or trim such as metal, marble, leather, glass, plastic, or other resins, and whether or not assembled, completed, or finished.

The subject merchandise includes the following items: (1) wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side rails), wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds; (3) night tables, night stands, dressers, commodes, bureaus, mule chests, gentlemen's chests, bachelor's chests, lingerie chests, wardrobes, vanities, chessers, chifferobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are attached to, incorporated in, sit on, or hang over the dresser; (5) chests-on-chests,²⁷ highboys,²⁸ lowboys,²⁹ chests of drawers,³⁰ chests,³¹ door chests,³² chiffoniers,³³ hutches,³⁴ and armoires;³⁵ (6) desks, computer stands, filing cabinets,

²⁶ "Issues and Decision Memorandum for the Expedited Second Sunset Review of the Antidumping Duty Order on Wooden Bedroom Furniture from the People's Republic of China" from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, dated March 2, 2016.

²⁷ A chest-on-chest is typically a tall chest-of-drawers in two or more sections (or appearing to be in two or more sections), with one or two sections mounted (or appearing to be mounted) on a slightly larger chest; also known as a tallboy.

²⁸ A highboy is typically a tall chest of drawers usually composed of a base and a top section with drawers, and supported on four legs or a small chest (often 15 inches or more in height).

²⁹ A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

³⁰ A chest of drawers is typically a case containing drawers for storing clothing.

³¹ A chest is typically a case piece taller than it is wide featuring a series of drawers and with or without one or more doors for storing clothing. The piece can either include drawers or be designed as a large box incorporating a lid.

³² A door chest is typically a chest with hinged doors to store clothing, whether or not containing drawers. The piece may also include shelves for televisions and other entertainment electronics.

³³ A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

³⁴ A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

book cases, or writing tables that are attached to or incorporated in the subject merchandise; and (7) other bedroom furniture consistent with the above list.

The scope of the order excludes the following items: (1) seats, chairs, benches, couches, sofas, sofa beds, stools, and other seating furniture; (2) mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames; (3) office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases; (4) dining room or kitchen furniture such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches; (5) other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems; (6) bedroom furniture made primarily of wicker, cane, osier, bamboo or rattan; (7) side rails for beds made of metal if sold separately from the headboard and footboard; (8) bedroom furniture in which bentwood parts predominate;³⁶ (9) jewelry armories;³⁷ (10) cheval mirrors;³⁸ (11) certain metal parts;³⁹ (12) mirrors that do not attach to, incorporate in, sit on, or hang over

(...continued)

³⁵ An armoire is typically a tall cabinet or wardrobe (typically 50 inches or taller), with doors, and with one or more drawers (either exterior below or above the doors or interior behind the doors), shelves, and/or garment rods or other apparatus for storing clothes. Bedroom armoires may also be used to hold television receivers and/or other audio-visual entertainment systems.

³⁶ As used herein, bentwood means solid wood made pliable. Bentwood is wood that is brought to a curved shape by bending it while made pliable with moist heat or other agency and then set by cooling or drying. See CBP's Headquarters Ruling Letter 043859, dated May 17, 1976.

³⁷ Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24 inches in width, 18 inches in depth, and 49 inches in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side door or one front door (whether or not the door is lined with felt or felt-like material), with necklace hangers, and a flip-top lid with inset mirror. See Issues and Decision Memorandum from Laurel LaCivita to Laurie Parkhill, Office Director, concerning "Jewelry Armoires and Cheval Mirrors in the Antidumping Duty Investigation of Wooden Bedroom Furniture from the People's Republic of China," dated August 31, 2004. See also *Wooden Bedroom Furniture From the People's Republic of China: Final Changed Circumstances Review, and Determination To Revoke Order in Part*, 71 FR 38621 (July 7, 2006).

³⁸ Cheval mirrors are any framed, tiltable mirror with a height in excess of 50 inches that is mounted on a floor-standing, hinged base. Additionally, the scope of the order excludes combination cheval mirror/jewelry cabinets. The excluded merchandise is an integrated piece consisting of a cheval mirror, *i.e.*, a framed tiltable mirror with a height in excess of 50 inches, mounted on a floor-standing, hinged base, the cheval mirror serving as a door to a cabinet back that is integral to the structure of the mirror and which constitutes a jewelry cabinet line with fabric, having necklace and bracelet hooks, mountings for rings and shelves, with or without a working lock and key to secure the contents of the jewelry cabinet back to the cheval mirror, and no drawers anywhere on the integrated piece. The fully assembled piece must be at least 50 inches in height, 14.5 inches in width, and 3 inches in depth. See *Wooden Bedroom Furniture From the People's Republic of China: Final Changed Circumstances Review and Determination To Revoke Order in Part*, 72 FR 948 (January 9, 2007).

³⁹ Metal furniture parts and unfinished furniture parts made of wood products (as defined above) that are not otherwise specifically named in this scope (*i.e.*, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds) and that do not possess the essential character of wooden bedroom furniture in an unassembled, incomplete, or unfinished

(continued...)

a dresser if they are not designed and marketed to be sold in conjunction with a dresser as part of a dresser-mirror set; (13) upholstered beds;⁴⁰ and (14) toy boxes.⁴¹ Also excluded from the scope are certain enclosable wall bed units, also referred to as murphy beds, which are composed of the following three major sections: (1) A metal wall frame, which attaches to the wall and uses coils or pistons to support the metal mattress frame; (2) a metal frame, which has euro slats for supporting a mattress and two legs that pivot; and (3) wood panels, which attach to the metal wall frame and/or the metal mattress frame to form a cabinet to enclose the wall bed when not in use. Excluded enclosable wall bed units are imported in ready-to-assemble format with all parts necessary for assembly. Enclosable wall bed units do not include a mattress. Wood panels of enclosable wall bed units, when imported separately, remain subject to the order.

Also excluded from the scope are certain shoe cabinets 31.5-33.5 inches wide by 15.5-17.5 inches deep by 34.5-36.5 inches high. They are designed strictly to store shoes, which are intended to be aligned in rows perpendicular to the wall along which the cabinet is positioned. Shoe cabinets do not have drawers, rods, or other indicia for the storage of clothing other than shoes. The cabinets are not designed, manufactured, or offered for sale in coordinated groups or sets and are made substantially of wood, have two to four shelves inside them, and are covered by doors. The doors often have blinds that are designed to allow air circulation and release of bad odors. The doors themselves may be made of wood or glass. The depth of the shelves does not exceed 14 inches. Each shoe cabinet has doors, adjustable shelving, and ventilation holes.

Also excluded from the scope are certain bed bases consisting of: (1) A wooden box frame, (2) three wooden cross beams and one perpendicular center wooden support beam, and (3) wooden slats over the beams. These bed bases are constructed without inner springs and/or coils and do

(...continued)

form. Such parts are usually classified under HTSUS subheadings 9403.90.7005, 9403.90.7010, or 9403.90.7080.

⁴⁰ Upholstered beds that are completely upholstered, *i.e.*, containing filling material and completely covered in sewn genuine leather, synthetic leather, or natural or synthetic decorative fabric. To be excluded, the entire bed (headboards, footboards, and side rails) must be upholstered except for bed feet, which may be of wood, metal, or any other material and which are no more than nine inches in height from the floor. See *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part*, 72 FR 7013 (February 14, 2007).

⁴¹ To be excluded the toy box must: (1) Be wider than it is tall; (2) have dimensions within 16 inches to 27 inches in height, 15 inches to 18 inches in depth, and 21 inches to 30 inches in width; (3) have a hinged lid that encompasses the entire top of the box; (4) not incorporate any doors or drawers; (5) have slow-closing safety hinges; (6) have air vents; (7) have no locking mechanism; and (8) comply with American Society for Testing and Materials (“ASTM”) standard F963-03. Toy boxes are boxes generally designed for the purpose of storing children's items such as toys, books, and playthings. See *Wooden Bedroom Furniture from the People's Republic of China: Final Results of Changed Circumstances Review and Determination to Revoke Order in Part*, 74 FR 8506 (February 25, 2009). Further, as determined in the scope ruling memorandum “Wooden Bedroom Furniture from the People's Republic of China: Scope Ruling on a White Toy Box,” dated July 6, 2009, the dimensional ranges used to identify the toy boxes that are excluded from the wooden bedroom furniture order apply to the box itself rather than the lid.

not include a headboard, footboard, side rails, or mattress. The bed bases are imported unassembled.

Imports of subject merchandise are classified under subheadings 9403.50.9042 and 9403.50.9045 of the HTSUS as “wooden . . . beds” and under subheading 9403.50.9080 of the HTSUS as “other . . . wooden furniture of a kind used in the bedroom.” In addition, wooden headboards for beds, wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds may also be entered under subheading 9403.50.9042 or 9403.50.9045 of the HTSUS as “parts of wood.” Subject merchandise may also be entered under subheadings 9403.50.9041, 9403.60.8081, 9403.20.0018, or 9403.90.8041. Further, framed glass mirrors may be entered under subheading 7009.92.1000 or 7009.92.5000 of the HTSUS as “glass mirrors . . . framed.” The order covers all wooden bedroom furniture meeting the above description, regardless of tariff classification. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Tariff treatment

Wooden bedroom furniture is currently imported under HTS statistical reporting numbers 9403.50.9042 (wooden toddler beds, bassinets, and cradles), 9403.50.9045 (other wooden beds), and 9403.50.9080 (other wooden furniture of a kind used in the bedroom). Prior to January 1, 2011, wooden beds were imported under HTS statistical reporting number 9403.50.9040.⁴² Wooden bedroom furniture imported from China enters the U.S. market at a column 1-general duty rate of “free.”

THE PRODUCT

Description and uses⁴³

Wooden bedroom furniture consists of furniture made of wood products and having physical characteristics applicable for intended use in a bedroom. The furniture consists of different individual articles (e.g., beds, night stands, chests, armoires, and dressers with or without mirrors) and is primarily used in residences, although they are also used in lodging and care facilities. Figure I-1 presents examples of selected wooden bedroom furniture pieces. Wooden bedroom furniture is generally, but not exclusively, designed, and manufactured in coordinated groups, commonly called bedroom suites, in which all of the individual pieces share the same basic design, raw materials, construction, and finish. At a minimum, a suite includes a bed frame, chest of drawers, and a night stand such as that presented in figure I-2. However, the bedroom furniture contained in a suite is somewhat fluid and even differs across

⁴² On January 1, 2011, 9403.50.9040 (wooden beds) was deleted from the HTS and 9403.50.9041 (wooden cribs), 9403.50.9042 (wooden toddler beds) and 9403.50.9045 (other wooden beds) were added. The scope of the order excludes infant cribs.

⁴³ Unless otherwise noted, this information is based on *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010, pp. I-17 through I-20.

regions.⁴⁴ Wooden bedroom furniture suites are generally sold in retail furniture stores from reserved “slots” (allocated space in a certain area of the store) next to other non-bedroom furniture.

Figure I-1
Examples of selected wooden bedroom furniture pieces



Bed



Dresser



Tall chest



Armoire



Night stand



Mirror

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

⁴⁴ For instance, in the New York market, a suite typically consists of a dresser, mirror, armoire, bed, and two night stands. However, in California, a suite typically excludes an armoire and a suite in the southeastern United States excludes both an armoire and two nightstands but includes a chest. While there are different ways of defining a suite across the country, retailers within a geographic region usually quote a suite in the same way. See testimony of Wyatt Bassett, Executive Vice President of Vaughan-Bassett Furniture Company, conference transcript, pp. 116-117, investigation No. 731-TA-1058 (Final).

Figure I-2
Example of a wooden bedroom furniture suite



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

Multiple price and quality points exist for wooden bedroom furniture, including low, middle, and high. The quality of the wood, the method of furniture construction, and the material finish are all major factors in determining these points.⁴⁵ Materials generally found in the lower categories of wooden bedroom furniture tend to consist of particleboard interior structures; glued paper covering the base of interior drawers or shelves; a certain amount of stapled construction; plastic components; and particleboard in hidden locations with wood veneer⁴⁶ for visible fronts. Mid-priced wooden bedroom furniture usually includes solid wood on the top of chests or dressers, wood veneer over particle board on other visible portions, and a plywood interior structure. High-priced wooden bedroom furniture normally uses solid wood for the entire construction of the piece and may include more detailed stylings or designs. Domestically produced and imported furniture can be very similar in appearance. During the

⁴⁵ These materials include in descending order of quality and price point: (1) solid wood; (2) solid wood veneer on plywood; (3) solid wood veneer on particle board; and (4) paper glued on composite board. See Part II for additional information concerning tiers.

⁴⁶ Wood veneer is defined as a thin slice of solid wood, typically less than 1/8 inch thick and as thin as 1/42nd of an inch. Papers, vinyl, composite panels, and non-wood material are not wood veneers.

original investigation, *** stated that domestic wooden bedroom furniture competed directly with Chinese imports at the entry level, lower-middle, and upper-middle price points.

Manufacturing process⁴⁷

The basic steps of manufacturing wooden bedroom furniture are similar in all producing countries although some firms are more, or less, vertically integrated. Lumber, veneers, plywood, and particle board are first sawed into the appropriate shapes. Then, the furniture parts are prepared for assembly by routing, drilling, and sanding. After the parts are ready, the item is constructed using joinery, nails, or glue. Lastly, the finishing stage can include sanding, painting, staining, and lacquering.

The manufacturing process involved in the production of wooden bedroom furniture has become increasingly automated, particularly in North America and Europe. Computer-numerically-controlled (“CNC”) equipment, which allows operators to input complex, sequential demands instructing production machinery on how to cut, rout, and/or carve different furniture parts, has improved productivity. Although the use of labor-saving technology is less common in China, the difference in manufacturing processes between the United States and China is narrowing as producers in China have increased the use of automated materials handling and computer-controlled solid wood carving machines.

Wood furniture manufacturers are generally located near wood sawmills, the source of their key raw material. In typical bedroom furniture manufacturing operations, green (moist) lumber received from the sawmill is stacked with spacers to allow air flow throughout prior to transfer to a kiln for drying. The drying process can take 7-35 days depending on the wetness and species of the wood. After drying, the lumber is cooled, and then allowed to readjust to the ambient atmosphere. Rough edges are sawed from the dried lumber, revealing knots, grains, surface coloring, and defects. In automated furniture manufacturing, a scanner matches each of these features, as well as the dimensions of the lumber, against a computer program containing the number and size of specific furniture parts needed to complete the batch of wood furniture to be produced. Conveyors deliver pieces sawed to specific dimensions to their proper locations for assembly, while the remaining pieces of random cuts may be glued together to form a solid block of wood. These blocks may then be veneered or used for a surface not visible to the consumer.

The assembly of case goods, such as dressers and night stands, is set up separately from the processing layout for beds, which consist of headboards, footboards, and railings. Both types of furniture then have a number of manual processes. Case goods may be glued or nailed together manually and dresser drawers are typically assembled and inserted into runners by hand. Bedposts are usually lathed⁴⁸ and inserted into the headboard and footboard of the bed

⁴⁷ Unless otherwise noted, this information is based on *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010, pp. I-20 through I-21.

⁴⁸ Some wooden bedroom furniture producers contract out lathwork (also called “turning”) to specialty companies.

manually. In the finishing operation, surfaces are sanded by hand, lacquer or paint is sprayed on manually, and stains are rubbed in manually. Finally, case goods are shipped fully assembled while bed components are shipped in four unassembled parts.

DOMESTIC LIKE PRODUCT ISSUES

In its original determination and its full first five-year review determination, the Commission defined the domestic like product as being coextensive with Commerce's scope.⁴⁹ In its notice of institution in this current five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product.⁵⁰ The Domestic Committee and Vaughan-Bassett stated in its response that they agree with the Commission's definition, but reserve the right to further evaluate its position during this review.⁵¹ Ashley, Hooker, Yihua and New Classic, Dorbest, and Guo Hui⁵² took no position concerning the domestic like product. In addition, no party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.⁵³

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigation, the Commission received U.S. producer questionnaires from 49 firms, accounting for approximately 88 percent of the value of U.S. producers' U.S. shipments of wooden bedroom furniture.⁵⁴ During the first full five-year review, the Commission received 50 U.S. producer questionnaires, including all known large producers of wooden bedroom furniture.⁵⁵

⁴⁹ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. 9; *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010, p. 6.

⁵⁰ *Wooden Bedroom Furniture From China; Institution of a Five-Year Review*, 80 FR 67417, November 2, 2015.

⁵¹ *Domestic Committee and Vaughan-Bassett's Response to the Notice of Institution*, December 2, 2015, p. 30.

⁵² *Ashley's Response to the Notice of Institution*, December 2, 2015, p. 7; *Hooker's Response to the Notice of Institution*, December 2, 2015, p. 7; *Yihua and New Classic's Response to the Notice of Institution*, December 2, 2015, p. 11; *Dorbest's Response to the Notice of Institution*, December 2, 2015, p. 6; and *Guo Hui's Response to the Notice of Institution*, December 2, 2015, p. 36.

⁵³ Respondent parties did not submit briefs or appear at the hearing.

⁵⁴ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. III-1.

⁵⁵ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010, p. III-1.

In this current proceeding, the Commission issued U.S. producers' questionnaires to 57 firms, 21 of which provided the Commission with information on their product operations. Presented in table I-4 is a list of responding domestic producers of wooden bedroom furniture, each company's position on continuation of the order, production location(s), and share of reported production of wooden bedroom furniture in 2015. *** firms support continuation of the antidumping duty order, *** firms oppose it, and *** firms have no position.

Table I-4
Wooden bedroom furniture: U.S. producers, position on the order, U.S. production locations, and share of reported U.S. production, 2015

Firm	Position on petition	Production location(s)	Share of production (percent)
Ashley Furniture ¹	***	Arcadia, WI Advance, NC	***
Bassett Furniture	***	Bassett, VA Bassett, VA Martinsville, VA	***
Bernhardt Furniture ²	***	Lenoir, NC	***
Carolina Furniture Works	***	Sumter, SC	***
Century Furniture ³	***	Hickory, NC	***
Harden Furniture ⁴	***	McConnellsville, NY	***
Heritage Home Group ⁵	***	Lenoir, NC Hickory, NC	***
Johnston-Tombigbee Furniture ⁶	***	Columbus, MS	***
Kimball Hospitality ⁷	***	Jasper, IN Martinsville, VA Fordsville, KY	***
Kincaid Furniture ⁸	***	Hudson, NC	***
L. & J. G. Stickley ⁹	***	Manlius, NY	***
Lyndon Woodworking	***	Lyndon, VT Lyndon, VT Concord, VT	***
Metropolis Manufacturing dba Vaughan Benz	***	Los Angeles, CA	***
Perdues	***	Rapid City, SD	***
Sandberg Furniture	***	Los Angeles, CA	***
Sauder Woodworking ¹⁰	***	St. Archbold, OH	***
Standard Furniture ¹¹	***	Bay Minette, AL	***
Stanley Furniture	***	High Point, NC Robbinsville, NC Stanleytown, NC Martinsville, VA	***
T. Copeland & Sons	***	Bradford, VT	***
Tom Seely Furniture (Caperton Furnitureworks)	***	Berkeley Springs, WV	***
Vaughan-Bassett Furniture	***	Galax, VA	***
Total			100.0

¹ Ashley Furniture is ***.

² Bernhardt Furniture is ***.

Table footnotes continued on next page.

Table I-4--Continued

Wooden bedroom furniture: U.S. producers, position on the order, U.S. production locations, and share of reported U.S. production, 2015

- ³ Century Furniture is ***.
- ⁴ Harden Furniture is ***.
- ⁵ Heritage Home Group is ***.
- ⁶ Johnston-Tombigbee Furniture is ***.
- ⁷ Kimball Hospitality is ***.
- ⁸ Kincaid Furniture is ***.
- ⁹ L. & J. G. Stickley's ***.
- ¹⁰ Sauder Woodworking's ***.
- ¹¹ Standard is ***.

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

As indicated in table I-4, no U.S. producers are related to foreign producers of the subject merchandise and one is related to a U.S. importer of the subject merchandise. In addition, as discussed in greater detail in Part III, seven U.S. producers directly import the subject merchandise and one U.S. producer purchases the subject merchandise from U.S. importers.

U.S. importers

In the original investigation, 123 U.S. importers supplied the Commission with usable information on their operations involving the importation of wooden bedroom furniture, accounting for approximately 80 percent of U.S. imports of wooden bedroom furniture from China during January 2001 through June 2004.⁵⁶ During the first full five-year review, the Commission received usable questionnaire responses from 104 companies, representing *** percent of U.S. imports of wooden bedroom furniture from China in 2009.⁵⁷

In the current proceeding, the Commission issued U.S. importers' questionnaires to 73 firms believed to be importers of wooden bedroom furniture, as well as to all U.S. producers of wooden bedroom furniture. Usable questionnaire responses were received from 37 firms. Table I-6 lists all responding U.S. importers of wooden bedroom furniture from China and other sources, their locations, and their shares of U.S. imports in 2015.

⁵⁶ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. IV-1.

⁵⁷ *Investigation No. 731-TA-1058 (Final): Wooden Bedroom Furniture from China —Staff Report*, INV-HH-105, November 3, 2010, p. IV-1.

Table I-6
Wooden bedroom furniture: U.S. importers, their U.S. headquarters, and share of total imports by source, 2015

Firm	Headquarters	Share of imports by source (percent)				
		China Subject	China Non-subject	Vietnam	All other sources	Total
American Signature	Columbus, OH	***	***	***	***	***
Ashley Furniture	Arcadia, WI	***	***	***	***	***
Bassett Furniture	Bassett, VA	***	***	***	***	***
Bernhardt Furniture	Lenoir, NC	***	***	***	***	***
Bolier & Company	High Point, NC	***	***	***	***	***
Carolina Furniture Works	Sumter, SC	***	***	***	***	***
Coaster International	Santa Fe Springs, CA	***	***	***	***	***
Decca Hospitality Furnishings	Cumming, GA	***	***	***	***	***
Dorbest Limited	Hong Kong	***	***	***	***	***
Fine Furniture Design & Marketing	High Point, NC	***	***	***	***	***
Harden Furniture	McConnellsville, NY	***	***	***	***	***
Haverty Furniture	Atlanta, GA	***	***	***	***	***
Heritage Home Group	High Point, NC	***	***	***	***	***
Hillsdale Furniture	Louisville, KY	***	***	***	***	***
Homelegance	Fremont, CA	***	***	***	***	***
Hooker Furniture	Martinsville, VA	***	***	***	***	***
J. C. Penney Purchasing	Plano, TX	***	***	***	***	***
Kimball Hospitality	Jasper, IN	***	***	***	***	***
Kincaid Furniture	Hudson, NC	***	***	***	***	***
Klaussner International	Asheboro, NC	***	***	***	***	***
L. & J. G. Stickley	Manlius, NY	***	***	***	***	***
Lexington Home Brands	Thomasville, NC	***	***	***	***	***
Liberty Furniture Industries	Atlanta, GA	***	***	***	***	***
Lifestyle Enterprise	High Point, NC	***	***	***	***	***
Magnussen Home Furnishings	Ontario, CA	***	***	***	***	***
Maria Yee	San Jose, CA	***	***	***	***	***
Metropolis Manufacturing dba Vaughan Benz	Los Angeles, CA	***	***	***	***	***
New Classic Home Furnishing	Fontana, CA	***	***	***	***	***
Phoenix Home Furnishings	High Point, NC	***	***	***	***	***
Poundex Associates	City Of Industry, CA	***	***	***	***	***
Raymour & Flanigan Furniture	Liverpool, NY	***	***	***	***	***
Standard Furniture Manufacturing	Bay Minette, AL	***	***	***	***	***
Stanley Furniture	High Point, NC	***	***	***	***	***
Star International Furniture	Foothill Ranch, CA	***	***	***	***	***
Target Corporation	Minneapolis, MN	***	***	***	***	***
W. S. Badcock	Mulberry, FL	***	***	***	***	***
Walmart Stores	Bentonville, AR	***	***	***	***	***
Total		100.0	100.0	100.0	100.0	100.0

Note.--Firms listed in **bold** are also U.S. producers of subject merchandise.

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

U.S. purchasers

The Commission received 18 usable questionnaire responses from firms that bought wooden bedroom furniture since January 1, 2010. Eleven purchasers are retailers, three are distributors, one is a hospitality business, and three were primarily producers or importers of wooden bedroom furniture. The largest responding purchasers of wooden bedroom furniture are ***. Many purchasers are also importers and/or producers. See Part II for more information on purchasers.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Data concerning apparent U.S. consumption of wooden bedroom furniture are shown in table I-7 and figure I-3. Apparent U.S. consumption of wooden bedroom furniture increased each year from 2013 to 2015, by *** percent, but was lower in interim 2016 than in interim 2015 by *** percentage points. The market share for U.S. producers decreased slightly between 2013 and 2015, by *** percent, but was *** percent higher in interim 2016 than in interim 2015. The market share of imports from subject Chinese sources also decreased slightly by *** percent, and was *** percent lower in interim 2016 than in interim 2015.

Table I-7

Wooden bedroom furniture: Apparent U.S. consumption and market shares, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	589,716	591,864	648,453	338,861	338,827
U.S. imports from.-- China, subject	***	***	***	***	***
China, nonsubject	***	***	***	***	***
Vietnam	1,386,855	1,499,586	1,715,156	798,948	821,426
All other sources	1,337,180	1,450,830	1,520,460	770,621	737,544
Nonsubject	***	***	***	***	***
Total U.S. imports	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.-- China, subject	***	***	***	***	***
China, nonsubject	***	***	***	***	***
Vietnam	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

Source: Compiled from Official import statistics and data submitted in response to Commission questionnaires.

Figure I-3
Wooden bedroom furniture: Apparent U.S. consumption, by source, 2013-15, January to June 2015, and January to June 2016

* * * * *

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

U.S. MARKET CHARACTERISTICS

As in the last review, wooden bedroom furniture remains a product for which brand, design, tier, and material can be important distinguishing factors. The market for wooden bedroom furniture consists mostly of retailers who sell to consumers, as well as smaller markets for hospitality and institutional users.

U.S. consumption

Apparent U.S. consumption of wooden bedroom furniture increased by more than *** percent from 2013 to 2015, with the largest share of that increase coming between 2014 and 2015. U.S. apparent consumption remains below its levels over 2002-2007.¹

Product range, mix, and marketing

U.S. producers, importers, and Chinese producers were asked if there had been any significant changes in the product range, product mix, or marketing of wooden bedroom furniture since January 1, 2010. The majority (fourteen U.S. producers, 24 importers, and 8 Chinese producers) stated that there had not been any significant changes. Six U.S. producers, 10 importers, and 2 Chinese producers did describe changes, especially noting increased internet sales, increased use of new materials, changed styles, and increased consumer preferences for non-matching pieces. Chinese producer *** stated that there has been increased competition in the ***.

Chinese producers were also asked if product range, mix, or marketing of the wooden bedroom furniture in the Chinese market is the same as that of product in the U.S. or other markets. Four stated that the ranges, mixes, or marketing were the same, but four described them as different. The latter four cited smaller sizes and different styles in the Chinese market than in the U.S. market. *** described the Middle East region as preferring carved styles, Europe preferring non-carved styles, and China using U.S. styles with some modifications.

Most responding firms did not anticipate any changes to the product range, product mix, or marketing of wooden bedroom furniture. Sixteen U.S. producers, 26 importers, and 8 Chinese producers did not. However, four U.S. producers, seven importers, and two Chinese producers did, citing a continued increase in internet sales, a continued increase in the use of metal and laminate materials, and continued interest in non-matching items.

¹ Petitioners' prehearing brief, pp. 74-75.

Brand names

Brand names can be important in the sale of wooden bedroom furniture. U.S. producers, importers, and Chinese producers were asked if they sold wooden bedroom furniture under brand names. Fourteen U.S. producers, 21 importers, and 5 Chinese producers indicated that they did, while 6 producers, 14 importers, and 5 Chinese producers indicated that they did not.

Re-selling purchasers were also asked if they sold wooden bedroom furniture under brand names. Eleven answered that they did, while four stated that they did not. Most U.S. producers, importers, and purchasers that re-sold furniture under brand names indicated that they did so with multiple brand names, and retailer *** even indicated that it sold product under 200 brand names. Additionally, nine purchasers indicated that brand names were “sometimes” important in their sales of wooden bedroom furniture, three indicated brand names were “usually” important, two indicated they were “always” important, and two indicated that they were “never” important.

Tiers

A majority of U.S. producers, importers, and purchasers stated that there were different tiers (based on consumer perception or on quality) within the U.S. market for wooden bedroom furniture. Most responding firms (15 producers, 26 importers, 13 purchasers, and 7 Chinese producers) stated that there were such tiers, while 5 producers, 9 importers, 5 purchasers, and 2 Chinese producers stated that there were not.

Producers and importers that reported tiers usually described tiers as being based on brand, consumer perception, design, quality, and the materials used. Some producers and importers described three tiers (e.g., “good, better, best”) of wooden bedroom furniture, although sometimes clarifying that the tiers are not sharply defined and/or that Chinese product competes in all tiers (as stated by six producers). (U.S. producer and importer *** indicated that it considers the market to have five tiers.) Importer *** described three tiers based on material, i.e., laminate, veneer, and solid wood. Similarly, U.S. producer *** described the tiers as “knock-down, low-end promotional {product} made from particle board and fiber board, and higher end {product} made from solid wood and wood veneers.” Chinese producers *** stated that higher tiers require different materials and more labor.

Purchasers had similar descriptions of the tiers. *** described three tiers of “good, better, and best.” *** elaborated that “good” would mean no all-solid wood, “better” would mean some solid wood and some non-solid wood, and “best” would mean all solid wood. *** described branding as determining tier, while *** indicated that the type of material determined tier. *** described numerous factors that determine tier, including brand, materials, design, moldings, accents, and size. *** stated that product from China competes in all tiers.

Among those purchasers that stated that there were no tiers, *** stated that while there are ranges of product based on materials used, imports from China are sold into all ranges.

Solid wood versus other materials

As discussed in Part I, wooden bedroom furniture can be made of solid wood or of other materials such as wood veneer and particle board. Market participants generally described product made from different materials as having limited interchangeability.

Ten U.S. producers, 15 importers, 12 purchasers, and 5 Chinese producers indicated that wooden bedroom furniture made of solid wood is “sometimes” interchangeable with product made of other materials. Seven U.S. producers, eight importers, two purchasers, and two Chinese producers indicated that it “usually” was. Additionally, two U.S. producers, seven importers, two purchasers, and three Chinese producers indicated that it “never” was, and one U.S. producer, four importers, and one Chinese producer indicated that it “always” was.

Multiple U.S. producers, importers, and purchasers indicated that consumers perceive solid wood product as being higher in quality (in part because of perceived greater durability) than product made of other materials. Many also stated that the higher cost of solid wood along with this perceived higher quality made solid wood product more expensive than product made from other materials. However, several U.S. producers noted that the consumer market for all-solid wood products is smaller than the market for non-solid wood products, that many consumers do not perceive or care about the differences, or that the higher price of solid wood products make them unappealing to all but a small segment of consumers. Additionally, *** stated that solid wood product presents some quality issues, such as cracking and splitting. Chinese producer *** stated that the majority of consumers prefer particle-board product to solid wood product because particle board allows more elaborate designs at a lower price.

U.S. producer and importer *** as well as Chinese producer *** stated that there was very little overlap in price points between solid wood and non-solid wood products. However, U.S. producer *** stated that the price overlap depends on the quality of the non-solid wood product, U.S. producer *** stated that demand for non-solid wood products depend on their ability to “mimic” solid wood products, and U.S. producer *** stated that all styles can be purchased in both solid and non-solid wood. Importer *** stated that the majority of U.S. consumers would prefer non-solid wood product with an appealing design over a less-appealingly-designed solid wood product.

U.S. PURCHASERS

The Commission received questionnaires from 18 purchasers of wooden bedroom furniture. Two of these purchasers, ***, purchased wooden bedroom furniture after January 1, 2010, but not in 2015.² Overall, responding purchasers reported purchasing 2.1 million pieces of wooden bedroom furniture in 2015. Eleven purchasers are retailers, three are distributors, one is a hospitality provider, and three were primarily producers or importers of wooden bedroom furniture. Purchasers reported a wide variety of suppliers, although for six purchasers, their top supplier represented at least 60 percent of their 2015 purchases.

² See ***.

Four purchasers (***) also submitted U.S. producers' and importers' questionnaires, and three purchasers (***) also submitted importers' questionnaires (but not U.S. producers' questionnaires). U.S. producer *** also submitted a purchasers' questionnaire.³ The largest purchasers by total volume of 2015 purchases were ***.

Seven purchasers indicated that they do not compete with their suppliers for sales to their customers. Three did, with two stating that their supplier ***. Purchasers who resold wooden bedroom furniture reported selling product to consumers, to retail stores, and to hospitality consumers. *** indicated that it also sells a "minor amount" to distributors.

At the hearing, petitioners described the largest customers for wooden bedroom furniture as "furniture big box" stores (to distinguish from other "big box" retailers that may not handle as much wooden bedroom furniture). They added that many of the largest purchasers of wooden bedroom furniture in the 1990s had become direct importers since then.⁴

CHANNELS OF DISTRIBUTION

As shown in table II-1, U.S. producers and importers of subject product from China and nonsubject product from Vietnam made a majority of their commercial shipments to unrelated retailers. The majority of nonsubject product imported from China was sold to related retailers in 2013 and 2014. The large share of commercial shipments of nonsubject imports from China going to the "other" category (as well as the smaller share of nonsubject imports from Vietnam) is accounted for by ***, which sells its imports directly to final consumers. Sales to related retailers were also a sizeable minority of sales by U.S. producers and importers of nonsubject product from Vietnam and other countries.

Table II-1
Wooden bedroom furniture: U.S. producers' and importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, 2013-2015, January-June 2015 and January-June 2016

* * * * *

GEOGRAPHIC DISTRIBUTION

Most responding U.S. producers and importers reported selling wooden bedroom furniture to all regions in the contiguous United States (table II-2). For U.S. producers, 5.5 percent of sales were within 100 miles of their production facility, 47.7 percent were between 101 and 1,000 miles, and 46.9 percent were over 1,000 miles. Importers sold 14.8 percent

³ In answer to another question, ***.

⁴ Hearing transcript, pp. 71-73 (W. Bassett).

within 100 miles of their U.S. point of shipment, 50.4 percent between 101 and 1,000 miles, and 34.8 percent over 1,000 miles.⁵

Table II-2

Wooden bedroom furniture: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	Importers
Northeast	20	23
Midwest	20	24
Southeast	20	26
Central Southwest	20	24
Mountain	20	21
Pacific Coast	20	22
Other ¹	13	19
All regions (except Other)	20	21

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers of wooden bedroom furniture have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced wooden bedroom furniture to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the availability of some unused capacity and the ability to shift production to or from other types of (out of scope) wooden furniture.

Industry capacity

Domestic capacity utilization was approximately *** percent in 2015, suggesting that U.S. producers may have some ability to increase production of wooden bedroom furniture in response to an increase in prices. Domestic capacity rose from under *** pieces in 2013 to nearly *** pieces in 2015. At the hearing, U.S. producers described using new computer numerically controlled (or “CNC”) machines to produce wooden bedroom furniture, and described the machines as allowing a substantial boost to their productivity.⁶

⁵ Seventeen importers shipped wooden bedroom furniture from China from a storage facility, while seven shipped from their point of importation.

⁶ Hearing transcript, pp. 27 (Caperton) and 55 (W. Bassett).

Alternative markets

U.S. producers' exports, as a percentage of total shipments, were less than *** percent from 2013 through 2015, suggesting that producers have limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Most U.S. producers described shifting its sales of wooden bedroom furniture between the U.S. and other markets as difficult or impossible. Reasons for difficulty included the large sizes of U.S. product having limited international appeal, the presence of established producers in other countries, competition from subject product in foreign markets, freight costs, logistics, and lack of foreign market knowledge. Two U.S. producers stated they could shift some sales to Canada, but Sandberg stated that it faces competition from Chinese exports to Canada and Mexico.⁷

Thirteen U.S. producers stated that their firm's exports of wooden bedroom furniture are not subject to tariff or non-tariff barriers in other markets, although producer *** stated that it lost opportunities in Brazil due to tariffs.

Inventory levels

U.S. producers' inventories as a share of total shipments were over *** percent in 2015, suggesting that U.S. producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Most responding U.S. producers stated that they could switch production from wooden bedroom furniture to other furniture products. U.S. producers produced less wooden bedroom furniture than other wooden furniture in every year from 2013 through 2015.

Supply changes

Eleven U.S. producers and 23 importers indicated that there had not been any changes in the availability of U.S.-produced wooden bedroom furniture in the U.S. market since January 1, 2010. Nine producers and ten importers indicated there had been changes, and cited increased imports from nonsubject countries and the closure of some U.S. factories as reasons. *** also stated that U.S. labor, benefits, regulatory, and energy costs had contributed to the closure of U.S. factories and the replacement of their share of supply with imported product.

Purchasers were also asked if there had been any changes in the availability of U.S.-produced wooden bedroom furniture in the U.S. market since January 1, 2010. Eight answered that there had not been, but seven described changes, including the closure of U.S. plants, excess U.S. capacity utilization not being used, and the opening of a new plant in Mississippi.

⁷ Hearing transcript, p. 62 (Sandberg).

Sixteen U.S. producers, 30 importers, and 13 purchasers did not anticipate any changes to the supply of U.S. product. Several U.S. producers indicated that their assumption of no changes was dependent on the current antidumping order remaining in place. Four U.S. producers, three importers, and two purchasers did anticipate changes, with some firms expecting new U.S. producers to increase production. U.S. producer *** stated that it expected to increase U.S. production if the order remains in place.

Subject imports from China⁸

Based on available information, producers of wooden bedroom furniture from China have the ability to respond to changes in demand with large changes in the quantity of shipments of wooden bedroom furniture to the U.S. market. The main contributing factors to this degree of responsiveness of supply are moderate capacity utilization levels, the existence of production alternatives, and high inventory levels, but is constrained by limited alternative markets.

In their prehearing brief, petitioners noted that many Chinese producers did not respond to Commission questionnaires.⁹ To the extent those Chinese producers have more excess capacity, alternative markets, or larger inventories than responding Chinese producers, the potential response of Chinese production to changes in price could be even larger.

Industry capacity

Among responding Chinese producers, Chinese capacity shrank somewhat from 2013 to 2014 before rising in 2015 to slightly above 2014 levels. Capacity utilization was between *** percent over 2013-2015, suggesting some ability to increase production in response to price changes.

Alternative markets

Most production by responding Chinese producers is shipped to the United States, suggesting that the ability of Chinese producers to shift shipments from other destinations is limited. Chinese producer *** described the Chinese market for wooden bedroom furniture as consisting of numerous smaller producers making low- and mid-tier products while a few larger producers make higher-end product. Chinese producer *** described Chinese demand for wooden bedroom furniture as growing as Chinese consumers become wealthier. Three Chinese producers indicated that they did not face competition from imports in their home market, while five stated that they did, citing competition from wooden bedroom furniture produced in Germany, Indonesia, Italy, Malaysia, Taiwan, the United States, and Vietnam.

⁸ For data on the number of responding foreign firms and their share of U.S. imports from China, please refer to Part I, "Summary Data and Data Sources."

⁹ Petitioners' prehearing brief, pp. 26-30 and exhibit 17.

Chinese producers were asked if the wooden bedroom furniture they produced and sold in China was interchangeable with the product they sold in the U.S. and third-country markets. Four stated that it was, and five stated that it was not, citing differences in size and design.

Chinese producers were divided on whether they could easily shift sales between the U.S. market and other countries' markets. Four stated that they could not, citing the larger dimensions and different styles preferred by U.S. consumers, a lack of third-country markets (besides the U.S. and Chinese markets), and long-term services relationships. Three stated that they could switch, with *** noting that U.S. customers brought designs, manufacturing, techniques, and technicians to China to show Chinese producers how to make product for the U.S. market.

In their posthearing brief, petitioners described Chinese producers as being large exporters of wooden bedroom furniture to the world.¹⁰ Additionally, in their prehearing brief, petitioners described multiple countries and regions (including Australia, Canada, the EU, Japan, and Korea) as considering or implementing restrictions on Chinese wooden bedroom furniture due to concerns that some Chinese wooden bedroom furniture is made with timber that is illegally obtained. Petitioners described these restrictions or potential restrictions as making the U.S. market relatively more attractive to Chinese exporters of wooden bedroom furniture.¹¹

Inventory levels

Inventory levels for responding Chinese producers are very high at over *** percent of 2015 shipments, suggesting that Chinese producers have substantial ability to increase shipments from inventories in response to price changes.

Production alternatives

Most responding Chinese producers indicated that they were able to shift production from wooden bedroom furniture to other wooden furniture products.

Supply changes

Eleven U.S. producers, 23 importers, and 2 Chinese producers indicated that the supply of Chinese-produced wooden bedroom furniture in the U.S. market had not changed since January 1, 2010. Nine U.S. producers, ten importers and eight Chinese producers indicated that it had, with U.S. producers often citing the current antidumping order, and sometimes adding that duties had increased since 2010, or that the order had become more effective since then. Both U.S. producers and importers cited increased imports from nonsubject countries as another reason for any reported change in the availability of Chinese product in the U.S. market. Importers *** cited increased labor costs in China as contributing to a decrease in the

¹⁰ Petitioners' posthearing brief, response to questions, p. 4 and exhibit 2.

¹¹ Petitioners' prehearing brief, pp. 38-39.

supply of wooden bedroom furniture from China. Chinese producers also cited increasing labor and other costs in China, as well as growing domestic demand in China and competition from Vietnamese product as reasons why the supply of Chinese product to the U.S. market had decreased.

Most (twelve) responding purchasers indicated that the availability of Chinese-produced wooden bedroom furniture in the U.S. market had not changed since January 1, 2010. Two did describe changes, citing a decline in the availability of Chinese product and an increase in the availability of product from Vietnam.

Fifteen U.S. producers, 29 importers, 13 purchasers, and 4 Chinese producers did not anticipate any change in the availability of subject Chinese product in the U.S. market. Five U.S. producers, four importers, and six Chinese producers did expect changes, citing either possible duty revocation as a result of this review, or rising labor and production costs in China.¹² Chinese producers that expected changes anticipated a reduction in Chinese exports to the U.S. market due to rising Chinese costs and/or competition with imports from Vietnam.

Nonsubject imports

The largest sources of nonsubject imports during 2013-2015 were Vietnam, Indonesia, Malaysia, and Canada, with Vietnam being a substantially larger source than the others. Five U.S. producers, 19 importers, and 10 purchasers reported that there had not been any changes in the availability of nonsubject imports of wooden bedroom furniture in the U.S. market since January 1, 2010. However, fifteen U.S. producers, 15 importers, and 4 purchasers did report such changes, describing increased imports of product from Asian countries, especially Indonesia and Vietnam.

Fourteen U.S. producers, 27 importers, and 13 purchasers did not anticipate any future changes in the availability of nonsubject wooden bedroom furniture. Six U.S. producers and five importers did anticipate changes,¹³ citing the possibility of continuing increases in imports from nonsubject countries.

More specifically, U.S. producers, importers, purchasers, and Chinese producers were asked to describe how imports of wooden bedroom furniture from Vietnam have affected the U.S. market for wooden bedroom furniture since January 1, 2010. Most responding U.S. producers, Chinese producers, and importers described imports from Vietnam as having increased, and as having improved in quality as well, so that they are competitive with U.S. and/or Chinese product. U.S. producers, importers, and Chinese producers also often described product from Vietnam as having increased competition in the U.S. market. For example, *** stated that because U.S. consumers are highly price-sensitive, lower-priced product from Vietnam had increased competition for both U.S. and imported product. Importer *** stated that Vietnamese product is usually priced 15 to 20 percent lower than Chinese product.

¹² One purchaser also anticipated changes in the availability of Chinese product in the U.S. market, but did not elaborate.

¹³ One purchaser also reported changes in the availability of nonsubject product in the U.S. market, but did not elaborate.

Importer *** stated that imports from Vietnam have “essentially eliminated” U.S. production of promotional-tier product. Chinese producers described product from Vietnam as less expensive than Chinese product, being produced in increasing volumes, and/or taking U.S. market share from Chinese producers.¹⁴

Similarly, nine purchasers described imports from Vietnam as having increased and as having had some effect on the U.S. market. Listed effects included lower prices, increased competition, and broader product availability. For example, *** described product from Vietnam as taking market share from product from China in the low-to-middle price ranges. *** stated that U.S. producers ***. *** described imports from Vietnam as putting competitive pressure on imports from China, but *** described imports from Vietnam as competing both with imports from China and U.S. product. In addition to those nine purchasers identifying increased imports from Vietnam, *** stated that product from Vietnam might have displaced Chinese product but that it had no other effect.

However, four importers (*** of which are also producers), and four purchasers answered that imports from Vietnam had had no effect on the U.S. market.

In their posthearing brief and at the hearing, petitioners described Vietnamese producers as unable to supply all the wooden bedroom furniture products that Chinese producers can, and stated that Chinese producers are much larger exporters of non-wooden bedroom furniture to the U.S. market than Vietnamese producers are.¹⁵

New suppliers

Eleven purchasers indicated that no new suppliers entered the U.S. market since January 1, 2010, but seven reported that new suppliers had. Those seven described new suppliers entering from time to time, and *** stated that many factories in Asia have expanded capacity. Seven purchasers anticipated new suppliers (citing normal market entrances and exits, or the possibility of revocation of the antidumping duties), but seven others did not.

Supply constraints

Twenty U.S. producers and 34 importers stated that they had never refused, declined, or been unable to supply wooden bedroom furniture since January 1, 2010. However, importers *** stated that they had experienced some delays or cancellations. Similarly, 17 purchasers reported that no firm had refused, declined, or been unable to supply them with wooden bedroom furniture since January 1, 2010. *** stated that supply issues are “not uncommon” in the ***.

¹⁴ *** submitted several articles from *Furniture Today* showing firms such as Stanley Furniture and Standard Furniture opening new facilities in Vietnam, including, for Standard Furniture, one that will work on research and development.

¹⁵ Hearing transcript, pp. 93-107 (W. Bassett, Vaughn, Taylor, and Lutz), and Petitioners’ posthearing brief, pp. 9-11.

U.S. demand

Based on available information, the overall demand for wooden bedroom furniture is likely to experience moderately small changes in response to changes in price. The main contributing factors are the limited range of substitute products (as wooden bedroom furniture consumers are reportedly not as interested in substitutes), tempered by some indication of consumer willingness to treat wooden bedroom furniture as a discretionary purchase.¹⁶

End uses

U.S. demand for wooden bedroom furniture depends on the demand for U.S.-produced downstream products. Reported end uses are mostly for use in residential homes, along with some usage in hospitality and institutional settings.

Business cycles

Nine U.S. producers, 26 importers, and 12 purchasers indicated that the wooden bedroom furniture market was not subject to business cycles or conditions of competition. However, 11 U.S. producers, 9 importers, and 6 purchasers did describe some business cycles or conditions of competition. Ten U.S. producers, seven importers, and four purchasers described demand for wooden bedroom furniture as cyclical or seasonal, with demand increasing in the spring and the fall, around tax refund time, or when the housing market is more active. *** stated that disposable income is spent more on vacation in the summer and on holiday gifts in the winter, with wooden bedroom furniture not a common gift. However, *** stated that demand is not seasonal.

Two U.S. producers, three importers, and two purchasers stated that the wooden bedroom furniture market is subject to other distinctive conditions of competition. Purchaser *** described wooden bedroom furniture demand as following general economic trends (including consumer confidence and disposable income) and especially trends in the housing market, although it added that the wooden bedroom furniture industry experiences longer troughs during recessions than the wider economy. *** also described demand as being influenced by the wider real estate market.

Eight U.S. producers, eight importers, and seven purchasers stated that there had not been any changes to the business cycles or conditions of competition since January 1, 2010. Three producers, four importers, and one purchaser stated that there had been. *** described the current trough in demand as particularly long-lasting. U.S. producer *** described competition from imports as increasing due to decreased freight rates. *** stated that the loss or shrinkage of several smaller suppliers had “changed the competitive landscape.”

¹⁶ See also *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, (December 2010), page II-11.

Demand trends

As discussed below, U.S. gross domestic product (GDP), consumer sentiment, and housing starts are all indicators for the demand for wooden bedroom furniture.¹⁷ Data for these series are summarized in figures II-1 to II-3. All three indicators show moderate growth over January 2013 to June 2016 or August 2016. However, housing starts, which petitioners described as a key indicator of demand for wooden bedroom furniture, remained much lower than their levels over 2001-2003.¹⁸ At the hearing, petitioners described current demand for wooden bedroom furniture as much lower than in the past due to the “terrible downturn” after the recession of 2007-2009.¹⁹ In particular, Sandberg Furniture described lower- and middle-income consumers, which it described as the “backbone” of its business, as not yet having seen as robust a recovery as others have.²⁰

The November 2016 consensus Blue Chip forecasts for U.S. real GDP growth were *** percent for 2016 and *** percent for 2017, and the consensus Blue Chip forecasts for new housing starts were *** million for 2016 and *** million for 2017.²¹ Regarding future demand, petitioners noted at the hearing that signs for potential future demand increases included new family formation by millennials, tempered by millennials’ predilection for renting as well as owning smaller homes.²²

¹⁷ See also petitioners’ prehearing brief, pp. 14-16 and exhibit 3.

¹⁸ See petitioners’ prehearing brief, pp. 14-16 and exhibits 3-4. Petitioners noted even more severe trends in new single family home sales, which they stated was also a key indicator.

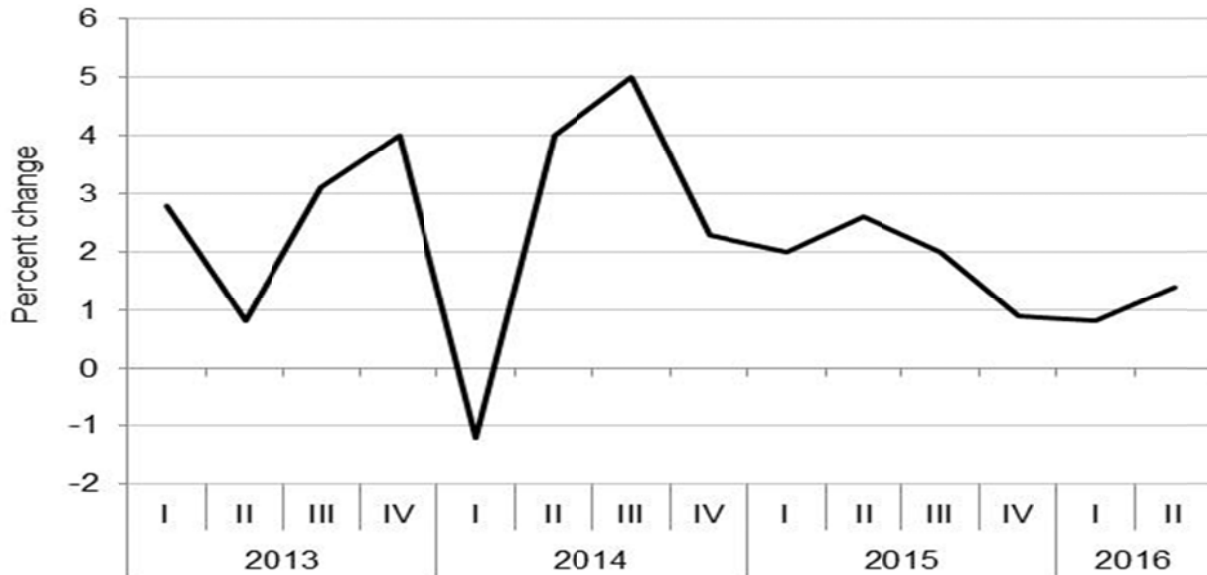
¹⁹ Hearing transcript pp. 11 (Taylor), 18, 55-56 (D. Bassett), and 50 (W. Bassett).

²⁰ Hearing transcript, p. 31 (Sandberg).

²¹ *Blue Chip Economic Indicators*, Vol. 41, No. 11, November 10, 2016.

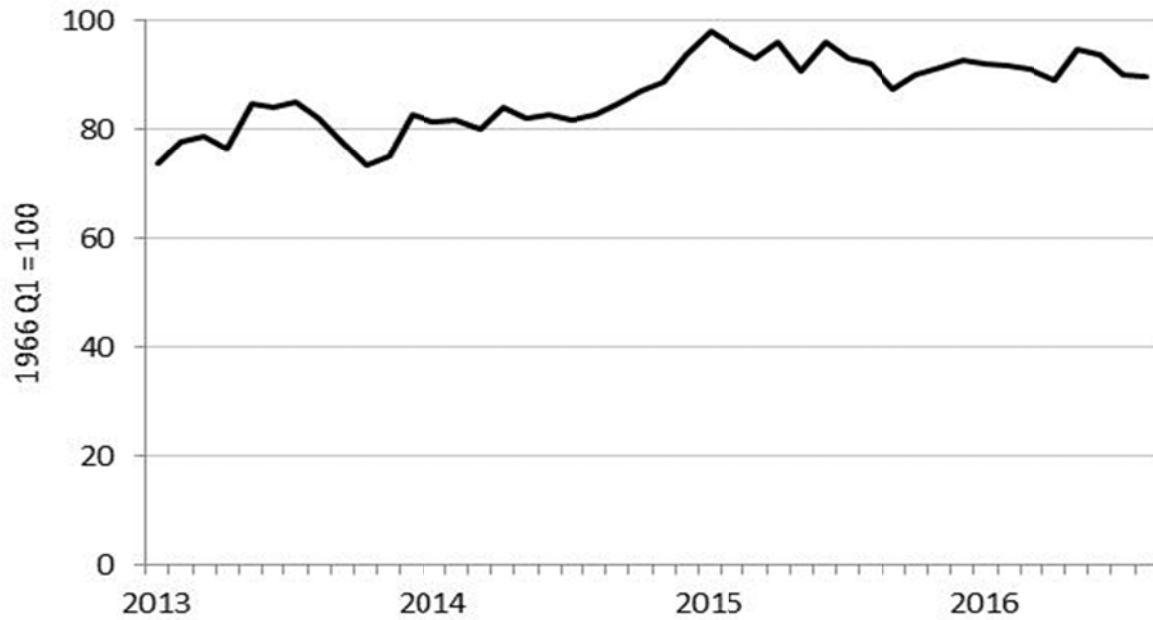
²² Hearing transcript, pp. 58 (Sandberg) and 59 (W. Bassett).

Figure II-1
Real U.S. GDP growth: Percent change from the previous quarter, quarterly, January 2013-June 2016



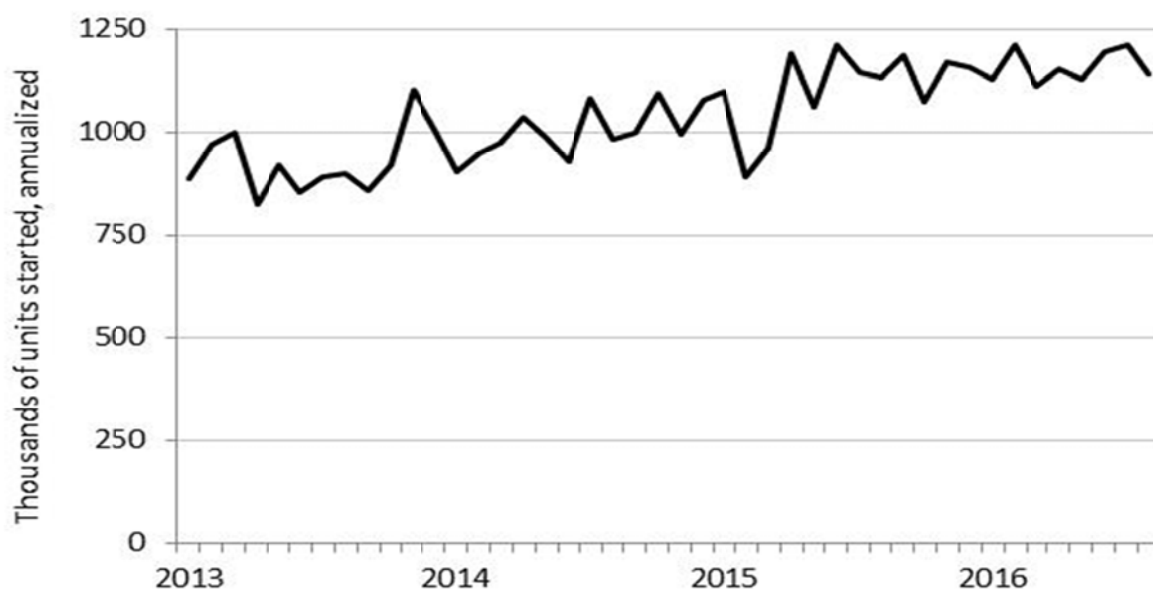
Source: National Income and Product Accounts-Table 1.1.1, Percent Change from Preceding Period in Real Gross Domestic Product, Bureau of Economic Analysis, http://www.bea.gov/iTable/index_nipa.cfm, retrieved October 4, 2016.

Figure II-2
U.S. consumer sentiment: University of Michigan index, monthly, January 2013-August 2016



Source: University of Michigan via St. Louis Fed, Economic Research Division, <https://fred.stlouisfed.org/series/UMCSENT>, retrieved October 4, 2016.

Figure II-3
U.S. housing starts: University of Michigan index, monthly, January 2013-August 2016



Source: U.S. Census Bureau via St. Louis Fed, Economic Research Division, <https://fred.stlouisfed.org/series/HOUST>, retrieved October 4, 2016.

Firms reported a wide variety of trends in U.S. demand for wooden bedroom furniture since January 1, 2010 (table II-3). Few firms expected demand to decrease in the future.

Table II-3
Wooden bedroom furniture: Firms' responses regarding U.S. demand

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	8	4	5	3
Importers	11	8	8	10
Purchasers	4	6	3	3
Foreign producers	1	2	5	2
Anticipated future demand				
U.S. producers	7	6	1	5
Importers	10	11	1	13
Purchasers	3	7	0	3
Foreign producers	2	2	3	3

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

In further comments, U.S. producers and importers describing an increase in demand cited increased consumer confidence, housing and hotel markets' recovery from the recession, and a stronger economy. The U.S. producers that described decreased or unchanged demand cited stagnant disposable income, slow economic growth, increased demand for living room furniture at the expense of bedroom furniture, and changing bedroom furniture demand with less consumer interest in mirrors and armoires as reasons. U.S. producers and importers that

expected an increase in demand usually connected their anticipation to anticipated continued growth in the U.S. economy. Importer *** expected modest growth due to anticipated modest growth in U.S. consumer confidence, but did not expect demand to return to 2007 levels.

Among purchasers, *** connected demand for wooden bedroom furniture to trends in the wider economy and housing starts. However, *** described recent fluctuations (e.g., demand rising from 2010-11, falling in 2012, and rising again in 2013) as difficult to predict. It added that current real estate market strength and growing consumer confidence led it to believe that demand for wooden bedroom furniture would increase in the future, however. *** stated that demand still has not returned to pre-recession levels.

Regarding demand in other countries, purchaser *** described global supply of wooden bedroom furniture as exceeding demand. U.S. producer *** also described demand as weaker outside the United States. Importer *** forecast that as other countries become more affluent, their demand for wooden bedroom furniture would increase. Multiple producers and importers tied foreign demand for wooden bedroom furniture to housing markets and general economic conditions overseas.

Among Chinese producers, four reported increased Chinese demand (and expected it to continue increasing), three reported no change in Chinese demand (and expected it to remain the same), one reported decreased Chinese demand (and expected it to continue declining), and one reported fluctuating Chinese demand (and expected it to continue fluctuating). Those reporting increased Chinese demand generally cited increased Chinese living standards as a reason. Five Chinese producers indicated that demand in countries other than the United States and China had remained the same, and six expected it would continue to do so. Three indicated that demand in other countries had fluctuated, and two expected that it would continue to do so.

Substitute products

There are not many substitutes for wooden bedroom furniture. Sixteen U.S. producers, 25 importers, 11 U.S. purchasers and 10 Chinese producers stated that there were no substitutes for wooden bedroom furniture. However, 4 U.S. producers, 10 importers, and 6 U.S. purchasers stated that there were substitutes, and identified bedroom furniture made out of materials that appear to be wood but are not (e.g., particle board over laminate), or metal or plastic beds as substitutes. U.S. producer *** described metal beds as substitutes for wooden bedroom furniture only functionally, as most consumers prefer either wooden or metal bedroom furniture.

However, almost all the producers, importers and purchasers naming substitutes added that changes in the price of these substitutes had not affected the price of wooden bedroom furniture. The one exception, ***, stated that lower prices for metal bed rails had pushed prices lower for wooden rails.

Eighteen U.S. producers, 32 importers, 13 purchasers, and 8 Chinese producers stated that there had been no changes in the number or types of substitutes for wooden bedroom

furniture since January 1, 2010. Two purchasers did describe such changes, with *** stating that fabric-upholstered bedframes and headboards were growing in popularity.²³ Eighteen U.S. producers, 32 importers, 13 purchasers, and 8 Chinese producers did not anticipate any changes in substitutes for wooden bedroom furniture.

SUBSTITUTABILITY ISSUES

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

Lead times

For U.S. producers and importers, wooden bedroom furniture is primarily sold from inventory. U.S. producers reported that 95.0 percent of their commercial shipments were from inventories, with lead times ranging from 7 to 15 days. The remaining 5.0 percent of their commercial shipments were produced-to-order, with lead times ranging from 20 to 90 days.

Importers reported that 56.7 percent of their commercial shipments were from inventory with lead times usually ranging between 3 and 21 days. Another 26.9 percent of such imports were from a foreign manufacturer's inventory, with lead times ranging from 30 to 90 days. The remaining 16.4 percent of their commercial shipments were produced to order, with lead times ranging from 70 to 120 days.

However, for Chinese producers that responded to Commission questionnaires, wooden bedroom furniture is primarily produced to order. Chinese producers reported that 95.2 percent of their commercial shipments were produced to order, with lead times ranging from 60 to 120 days. The remaining 4.8 percent of their commercial shipments were sold from inventories, with lead times ranging from 4 to 70 days.

Knowledge of country sources

Fourteen purchasers indicated that they had marketing/pricing knowledge of domestic product,²⁴ 10 of Chinese product, 13 of Vietnamese product, and 12 of product from other countries, including Brazil, Canada, Indonesia, Italy, Malaysia, and Mexico.

As shown in table II-4, a majority of wooden bedroom furniture purchasers "always" or "usually" make purchasing decisions based on the producer of the product. However,

²³ ***.

²⁴ Of the four purchasers not indicating familiarity with domestic product, two did not answer the question, and the other two were ***.

purchasers also indicated that their customers are less likely to do so. Additionally, purchasers reported that neither they nor their customers are likely to make purchasing decisions based on the country of origin.

Table II-4

Wooden bedroom furniture: Purchasing decisions based on producer and country of origin

Purchaser/Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	7	3	5	2
Purchaser's customers make decision based on producer	0	2	4	7
Purchaser makes decision based on country	3	1	7	6
Purchaser's customers make decision based on country	0	1	7	7

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

Purchasers that made decisions based on producer cited individual producers' abilities to produce quality products, deliver products on time, meet specifications, and maintain financial stability as reasons for doing so. When discussing customers' decisions, *** stated that brand is sometimes important, but price is "paramount." *** stated that its customers buy the ***.

Purchasers that made decisions based on country of origin cited different reasons for doing so. Among these purchasers, *** stated that it sometimes promotes "made in USA" products. *** stated that some countries have advantages in particular raw materials. *** added that in addition to particular raw materials, some factories may be better at particular designs. In describing their customers, *** stated that some customers prefer domestic product, and *** stated that some customers view domestic product as higher in quality. However, *** stated that customers make decisions based mostly on price, or price and quality.

Factors affecting purchasing decisions

The most often cited top four factors firms consider in their purchasing decisions for wooden bedroom furniture were price (15 firms), quality (12 firms), style/look/product (7 firms), and availability (7 firms), as shown in table II-5. Of the six purchasers naming price as the most important factor, five, ***.

Fifteen purchasers stated that neither they nor their customers specifically ordered wooden bedroom furniture from one country in particular over other sources of supply. Three did, including ***, which described customers as "frequently" desiring U.S.-made product, and ***, which described having U.S.-made product as "infrequently" important.

Eight purchasers reported that they "sometimes" purchase the lowest-priced product offered, while five stated that they "never" did. Two others stated that they "always" did, and three stated that they "usually" did. *** purchasers reporting that they "always" or "usually" did were ***.

When asked if they purchased wooden bedroom furniture from one source although a comparable product was available at a lower price from another source, eight purchasers reported reasons including quality, availability, and deliver time. *** stated that it looks for the

Table II-5**Wooden bedroom furniture: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor**

Factor	First	Second	Third	Total
Price	6	7	2	15
Quality ¹	4	5	3	12
Style/ look/ product	4	1	2	7
Availability	1	1	5	7
Meeting specifications	1	0	0	1
Brand strength	1	0	0	1
Delivery/ on-time delivery	0	2	1	3
Consistency/ reliability	0	1	1	2
Other ²	0	0	1	1

¹ Purchasers reported that the quality of wooden bedroom furniture depended on the type of wood used, how the wood is machined, how well materials are joined together, how well the furniture is finished, and how consistent the color is. Additionally, other important factors in determining quality include packaging, the sustainability of the timber used, meeting specifications, and durability.

² Other factors include capacity for growth and factory compliance with social responsibility standards.

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

best “value,” including both price and quality. *** described continuing to purchase from the same source to maintain ***. *** stated that quality was always its most important purchasing factor. *** indicated that it usually chooses U.S. product because of reliability, delivery time, and ability to order small amounts. However, *** stated that they either did not purchase lower-priced product or would purchase the lower-priced product.

Most (15 of 17 responding) purchasers reported that there were not certain types of wooden bedroom furniture that were only available from a single source. Two (***) did, citing wood types used in the product. *** elaborated that each country from which it orders product has certain species of wood that instill unique properties more costly to producers in other countries.

Few purchasers reported purchasing from only one country. Among those that did, *** explained that they were happy with their current supplier, and *** added that it liked having ***. *** stated that it liked having a local supply chain, and so purchased U.S. product. *** stated that, as ***, it preferred to purchase U.S. product.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rated as “very important” by almost all responding purchasers include availability, delivery time, price, product consistency, quality meeting industry standards, and reliability of supply.

Table II-6
Wooden bedroom furniture: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	16	2	0
Delivery terms	8	7	3
Delivery time	14	4	0
Discounts offered	8	6	4
Extension of credit	2	3	13
Minimum quantity requirements	4	9	5
Packaging	11	3	4
Price	16	2	0
Product consistency	16	2	0
Product range	2	12	4
Quality exceeds industry standards	9	8	1
Quality meets industry standards	16	1	1
Reliability of supply	17	1	0
Technical support/service	7	8	3
U.S. transportation costs	3	11	4

Note.—the cell with the highest number of responses in each row is highlighted.

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

Supplier certification

Twelve purchasers do not require their suppliers to become certified or qualified to sell wooden bedroom furniture to their firm. Five purchasers (***) do require such certification, usually for all of their purchases. *** described the most extensive qualification procedure, including ***. *** described qualification factors that focused mostly on compliance with regulations for consumer safety and environmental impact. Purchasers that required certification reported that the time to qualify a new supplier ranged from 21 to 75 days.

Twelve purchasers reported that no domestic or foreign supplier had failed in its attempt to qualify product, or had lost its approved status since January 1, 2010. *** indicated that ***.

At the hearing, U.S. producer JTB Furniture, which supplies hotel chains, stated that some major hotel chains qualify several wooden bedroom furniture suppliers and then require that their franchisees purchase wooden bedroom furniture from those suppliers. It continued that franchisees then usually purchase among the qualified suppliers based on price.²⁵

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2010 (table II-7). Pluralities of purchasers reported constant purchases of U.S. product, no purchases of subject Chinese product, decreased purchases of nonsubject Chinese

²⁵ Hearing transcript, p. 21 (Berry).

product, and increased purchases of product from Vietnam. Reasons reported for changes in purchases of U.S. product included replacing a vendor that had gone out of business, replacing purchases of U.S. product with product from nonsubject countries, replacing purchases of imports with a purchaser's own production, and an overall decline in purchases. Reasons reported for decreases in purchases of subject Chinese product included an overall decline in purchases, a Chinese producer not updating its styles, and finding better values and quality in product from other countries. *** stated that it purchased more product from Vietnam because of the increase in the number of Vietnamese factories producing wooden bedroom furniture.

Table II-7
Wooden bedroom furniture: Changes in purchase patterns from the United States and subject and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	1	4	4	8	1
China (subject)	8	6	0	2	0
China (nonsubject)	7	7	0	2	0
Vietnam	5	1	9	1	0
Other	3	3	4	4	1
Unknown	6	1	1	0	2

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

Nine purchasers reported that they had changed suppliers since January 1, 2010, with another nine reporting that they had not. Purchasers reporting changes often reported numerous changes, and for a variety of reasons including price, quality, style, and delivery time. Six of the nine purchasers reporting changing suppliers listed price, cost, or value as a reason for doing so; *** did not.

Importance of purchasing domestic product

Eleven purchasers reported that purchasing U.S.-produced product was not a requirement in their purchasing decisions for wooden bedroom furniture. The other purchasers did not respond to the question; some of these, ***.

Comparisons of domestic product, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing wooden bedroom furniture produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-8) for which they were asked to rate the importance.

Table II-8
Wooden bedroom furniture: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. Vietnam			China vs. Vietnam		
	S	C	I	S	C	I	S	C	I
Availability	4	8	1	5	6	2	1	9	0
Delivery terms	4	8	0	5	7	0	1	8	0
Delivery time	9	2	1	9	2	1	1	6	2
Discounts offered	1	10	1	0	10	1	0	9	0
Extension of credit	0	10	1	1	9	1	0	8	0
Minimum quantity requirements	6	6	1	6	6	1	0	10	0
Packaging	3	10	0	2	11	0	0	9	1
Price ¹	0	3	9	1	3	8	2	6	1
Product consistency	2	9	1	1	11	1	1	9	0
Product range	0	10	3	0	8	5	0	10	0
Quality exceeds industry standards	1	11	1	1	11	1	1	9	0
Quality meets industry standards	1	11	1	1	11	1	1	9	0
Reliability of supply	5	7	1	7	5	1	1	7	2
Technical support/service	3	9	0	5	7	0	0	9	0
U.S. transportation costs ¹	6	6	0	5	7	0	0	9	0
Factor	U.S. vs. other nonsubject			China vs. other nonsubject			Vietnam vs. other nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	5	6	1	0	9	0	0	11	0
Delivery terms	5	7	0	0	8	0	0	10	0
Delivery time	9	2	1	0	6	2	0	9	1
Discounts offered	0	11	0	0	8	0	0	9	0
Extension of credit	1	9	1	0	7	0	0	8	1
Minimum quantity requirements	6	6	1	0	9	0	0	11	0
Packaging	1	12	0	0	8	1	0	11	0
Price ¹	1	4	7	2	5	1	1	8	1
Product consistency	0	12	1	1	8	0	0	11	0
Product range	0	10	3	0	9	0	0	11	0
Quality exceeds industry standards	0	12	1	1	8	0	0	11	0
Quality meets industry standards	0	12	1	1	8	0	0	11	0
Reliability of supply	7	5	1	0	7	2	0	11	0
Technical support/service	4	8	0	0	8	0	0	10	0
U.S. transportation costs ¹	5	7	0	0	8	0	0	10	0

¹ A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior. "Other nonsubject" means nonsubject countries other than Vietnam. The cell with the highest number of responses in each row of each comparison column is highlighted.

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

Most purchasers reported that U.S., Chinese, Vietnamese, and other nonsubject wooden bedroom furniture were comparable on most factors. However, a majority of purchasers described U.S. product as inferior to imports from all sources on price, and superior on delivery time. A majority also described U.S. product as superior to nonsubject imports from both Vietnam and other countries on reliability of supply.²⁶

Comparison of U.S.-produced and imported product

In order to determine whether U.S.-produced wooden bedroom furniture can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-9, a majority of producers and importers described product from all sources as “always” interchangeable, and a majority of purchasers described product from all sources as “always” or “frequently” interchangeable.

Table II-9
Wooden bedroom furniture: Interchangeability between wooden bedroom furniture produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting				
	A	F	S	N	A	F	S	N	A	F	S	N	
U.S. vs. subject countries:													
U.S. vs. China	15	2	2	0	19	8	5	1	6	3	1	2	
Nonsubject countries comparisons:													
U.S. vs. Vietnam	15	2	2	0	19	6	8	1	6	3	2	2	
U.S. vs. other ¹ nonsubject	13	2	3	0	17	4	7	1	6	3	2	2	
China vs. Vietnam	15	1	2	0	18	7	6	1	6	3	1	2	
China vs. other nonsubject	13	1	3	0	17	5	5	1	6	3	1	2	
Vietnam vs. other nonsubject	13	1	3	0	17	5	6	1	6	3	2	2	

¹ ‘Other’ nonsubject refers to nonsubject countries other than Vietnam.

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

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

In additional comments, *** stated that the quality of wooden bedroom furniture from Vietnam has improved to the point that some of it is now “four or five star” product. However, *** importers *** described Vietnamese producers as specializing in the lower and middle quality tiers, and not able to produce the higher tier product of the same quality as Chinese producers. *** stated that factory capabilities, wood species, price, labor, and ocean freight rates can limit interchangeability. Importer *** stated that because many past U.S. producers had closed their U.S. facilities and moved them abroad, the availability and range of U.S.

²⁶ ***.

wooden bedroom furniture is now limited, in turn limiting interchangeability with product from other countries. Importer *** described size as a factor limiting interchangeability, and importer *** listed size as well as design. Purchaser *** indicated that style and finish color can limit the interchangeability of wooden bedroom furniture from various country sources. *** stated that construction and material can do so in addition to finish.

As can be seen from table II-10, responding purchasers generally reported that wooden bedroom furniture from all sources “always” or “usually” met minimum quality specifications. However, responding purchasers were somewhat more likely to describe U.S. product as “always” meeting minimum quality specifications than imported product.

Table II-10
Wooden bedroom furniture: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	8	7	0	0
China	4	7	1	0
Vietnam	4	10	0	0
Other	3	9	0	0

¹ Purchasers were asked how often domestically produced or imported wooden bedroom furniture meets minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of wooden bedroom furniture from the United States, subject, or nonsubject countries. As seen in table II-11, a majority of U.S. producers described such differences as “sometimes” important, with the balance describing them as “never” significant, for all country comparisons. Among importers, the results were similar, although it was usually a plurality that described the differences as “sometimes” significant, and some importers did describe such differences as “always” or “frequently” significant. Among purchasers, answers were more evenly spread out among all possibilities.

Table II-11

Wooden bedroom furniture: Significance of differences other than price between wooden bedroom furniture produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	0	0	14	5	4	6	13	6	4	2	3	4
Nonsubject countries comparisons: U.S. vs. Vietnam	0	0	14	5	4	3	14	6	4	2	3	4
U.S. vs. other ¹ nonsubject	0	0	14	4	4	3	14	5	4	2	3	4
China vs. Vietnam	0	0	14	5	4	2	16	6	4	2	3	4
China vs. other nonsubject	0	0	14	4	4	2	16	5	4	2	3	4
Vietnam vs. other nonsubject	0	0	14	4	4	2	16	5	4	2	3	4

¹ 'Other' nonsubject refers to nonsubject countries other than Vietnam.

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

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

In other comments, U.S. producer *** stated that while quality is nearly comparable among sources, ocean transport can be a difference other than price, and warranties (or lack thereof) as well as technical support can be minor non-price differences. *** U.S. importers *** described themselves as importing custom-made, high-end product that competes on factors other than price. Importer *** described itself as using ***. Importers *** listed freight cost, transportation time, quality, technical support, and design as important factors other than price. Importer *** stated that it specializes in importing a subcategory of furniture (***) that is not produced in the United States, but instead in Asia and Europe.

Purchasers *** described its purchasing as taking into account not only price but also quality and availability. Similarly, purchaser *** listed quality and style as “always significant” factors in purchasing decisions. Purchaser *** stated that transportation costs are important, and can vary substantially among supply sources within a country.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their prehearing or posthearing briefs. None did so.

U.S. supply elasticity

The domestic supply elasticity²⁷ for wooden bedroom furniture measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of wooden

²⁷ A supply function is not defined in the case of a non-competitive market.

bedroom furniture. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced wooden bedroom furniture. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to substantially increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for wooden bedroom furniture measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of wooden bedroom furniture. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products. Based on the available information, the aggregate demand for wooden bedroom furniture is likely to be moderately inelastic; a range of -0.5 to -1.0 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.²⁸ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced wooden bedroom furniture and imported furniture is likely to be in the range of 3 to 6.

²⁸ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission's questionnaires. Twenty-one firms supplied information on their operations in this review. The list of these firms, each company's position on continuation of the antidumping duty order, production location(s), related and/or affiliated firms, and share of reported production of wooden bedroom furniture in 2015, is presented in Part I.

Changes experienced by the industry

Since the first five-year review, several firms have exited the wooden bedroom furniture industry. Wright Table Co. and Vaughan Furniture both ceased operations in 2015.¹ Higdon Furniture and Mobel closed in 2014,² and Lea Furniture ceased operations at the end of 2014.³ In 2013, Vermont Tubbs and Brown Street Furniture closed and sold all assets.⁴ Linwood Furniture filed for Chapter 11 bankruptcy protection in 2012 and liquidated its assets in 2013.⁵ Craftique Furniture and Thornwood Mfg. ceased production in 2012,⁶ and Crawford Furniture Mfg. closed its wood furniture plant after filing for Chapter 11 bankruptcy protection in 2011.⁷

In addition, the Domestic Committee notes that some new domestic producers also are having trouble entering the market. Lincolnton Furniture started to produce wood furniture in December 2011, but halted its operations just one year later.⁸

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of wooden bedroom furniture since 2010. There were two reported plant openings, four

¹ "Case goods maker Wright Table Co. closing after 44 years," Furniture Today, January 27, 2015; and 91-year-old Vaughan Furniture Co. in Virginia to close, The Washington Times, December 31, 2014.

² "Higdon closes operations, sells inventory," Furniture Today, February 6, 2014; Mobel, Inc. to close after 43 years in business, Furniture Today, February 21, 2014.

³ "Lea Furniture," www.leafurniture.com, accessed December 6, 2016.

⁴ "Vermont Tubbs, Brown Street Furniture assets to be auctioned off," Furniture Today, May 6, 2013.

⁵ "North Carolina manufacturer Linwood Furniture to liquidate," Furniture Today, September 6, 2012; and "Company will sell off Linwood Furniture's assets in 12 week liquidation," The Dispatch, April 19, 2013.

⁶ "Craftique Furniture ceases production," Furniture Today, December 11, 2012; and Thornwood factory, contents to be auctioned Nov. 15, Furniture Today, November 8, 2012.

⁷ "Crawford Furniture Files for Ch. 11 Bankruptcy Protection," Furniture Today, September 8, 2011.

⁸ Domestic Committee's prehearing brief, October 31, 2016, p. 21 and Exhibit 16, and "Lincolnton Furniture looking at options to possibly reopen plant," Furniture Today, January 16, 2013.

expansions, two acquisitions, two consolidations, and four plant closings. All domestic producer responses are presented in table III-1.

Table III-1
Wooden bedroom furniture: U.S. producers' reported changes in operations, since January 1, 2010

* * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of wooden bedroom furniture. Five producers anticipate changes in the future. Specifically, ***. In addition, ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-2 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Firms reported operating between 50 and 52 weeks per year; however reported hours worked per week varied from 40 hours to 120 hours. Most producers calculated their production capacities based on prior or estimated production levels, as well as production employees and equipment capabilities. Tom Seely Furniture noted that its ***.

Total U.S. producers' capacity increased by 10.1 percent from 2013 to 2015, and was 5.5 percent higher in interim 2016 than in interim 2015. The increase was primarily due to ***. Reported production increased by 22.2 percent over the period but was 4.6 percent lower in interim 2016 than in interim 2015.

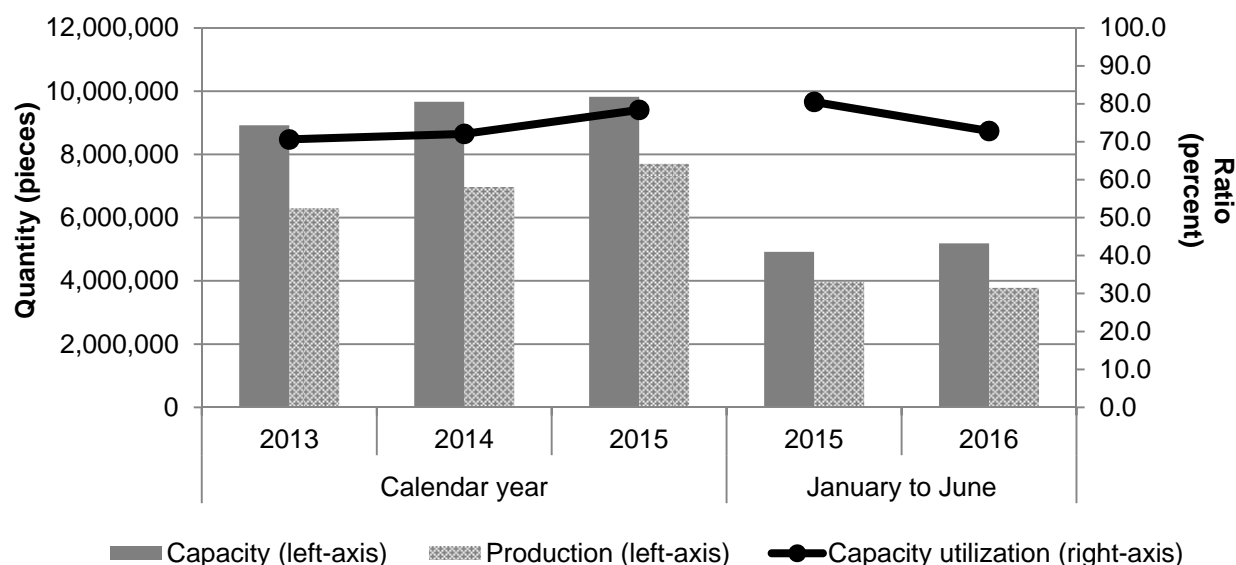
Table III-2
Wooden bedroom furniture: U.S. producers' capacity and production, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (pieces)				
Capacity	8,922,555	9,667,434	9,822,922	4,918,282	5,186,967
Production	6,300,485	6,967,585	7,701,495	3,959,564	3,777,827
	Ratio (percent)				
Capacity utilization	70.6	72.1	78.4	80.5	72.8

Note.—Capacity for ***.

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

Figure III-1
Wooden bedroom furniture: U.S. producers' capacity and production, 2013-15, January to June 2015, and January to June 2016



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

Constraints on capacity

The Commission asked the domestic producers to report constraints on their capacity to produce wooden bedroom furniture. Many U.S. producers mentioned finishing capacity as a top constraint. *** stated that it takes three shifts in the finishing department to finish all of the furniture that can be produced in two shifts by the production department. Another top constraint listed by several U.S. producers was the availability of qualified labor. Other constraints included the capacity of machinery, equipment, and warehouse storage, as well as air quality permit.

Production of other products on the same equipment

Table III-3 presents data on U.S. producers' capacity and production of other products using the same equipment and machinery as wooden bedroom furniture. All but three U.S. producers (***) reported production of other products, primarily other wooden furniture,⁹ on the same equipment. Most U.S. producers that indicated that they are able to switch capacity between wooden bedroom furniture and other wooden furniture do so when the demand warrants it.

⁹ Other products produced on the same machinery include chairs, seating, and upholstery.

Table III-3

Wooden bedroom furniture: U.S. producers' overall capacity and production of products on the same machinery as wooden bedroom furniture, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (pieces)				
Overall capacity	25,083,073	24,826,829	22,080,594	11,222,331	11,459,117
Production:					
Wooden bedroom furniture	6,300,485	6,967,585	7,701,495	3,959,564	3,777,827
Other wooden furniture	12,119,181	11,876,398	10,764,288	***	***
Other products	***	***	***	***	***
Total production	***	***	***	***	***
	Ratios and shares (percent)				
Capacity utilization	***	***	***	***	***
Share of production:					
Wooden bedroom furniture	***	***	***	***	***
Other wooden furniture	***	***	***	***	***
Other products	***	***	***	***	***
Total production	***	***	***	***	***

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

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

Table III-4 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity of U.S. producers' U.S. shipments increased from 2013 to 2015 by 19.1 percent, but was 5.8 percent lower in interim 2016 than in interim 2015. The value of U.S. producers' U.S. shipments likewise increased by 10.0 percent from 2013 to 2015, and was nominally lower in interim 2016 than in interim 2015.

Table III-4

Wooden bedroom furniture: U.S. producers' U.S. shipments, export shipments, and total shipments, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (pieces)				
Commercial U.S. shipments	6,169,073	6,416,489	7,346,224	3,937,389	3,707,879
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	6,176,525	6,424,854	7,354,210	3,941,304	3,711,541
Export shipments	331,704	361,952	336,688	171,104	125,426
Total shipments	6,508,229	6,786,806	7,690,898	4,112,408	3,836,967
	Value (1,000 dollars)				
Commercial U.S. shipments	585,103	587,303	644,268	336,771	336,782
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	589,716	591,864	648,453	338,861	338,827
Export shipments	28,246	28,954	26,543	13,298	10,038
Total shipments	617,962	620,818	674,996	352,159	348,865
	Unit value (dollars per piece)				
Commercial U.S. shipments	94.84	91.53	87.70	85.53	90.83
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	95.48	92.12	88.17	85.98	91.29
Export shipments	85.15	79.99	78.84	77.72	80.03
Total shipments	94.95	91.47	87.77	85.63	90.92
	Share of quantity (percent)				
Commercial U.S. shipments	94.8	94.5	95.5	95.7	96.6
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	94.9	94.7	95.6	95.8	96.7
Export shipments	5.1	5.3	4.4	4.2	3.3
Total shipments	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
Commercial U.S. shipments	94.7	94.6	95.4	95.6	96.5
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Subtotal, U.S. shipments	95.4	95.3	96.1	96.2	97.1
Export shipments	4.6	4.7	3.9	3.8	2.9
Total shipments	100.0	100.0	100.0	100.0	100.0

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

Ten U.S. producers reported exporting, all to Canada. In addition, *** exports to *** and *** exported to ***. *** accounted for most of the export shipments, accounting for ***

percent of all exports in 2015. Petitioners note that their export shipments were higher in past years, but that they cannot compete with lower priced Chinese imports present in these markets, including Mexico and Canada.¹⁰ Transfers to related firms were reported by ***.

U.S. producers were asked to report the approximate percentages of their U.S. shipments in 2015 by type. Fourteen producers reported that 100 percent of their U.S. commercial shipments in 2015 were solid wood or solid wood veneer¹¹ wooden bedroom furniture, equal to 9.0 percent of total U.S. commercial shipments. Of those firms producing a solid wood or solid wood veneer product, ***. Seven producers reported that all of their U.S. commercial shipments in 2015 were non-solid wood or non-solid wood veneer¹² wooden bedroom furniture. ***. No responding producers reported U.S. commercial shipments of both types in 2015.

U.S. PRODUCERS' INVENTORIES

Table III-5 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. U.S. producers' inventories of wooden bedroom furniture increased by 25.4 percent from 2013 to 2015. U.S. producers held 13.3 percent more product in inventory in June 2016 than they did in June 2015. Ratio of inventories relative to U.S. production, U.S. shipments, and total shipments all increased from 2013 to 2015, each by less than one percentage point. In addition, the annualized ratios were higher in interim 2016 than in interim 2015 by approximately 2.0 percentage points.

Table III-5
Wooden bedroom furniture: U.S. producers' inventories, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (Pieces)				
U.S. producers' end-of-period inventories	753,889	934,668	945,265	781,824	886,125
	Ratio (percent)				
Ratio of inventories to--					
U.S. production	12.0	13.4	12.3	9.9	11.7
U.S. shipments	12.2	14.5	12.9	9.9	11.9
Total shipments	11.6	13.8	12.3	9.5	11.5

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

¹⁰ Hearing transcript, pp. 62-63 (Sandberg and Bassett).

¹¹ The exposed surface area (including fronts, tops, and sides, but not backs and bottoms) is predominately solid wood or solid wood veneer. Solid wood veneer is defined as a thin slice of solid wood. Papers, vinyls, composite panels, and non-wood materials are not solid-wood veneers.

¹² The exposed exterior surface(s) may include printed or unprinted paper, vinyl, or other non-wood material (such as sealed or unsealed fiberboard, particle board, or other composite panel) commonly but not exclusively referred to as printed furniture, which may be finished, unfinished, or pre-finished.

U.S. PRODUCERS' IMPORTS AND PURCHASES

Eleven U.S. producers reported directly importing wooden bedroom furniture since 2013; seven of these producers imported from subject Chinese sources. Table III-6 presents U.S. producers' reported reasons for importing, and table III-7 presents data on individual U.S. producers' U.S. production and U.S imports of wooden bedroom furniture.

Table III-6
Wooden bedroom furniture: U.S. producers' reported reasons for importing

* * * * *

Table III-7
Wooden bedroom furniture: U.S. producers' direct imports, 2013-15, January to June 2015, and January to June 2016

* * * * *

In addition, one U.S. producer, ***, reported the following purchases of wooden bedroom furniture from subject Chinese sources:¹³ *** pieces in 2013, *** pieces in 2014, *** pieces in 2015, and *** pieces in the first half of 2016. These purchases represented between *** percent of its production since 2013.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data. The level of production and related workers (PRWs) increased by less than one percent from 2013 to 2015 and was 1.7 percent lower during the 2016 interim period than during the 2015 interim period. Hours worked per PRW decreased from 2013 to 2015 by 3.9 percent, and was 0.2 percent lower in interim 2016 than in interim 2015. Mr. Caperton of Caperton Furnitureworks noted that CNC (computer numerically controlled) technology has greatly contributed to the increase in its productivity over time.¹⁴

¹³ *** reported purchasing from the following importers: ***.

¹⁴ Hearing transcript, pp. 27 and 45-47 (Caperton).

Table III-8**Wooden bedroom furniture: U.S. producers' employment related data, 2013-15, January to June 2015, and January to June 2016**

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
Production-Related Workers (PRWs) (number)	4,811	4,976	4,817	4,843	4,763
Total hours worked (1,000 hours)	10,341	10,164	9,946	5,462	5,359
Hours worked per PRW (hours)	2,149	2,043	2,065	1,128	1,125
Wages paid (\$1,000)	151,072	152,126	158,046	77,940	78,903
Hourly wages (dollars per hour)	\$14.61	\$14.97	\$15.89	\$14.27	\$14.72
Productivity (pieces per 1,000 hours)	609.3	685.5	774.3	724.9	704.9
Unit labor costs (dollars per Pieces)	\$23.98	\$21.83	\$20.52	\$19.68	\$20.89

Note.--One producer, ***, did not provide employment data and is not included in the table above. Their production is included in the production figures, and represents *** percent of total production.

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

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Twenty U.S. producers provided useable financial data on their operations on wooden bedroom furniture during the period examined.¹⁵ Twelve U.S. producers reported financial data for a fiscal year ending on either December 31 or the last Saturday of December.¹⁶ *** reported internal consumption¹⁷ and *** U.S. producers reported transfers to related firms.¹⁸ Combined internal consumption and transfers to related firms were 0.1 percent and 0.6 percent of the total net sales quantity and value, respectively, in 2015, and thus are not presented separately.

Operations on wooden bedroom furniture

Table III-9 presents aggregated data on U.S. producers' operations in relation to wooden bedroom furniture, while table III-10 presents selected company-specific financial data.

During the previous 5-year review, 48 U.S. producers provided usable financial results, with the five largest U.S. producers (***) representing *** percent of total reported net sales value in 2009.¹⁹ In the current five-year review, 20 U.S. producers provided usable financial results, with the five largest U.S. producers (***) representing *** percent of total reported net sales value in 2015.²⁰

Since the last 5-year sunset review, the most notable changes to the wooden bedroom furniture industry include the changes in operations and shutdowns of plants by ***. ***.²¹ Furniture Brands filed for Chapter 11 bankruptcy on September 9, 2013 after "losing money every year from 2007 to 2013." A judge approved a \$280 million offer by KPS Capital Partners on November 22, 2013, which announced the name "Heritage Home Group LLC" for the new owner of substantially all of the assets of Furniture brands on November 25, 2013.²² In 2015,

¹⁵ An additional U.S. producer, ***, submitted a questionnaire response but did not provide any financial data.

¹⁶ The U.S. producers with fiscal year ends other than December 31 are ***.

¹⁷ Internal consumption was reported by ***.

¹⁸ Transfers to related firms were reported by ***.

¹⁹ *Investigation No. 731-TA-1058 (Review): Wooden Bedroom Furniture from China—Staff Report*, INV-HH-105, November 3, 2010, pp.III-35—III-36.

²⁰ ***. *Investigation No. 731-TA-1058 (Review): Wooden Bedroom Furniture from China—Staff Report*, INV-HH-105, November 3, 2010, pp. III-35—III-36.

²¹ *Investigation No. 731-TA-1058 (Review): Wooden Bedroom Furniture from China—Staff Report*, INV-HH-105, November 3, 2010, p. III-35.

²² "Red ink is a constant at beleaguered Furniture Brands," http://www.stltoday.com/business/columns/david-nicklaus/red-ink-is-a-constant-at-beleaguered-furniture-brands/article_50f2451e-32fc-5dc7-a769-5996d08a7b5e.html, retrieved October 5, 2016. "Furniture Brands files for Chapter 11 Bankruptcy," http://www.journalnow.com/business/business_news/local/article_43218486-1988-11e3-8dcb-0019bb30f31a.html, retrieved October 5, 2016. "Furniture Brands to get new name, new top exec,"

(continued...)

Heritage Home was the *** largest reporting U.S. producer of wooden bedroom furniture, by net sales value.²³

***.²⁴ Since the completion of the first five-year review, ***.^{25 26}

**Table III-9
Wooden bedroom furniture: Results of operations of U.S. producers, 2013-15, January-June 2015, and January-June 2016**

Item	Fiscal years			January to June	
	2013	2014	2015	2015	2016
	Quantity (piece)				
Total net sales	6,512,287	6,786,621	7,700,792	4,116,226	3,849,238
	Value (1,000 dollars)				
Total net sales	621,172	617,673	677,164	351,349	350,211
Cost of goods sold.--					
Raw materials	287,019	289,978	304,819	161,610	151,177
Direct labor	95,970	94,196	100,917	53,154	51,278
Other factory costs	126,157	135,103	135,628	70,081	70,778
Total COGS	509,145	519,276	541,363	284,844	273,233
Gross profit	112,027	98,397	135,801	66,505	76,978
SG&A expense	121,491	126,652	135,634	68,926	72,077
Operating income or (loss)	(9,465)	(28,255)	167	(2,421)	4,901
Other expense or (income), net	3,043	2,528	(18,322)	(15,759)	686
Net income or (loss)	(12,507)	(30,784)	18,489	13,338	4,215
Depreciation/amortization	10,820	10,773	12,144	5,548	5,686
Cash flow	(1,687)	(20,011)	30,633	18,886	9,901
	Ratio to net sales (percent)				
Cost of goods sold.--					
Raw materials	46.2	46.9	45.0	46.0	43.2
Direct labor	15.4	15.3	14.9	15.1	14.6
Other factory costs	20.3	21.9	20.0	19.9	20.2
Total COGS	82.0	84.1	79.9	81.1	78.0
Gross profit	18.0	15.9	20.1	18.9	22.0
SG&A expense	19.6	20.5	20.0	19.6	20.6
Operating income or (loss)	(1.5)	(4.6)	0.0	(0.7)	1.4
Net income or (loss)	(2.0)	(5.0)	2.7	3.8	1.2

Table continued on following page.

(...continued)

http://www.journalnow.com/business/business_news/local/article_bdf04ab0-563e-11e3-83da-001a4bcf6878.html, retrieved October 5, 2016.

²³ Heritage Home's net sales were \$*** in 2015 compared to \$*** in 2004.

²⁴ *Investigation No. 731-TA-1058 (Review): Wooden Bedroom Furniture from China—Staff Report*, INV-HH-105, November 3, 2010, p. III-36.

²⁵ ***'s U.S. producer questionnaire response, section III-9a and ***.

²⁶ While not as large as ***

Table III-9--Continued

Wooden bedroom furniture: Results of operations of U.S. producers, 2013-15, January-June 2015, and January-June 2016

Item	Fiscal years			January to June	
	2013	2014	2015	2015	2016
	Ratio to total COGS (percent)				
Cost of goods sold.--					
Raw materials	56.4	55.8	56.3	56.7	55.3
Direct labor	18.8	18.1	18.6	18.7	18.8
Other factory costs	24.8	26.0	25.1	24.6	25.9
Total COGS	100.0	100.0	100.0	100.0	100.0
	Unit value (dollars per piece)				
Total net sales	95	91	88	85	91
Cost of goods sold.--					
Raw materials	44	43	40	39	39
Direct labor	15	14	13	13	13
Other factory costs	19	20	18	17	18
Average COGS	78	77	70	69	71
Gross profit	17	14	18	16	20
SG&A expense	19	19	18	17	19
Operating income or (loss)	(1)	(4)	0	(1)	1
Net income or (loss)	(2)	(5)	2	3	1
	Number of firms reporting				
Operating losses	10	12	8	8	8
Net losses	10	12	6	6	8
Data	20	20	20	20	18

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

Table III-10

Wooden bedroom furniture: Results of operations of U.S. producers, by firm, 2013-15, January-June 2015, and January-June 2016

* * * * *

Net sales quantity and value

As seen in table III-9, aggregate net sales value increased from 2013 to 2015 and was lower in the first half of 2016 than in the first half of 2015.²⁷ ***, table III-10 shows the majority

²⁷ Staff believes value data to be a more reliable and accurate measure of U.S. operations than quantity. Quantities are generally not reported in the furniture industry given the variety of the products made in the sector. Moreover, wooden bedroom furniture is offered for sale in coordinated groups called bedroom suites or bedroom collections and thus product mix may have a significant impact on the average unit values. In this case, differences in product mix, and especially the types of bedroom

(continued...)

of companies' net sales followed a similar directional trend, with 14 of 20 U.S. producers reporting an increase in net sales from 2013 to 2015.²⁸

While staff believes value data is a more reliable measure of U.S. operations than quantity, company-specific unit net sales values generally appear to be consistent with differences in the types of products sold by each company; i.e., ***.²⁹

Cost of goods sold and gross profit or (loss)

As seen in table III-9, raw materials represent the largest component of overall COGS. The total cost of raw materials, as a share of COGS decreased from 2013 to 2014, increased from 2014 to 2015 and was lower in the first half of 2016 than the first half of 2015. With respect to their U.S. operations, several producers reported that they purchase inputs from related firms: ***.³⁰ As a share of COGS, other factory costs were the second largest component, ranging from 24.6 percent to 26.0 percent, and direct labor was the smallest component, ranging from 18.1 percent to 18.8 percent.³¹

The industry's aggregate gross profit decreased from \$112.0 million in 2013 to \$98.4 million in 2014, increased to \$135.8 million in 2015, and was higher in the first half of 2016 (\$77.0 million) than in the first half of 2015 (\$66.5 million). Six companies reported gross losses at some point during the period examined. Two of these companies, ***.

SG&A expenses and operating income or (loss)

As seen in table III-9, SGA&A expenses increased from 2013 to 2015 and were higher in January-June 2016 than in January-June 2015, but remained within a relatively narrow range as a share of sales, between 19.6 percent to 20.6 percent.³²

(...continued)

furniture collections, may play a role in the fluctuations of per-unit sales and cost data, unlike industries in which fluctuations in financial results reflect changes in the unit selling prices and costs for virtually the same products. A variance analysis is not presented in this case because the variances in sales revenues and total costs were largely affected by product mix and because there are no reliable per-unit sales price data and cost and sales quantity data available. However, quantities and certain per-unit data have been shown in tables III-9 and III-10 in order to understand the differences in the underlying sales and cost structures of different companies, including companies specializing in solid wood vs. non-solid wood.

²⁸ ***.

²⁹ ***.

³⁰ The Commission's current practice requires that relevant cost information associated with input purchases from related suppliers correspond to the manner in which this information is reported in the U.S. producer's own accounting books and records. *See 1,1,1,2-Tetrafluoroethane from China, Inv. Nos. 701-TA-509 and 731-TA-1244 (Final)*, USITC Publication 4503, December 2014, pp. 23 and 37.

³¹ ***.

³² ***. ***'s U.S. producer questionnaires at section III-10.

The industry's aggregate operating income worsened from a loss of \$9.5 million in 2013 to \$28.3 million in 2014, but improved to an income of \$167,000 in 2015, and was higher in the first half of 2016 (positive \$4.9 million) than in the first half of 2015 (loss of \$2.4 million).

Other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. In table III-9, these items are aggregated and only the net amount is shown. The net amount of all other expenses decreased from \$3.0 million in 2013 to \$2.5 million in 2014 before decreasing to a negative (i.e., an income) \$18.3 million in 2016.³³

Net income worsened from a loss of \$12.5 million in 2013 to a loss of \$30.8 million in 2014 and improved to a positive \$18.5 million in 2015. The increase in net income in 2015 is largely due to the industry's reported all other income, which increased from \$5.1 million in 2014 to \$18.5 million in 2015. The majority of this increase was due to an increase in Continued Dumping and Subsidy Offset Act ("CDSOA") distributions after pending litigation was finalized in December 2014.³⁴

³³ ***. *** U.S. producer questionnaires at section III-10.

³⁴ Certain manufacturers who did not support the wooden bedroom furniture antidumping petition ("Non-Supporting Producers") filed actions in the United States Court of International Trade, challenging the CDSOA's "support requirement" and sought to share in the distributions. As a result, Customs held back a portion of those distributions pending resolution of the Non-Supporting Producers' claims. These claims were in pending litigation with The Court of International Trade, the United States Court of Appeals for the Federal Circuit, and finally with the United States Supreme Court. On October 6, 2014, the Supreme Court denied two of three of the Non-Supporting Producers' petitions for certiorari review, and on December 15, 2014, the Supreme Court denied the third petition for review.

In November 2012, December 2013, and November 2014, Customs disclosed that it withheld \$3.0 million, \$6.4 million, and \$5.7 million, respectively, in funds related to the antidumping duty order on wooden bedroom furniture from China that were otherwise available for distribution until the amounts at issue in the pending litigation had been resolved. In March 2015, following the conclusion of all appeals, Customs began distributing the withheld funds to the Supporting Producers. *"CIT Dismisses Furniture Cos.' Bid For Anti-Dumping Duties," Law 360*, <http://www.law360.com/articles/607771/cit-dismisses-furniture-cos-bid-for-anti-dumping-duties>, retrieved on October 7, 2016.

The responding producers that received distributions are: Basset Furniture, Carolina Furniture, Century Furniture, Harden Furniture, Johnston-Tombigbee Furniture, Kincaid Furniture, L & J.G. Stickley, Perdues, Sandberg Furniture, Stanley Furniture, T. Copeland & Sons, Tom Seely Furniture, an Vaughan Bassett Furniture. For purposes of this report, most companies reported these distributions in ***.

Capital expenditures and research and development expenses

Table III-11 presents capital expenditures and research and development (“R&D”) expenses by firm. Eighteen firms provided capital expenditure data, and 11 firms provided data on R&D expenses. ***³⁵ ***³⁶

Table III-11
Wooden bedroom furniture: Capital expenditures and research and development expenses of U.S. producers, 2013-15, January-June 2015, and January-June 2016

Item	Fiscal year			January to June	
	2013	2014	2015	2015	2016
	Capital Expenditure (1,000 dollars)				
Ashley Furniture	***	***	***	***	***
Bassett Furniture	***	***	***	***	***
Carolina Furniture Works	***	***	***	***	***
Century Furniture	***	***	***	***	***
Harden Furniture	***	***	***	***	***
Heritage Home	***	***	***	***	***
Johnston-Tombigbee Furniture	***	***	***	***	***
Kimball Hospitality	***	***	***	***	***
Kincaid Furniture	***	***	***	***	***
L. & J. G. Stickley	***	***	***	***	***
Lyndon Woodworking	***	***	***	***	***
Metropolis Manufacturing	***	***	***	***	***
Perdues	***	***	***	***	***
Sandberg Furniture	***	***	***	***	***
Sauder Woodworking	***	***	***	***	***
Standard Furniture	***	***	***	***	***
Stanley Furniture	***	***	***	***	***
T. Copeland & Sons	***	***	***	***	***
Tom Seely Furniture	***	***	***	***	***
Vaughan-Bassett Furniture	***	***	***	***	***
Total capital expenditures	8,447	13,462	10,696	3,826	3,639

Table continued on following page.

³⁵ ***

³⁶ ***

Table III-11—Continued

Wooden bedroom furniture: Capital expenditures and research and development expenses of U.S. producers, 2013-15, January-June 2015, and January-June 2016

Item	Fiscal year			January to June	
	2013	2014	2015	2015	2016
	Research and development expenses (1,000 dollars)				
Ashley Furniture	***	***	***	***	***
Bassett Furniture	***	***	***	***	***
Carolina Furniture Works	***	***	***	***	***
Century Furniture	***	***	***	***	***
Harden Furniture	***	***	***	***	***
Heritage Home	***	***	***	***	***
Johnston-Tombigbee Furniture	***	***	***	***	***
Kimball Hospitality	***	***	***	***	***
Kincaid Furniture	***	***	***	***	***
L. & J. G. Stickley	***	***	***	***	***
Lyndon Woodworking	***	***	***	***	***
Metropolis Manufacturing	***	***	***	***	***
Perdues	***	***	***	***	***
Sandberg Furniture	***	***	***	***	***
Sauder Woodworking	***	***	***	***	***
Standard Furniture	***	***	***	***	***
Stanley Furniture	***	***	***	***	***
T. Copeland & Sons	***	***	***	***	***
Tom Seely Furniture	***	***	***	***	***
Vaughan-Bassett Furniture	***	***	***	***	***
Total R&D expenses	1,565	1,793	1,031	547	539

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

Assets and return on assets

Table III-12 presents data on the U.S. producers' total assets, the ratio of operating income or (loss) to assets, and the asset turnover ratio. When examining the industry as a whole, total net assets increased from \$*** in 2013 to \$*** in 2014, and decreased to \$*** in 2015.

Table III-12

Wooden bedroom furniture: U.S. producers' total assets and return on assets, 2013-15

* * * * *

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Overview

The Commission issued questionnaires to 73 firms believed to have imported wooden bedroom furniture between 2010 to 2016 as well as to all U.S. producers of wooden bedroom furniture. Thirty-seven firms provided data and information in response to the questionnaires, while eight firms indicated that they had not imported product during the period for which data were collected. Based on official Commerce statistics for imports of wooden bedroom furniture and on proprietary Customs data,¹ importers' questionnaire data accounted for *** percent of subject U.S. imports from China in 2015.² In light of the data coverage by the Commission's questionnaires, import data in this report are based on official Commerce statistics for wooden bedroom furniture.

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of wooden bedroom from China, Vietnam, and all other sources. Imports of wooden bedroom furniture from subject Chinese sources decreased from 2013 to 2015 by *** percent and was *** percent lower in interim 2016 than in interim 2015. Imports of wooden bedroom furniture from Vietnam continue to be the largest nonsubject source, and have increased by 23.7 percent from 2013 to 2015. Other leading sources of nonsubject imports in 2015 were Malaysia (13.3 percent of total imports) and Indonesia (6.2 percent of total imports). Respondents Ashley, Hooker, Daye, Dorbest, and Guo Hui stated that Chinese imports of wooden bedroom furniture have declined due to labor shortages and rising labor costs in China, as well as the growth of wooden bedroom furniture production in other Southeast Asian countries.³

¹ Official import statistics presented for wooden bedroom furniture are collected under three HTS statistical reporting numbers: 9403.50.9042 (wooden toddler beds), 9403.50.9045 (other wooden beds), and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions six additional HTS statistical reporting numbers; however, most of the subject imports enter under 9403.50.9042, 9403.50.9045 and 9403.50.9080. Customs collects quantity data for beds but not for other wooden bedroom furniture; therefore, only value data for wooden bedroom furniture from official statistics are presented in this report, except as noted.

² Coverage was calculated using the value of subject U.S. imports from China reported by responding U.S. importers in 2015 \$*** compared to the value from proprietary Customs data \$***.

³ *Ashley's Response to the Notice of Institution*, December 2, 2015, pp. 6-7; *Hooker's Response to the Notice of Institution*, December 2, 2015, pp. 5-6; *Daye's Response to the Notice of Institution*, December 2, 2015, p. 7; *Dorbest's Response to the Notice of Institution*, December 2, 2015, pp. 5-6; and *Guo Hui's Response to the Notice of Institution*, December 2, 2015, pp. 5-6.

Table IV-1**Wooden bedroom furniture: U.S. imports, by source, 2013-15, January to June 2015, and January to June 2016**

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Value (1,000 dollars)¹				
U.S. imports from.-- China, dutied ²	***	***	***	***	***
China, nondutied ²	***	***	***	***	***
Vietnam	1,386,855	1,499,586	1,715,156	798,948	821,426
All other sources	1,337,180	1,450,830	1,520,460	770,621	737,544
Nonsubject	***	***	***	***	***
Total U.S. imports	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.-- China, dutied ²	***	***	***	***	***
China, nondutied ²	***	***	***	***	***
Vietnam	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

¹ Value is landed, duty-paid and includes the Customs value, all international insurance and freight costs, and all standard Customs duties and fees, but not antidumping or countervailing duties paid because such duties are not finalized at the time of entry (e.g., they are only duty deposits at the time of entry) and are subject to review and revision (upwards or downwards once liquidated) based on administrative reviews conducted by Commerce.

² Chinese producer Lacquer Craft is excluded from the order, and Markor has a de minimis margin. U.S. imports against which antidumping duty deposits were made are reported as "China (dutied)" and present the closest data to subject imports available. Some entries of subject imports may not have had antidumping duty deposit requirements at the time of entry and therefore this metric may understate the true volume of subject imports. All other imports from China are reported as "China (nondutied)". While "China (nondutied)" may contain some subject imports as discussed above, staff believes that the majority of the imports in this category are out-of-scope imports of wooden bedroom furniture. Out-of-scope imports would typically not be presented in the import data set, but since the identification of subject merchandise is only available through the antidumping duty deposit mechanism for China, there is no way of accurately quantifying the total volume of imports under these statistical reporting numbers that match the scope of the antidumping duty order. Therefore, all imports under the relevant HTS statistical reporting numbers (inclusive of the out-of-scope merchandise) are included in the U.S. import dataset.

Note.--Because of rounding, figures may not add to totals shown. Customs collects quantity data for beds but not for other wooden bedroom furniture; therefore, only value data for wooden bedroom furniture are presented.

Source: Compiled from official statistics of the U.S. Department of Commerce under HTS numbers 9403.50.9042, 9403.50.9045, and 9403.50.9080, and from proprietary Customs data.

Table IV-2 presents data on U.S. imports of wooden beds. Official import statistics provide quantity data for wooden beds but not for other wooden bedroom furniture. Therefore, value and unit values can only be presented for wooden beds.

Table IV-2**Wooden beds: U.S. imports, by source, 2013-15, January to June 2015, and January to June 2016**

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (1,000 pieces)				
China	533	567	580	286	323
Vietnam	3,820	3,897	4,378	2,050	2,031
All other sources	4,070	4,511	5,058	2,533	2,476
Subtotal, nonsubject	7,890	8,408	9,436	4,584	4,507
Total	8,423	8,975	10,017	4,870	4,830
	Value (1,000 dollars)				
China	110,344	107,120	101,484	50,374	49,098
Vietnam	513,490	550,705	627,593	292,655	297,867
All other sources	467,535	515,277	521,942	268,474	262,956
Subtotal, nonsubject	981,025	1,065,982	1,149,535	561,129	560,823
Total	1,091,369	1,173,102	1,251,019	611,503	609,921
	Unit value (per piece)				
China	207.00	188.97	174.94	175.94	152.01
Vietnam	134.03	141.32	143.34	142.74	146.62
All other sources	114.86	114.23	103.19	105.98	106.20
Subtotal, nonsubject	124.34	126.78	121.82	122.42	124.42
Total	129.57	130.71	124.90	123.63	124.41

Note.—Official import statistics count each piece of a wooden bed (e.g., headboard, footboard, sideboards) as separate pieces. However, the Commission's questionnaires defined a wooden bed as any combination of headboard, footboard, or sideboards. Data for China includes imports produced and exported by nonsubject firms Lacquer Craft and Markor Tianjin.

Source: Compiled from official statistics of the U.S. Department of Commerce under HTS number 9403.50.9045 (other wooden beds).

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO JUNE 30, 2016

The Commission requested importers to indicate whether they had imported or arranged for the importation of wooden bedroom furniture for delivery after June 30, 2016. Eleven importers responded that they have imported or arranged for the imports of wooden bedroom furniture after June 30, 2016. Table IV-3 presents U.S. importers' actual and arranged imports.

Table IV-3**Wooden bedroom furniture: U.S. importers' arranged imports, July 2016 to June 2017**

* * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-4 presents data for inventories of U.S. imports of wooden bedroom furniture from China, Vietnam, and all other sources held in the United States. No Chinese producer reported maintaining any inventories of wooden bedroom furniture in the United States since 2013.

Table IV-4

Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports by source, 2013-15, January to June 2015, and January to June 2016

* * * * *

THE INDUSTRY IN CHINA

Overview

During the final phase of the original investigation, the Commission received usable foreign producer/exporter questionnaires from 154 firms estimated to account for 62 percent of Chinese exports of the subject merchandise in 2003.⁴ Responding producers of wooden bedroom furniture operated at capacity utilization levels of 68.0 to 87.9 percent between 2001 and 2003. Exports of wooden bedroom furniture accounted for 79.5 percent of all shipments in 2001 and increased to 82.3 percent in 2003.⁵

During the first five-year review, the Commission received usable foreign producer/exporter questionnaires from *** firms estimated to account for *** percent of Chinese exports of the subject merchandise in 2009.⁶ Responding producers of wooden bedroom furniture operated at capacity utilization levels of *** percent between 2004 and 2009. Exports of wooden bedroom furniture accounted for *** percent of all shipments in 2004 and decreased to *** percent in 2009.⁷

Operations on wooden bedroom furniture

In this second review, the Commission submitted foreign producer questionnaires to 121 Chinese firms believed to produce and/or export wooden bedroom furniture.

⁴ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, December 2010, p. VII-1.

⁵ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. VII-3.

⁶ *Investigation No. 731-TA-1058 (Final): Wooden Bedroom Furniture from China —Staff Report*, INV-HH-105, November 3, 2010, p. IV-6.

⁷ *Investigation No. 731-TA-1058 (Final): Wooden Bedroom Furniture from China —Staff Report*, INV-HH-105, November 3, 2010, pp. IV-8-9.

Questionnaire responses were received from ten Chinese producers that are believed to account for approximately *** percent of Chinese exports, by value, of wooden bedroom furniture to the United States in 2015.⁸ Most responding producers also sell other products; sales of wooden bedroom furniture as a percentage of each firm's total sales in its most recent fiscal year ranged from one percent to 93 percent.⁹ Table IV-5 presents summary data on responding producers in China by firm in 2015.

Table IV-5
Wooden bedroom furniture: Summary data on firms in China, 2015

Firm	Production (pieces)	Share of reported production (percent)	Exports to the United States (pieces)	Share of reported exports to the United States (percent)	Total shipments (pieces)	Share of firm's total shipments exported to the United States (percent)
Cheng Meng Furniture ¹	***	***	***	***	***	***
Decca Furniture ²	***	***	***	***	***	***
Dorbest ³	***	***	***	***	***	***
Fine Furniture (Shanghai) ⁴	***	***	***	***	***	***
Guangdong Yihua Timber Industry	***	***	***	***	***	***
Guangzhou Maria Yee Furnishings	***	***	***	***	***	***
Nathan International	***	***	***	***	***	***
Tradewinds Furniture	***	***	***	***	***	***
Wanvog Furniture ⁵	***	***	***	***	***	***
Zhangzhou Guohui Industrial & Trade	***	***	***	***	***	***
Total	***	***	***	***	***	***

¹ Cheng Meng Furniture ***.

² Decca Furniture ***.

³ Dorbest is ***.

⁴ Fine Furniture is ***.

⁵ Wanvog Furniture is ***.

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

Chinese producers were asked to indicate whether their firms had experienced any plant openings, closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or curtailments, revised labor agreements, or any other change in the character of their operations or organization relating to the production of wooden bedroom furniture since 2010. ***. There were also two reported production curtailments: ***. ***. In their response

⁸ Coverage was derived from the responding foreign producers' value of exports to the United States in 2015 (\$***), compared to the value from proprietary Customs data \$***.

⁹ The Commission did not receive a response from nonsubject Chinese producers Lacquer Craft or Markor Tianjin during this review, nor in the first review or final investigation.

to the Commission's notice of institution, Chinese producer Yihua and U.S. importer New Classic stated that domestic furniture demand in China has grown significantly, and that there is less Chinese capacity available for export to the United States because of increased Chinese domestic consumption and an overall decrease in wooden furniture production in China.¹⁰

Table IV-6 presents data on the wooden bedroom furniture operations of the responding producers and exporters in China. Capacity declined by *** percent from 2013 to 2015, primarily because ***.

Table IV-6

Wooden bedroom furniture: Data on industry in China, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (pieces)				
Capacity	630,189	456,283	498,610	259,933	254,275
Production	398,077	344,673	405,475	205,392	210,280
End-of-period inventories	***	***	***	***	***
Shipments:					
Internal consumption/transfers	***	***	***	***	***
Home market shipments	***	***	***	***	***
Export shipments to:					
United States	358,764	288,634	312,990	154,292	176,293
European Union	***	***	***	***	***
Asia	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments	***	***	***	***	***
Total shipments (excluding internal consumption)	***	***	***	***	***
	Value (1,000 dollars)				
Shipments:					
Home market shipments	***	***	***	***	***
Export shipments to:					
United States	38,729	37,195	37,934	16,797	16,977
European Union	***	***	***	***	***
Asia	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments (excluding internal consumption)	***	***	***	***	***

Table continued on next page.

¹⁰ *Yihua and New Classic's Response to the Notice of Institution*, December 2, 2015, p. 6.

Table IV-6--Continued

Wooden bedroom furniture: Data on industry in China, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Unit value (dollars per piece)				
Shipments:					
Commercial home market shipments	***	***	***	***	***
Export shipments to:					
United States	107.95	128.87	121.20	108.87	96.30
European Union	***	***	***	***	***
Asia	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments (excluding internal consumption)	***	***	***	***	***
	Ratios and shares (percent)				
Capacity utilization	***	***	***	***	***
Inventories/production	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***
Share of total shipments:					
Internal consumption/transfers	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Export shipments to:					
United States	***	***	***	***	***
European Union	***	***	***	***	***
Asia	***	***	***	***	***
All other markets	***	***	***	***	***
Total exports	***	***	***	***	***
Total shipments (excluding internal consumption)	100.0	100.0	100.0	100.0	100.0

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

Chinese producers were asked to report constraints on their capacity to produce wooden bedroom furniture. Most firms cited a shortage of skilled labor and high labor costs, increases in raw material costs, as well as warehouse/machinery capacity and market demand.

All responding Chinese producers reported production of other products on the same machinery as wooden bedroom furniture, primarily other wooden furniture, as well as chairs, doors, sofas, chairs, and upholstered furniture. In addition, seven firms reported that they are able to switch production (capacity) between wooden bedroom furniture and other products, using the same equipment and/or labor. Most producers noted that there are minimal cost and time requirements to shift production. Table IV-7 presents data on Chinese producers' capacity and production of other products using the same equipment and machinery as wooden bedroom furniture.

Table IV-7

Wooden bedroom furniture: Overall capacity and production of products on the same machinery as wooden bedroom furniture in China, 2013-15, January to June 2015, and January to June 2016

Item	Calendar year			January to June	
	2013	2014	2015	2015	2016
	Quantity (pieces)				
Overall capacity	995,372	841,553	883,585	461,505	421,009
Production:					
Wooden bedroom furniture	398,077	344,673	405,475	205,392	210,280
Other wooden furniture	255,123	275,131	185,746	87,245	74,155
Other products	123,530	60,410	77,547	35,371	42,093
Total production	776,730	680,214	668,768	328,008	326,528
	Ratios and shares (percent)				
Capacity utilization	78.0	80.8	75.7	71.1	77.6
Share of production:					
Wooden bedroom furniture	51.3	50.7	60.6	62.6	64.4
Other wooden furniture	32.8	40.4	27.8	26.6	22.7
Other products	15.9	8.9	11.6	10.8	12.9
Total production	100.0	100.0	100.0	100.0	100.0

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

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known antidumping or countervailing duty orders on wooden bedroom furniture in third-country markets.

THE GLOBAL MARKET

Table IV-8 presents the largest global export sources of wooden bedroom furniture during 2010 through 2015. China was the largest global exporter of wooden bedroom furniture in every year, accounting for about one-third of total global export value. Chinese exports were also at least three times the value of the next largest global exporter, Vietnam.

Vietnam was the second largest global exporter of wooden bedroom furniture in 2014. Additionally, its total value of global exports has increased steadily over the past six years.¹¹ Industry publications note that Vietnam's growing wood furniture industry began with Taiwanese manufacturers relocating their production out of China in order to avoid U.S. wooden bedroom furniture antidumping duties.¹² The Vietnamese furniture industry has

¹¹ The United States still represented the final destination for more than half of all Vietnamese exports of wood bedroom furniture in 2014. Global Trade Atlas, "Vietnamese Exports," HS subheading 940350 (accessed January 8, 2015).

¹² Russell, Thomas, "Furniture Imports Up Another 10 Percent in First Half," *Furniture Today*, October 21, 2014; Russell, Thomas, "Imports Up 10 Percent, Paced by Vietnam, India, and China," *Furniture Today*, October 23, 2015.

Table IV-8**Wooden bedroom furniture: Global exports by major sources, 2010-15**

Item	Calendar year					
	2010	2011	2012	2013	2014	2015
	Value (1,000 dollars)					
China	2,598,445	2,723,509	3,018,877	3,060,091	3,902,046	4,509,132
Vietnam	706,610	692,727	900,200	1,002,600	1,060,964	n/a
Germany	640,378	722,975	663,695	629,940	633,742	551,806
Poland	396,135	478,412	418,589	485,870	611,860	532,205
Malaysia	498,051	516,618	584,071	527,577	601,797	612,952
Turkey	189,629	247,652	372,977	466,758	516,567	476,253
Italy	412,676	459,974	478,979	496,355	480,414	425,339
Denmark	299,433	311,556	293,796	297,543	306,586	272,693
Brazil	251,893	236,859	233,131	244,591	272,432	245,387
United States	188,474	210,860	220,835	215,627	221,869	227,180
All other	1,797,333	1,953,423	1,909,348	2,010,059	2,099,587	1,977,004
Total	7,979,057	8,554,565	9,094,498	9,437,045	10,707,916	n/a

Note.--Because of rounding, figures may not add to total shown. Because Vietnam export data for 2015 is not available, world export data for 2015 is not presented.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 9403.50, Wooden Furniture (Except Seats) Of A Kind Used In The Bedroom, accessed January 8, 2015.

continued to expand since then, moving into whole home wood furniture collections; becoming more vertically integrated with metal part production and wood drying kilns; and attracting more industry relocations from China and Indonesia through relatively low regional, and global, labor costs.¹³ Improvements in Vietnam's infrastructure, including new shipping ports, airports, and better managed road traffic, have benefitted export shipments.¹⁴ Furniture manufacturers have also invested in climate controlled warehouses for furniture storage before shipment in order to protect exports from mold and allow increased time between production and shipment.¹⁵ In addition, Coaster International, in its 2017 business plan attached to its U.S. importer questionnaire, notes that "***." Petitioners contend, however, that labor makes up a small portion of the costs to make wooden bedroom furniture in Asia, accounting for about five percent of the cost of manufacture, as opposed to 25 percent of the cost of manufacture for

¹³ Russell, Thomas, "Vietnam Protests Highlight Risks of Global Sourcing," *Furniture Today*, June 12, 2014.

¹⁴ Russell, Thomas, "Vietnam Makes Solid Progress as Wood Furniture Resource," *Furniture Today*, October 8, 2014.

¹⁵ Russell, Thomas, "Vietnam Plants Face Challenge of Controlling Environment," *Furniture Today*, October 15, 2014.

U.S. producers. In addition, they note that for the entire wooden furniture market, China accounted for 28 percent of imports in 2015, while Vietnam accounted for four percent.¹⁶

¹⁶ Domestic Committee's posthearing brief, pp. 9-10, and Hearing transcript, pp. 102-103 (Lutz).

PART V: PRICING DATA

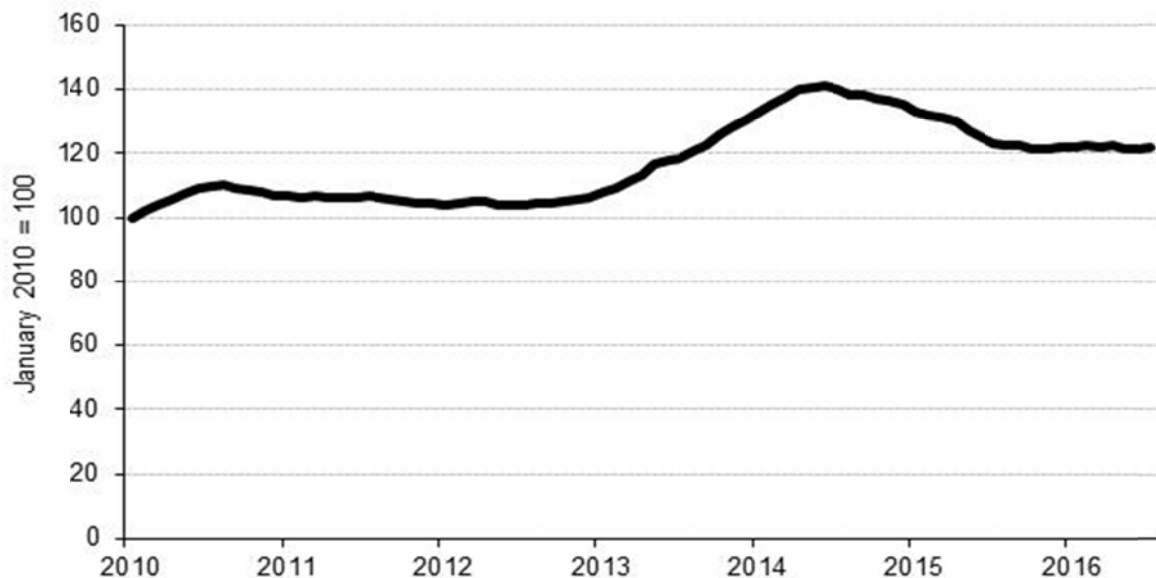
FACTORS AFFECTING PRICES

Raw material costs

Raw materials accounted for between *** and *** percent of U.S. producers' costs of goods sold during 2013-15, and thus are an important consideration in the price of wooden bedroom furniture. In the previous review, *** described hardwood solids and veneers as accounting for approximately 90 percent of its total material costs, hardware and mirrors accounting for 10 percent, and finishing materials for 1 percent.¹

The producer price index for hardwood lumber is provided in figure V-1. This index shows that hardwood lumber prices increased from early 2013 to mid-2014, before decreasing until the middle of 2015, and has remained stable since then, albeit at higher levels than in the period before early 2013.²

Figure V-1
Producer price index for hardwood lumber



Source: Bureau of Labor Statistics via St. Louis FRED database.

¹ *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, (December 2010), page V-1.

² U.S. producer *** stated that the prices for raw materials for non-wooden bedroom furniture, i.e. particle board and MDF, have increased since 2010.

Most U.S. producers, importers, and Chinese producers described raw material prices for wooden bedroom furniture as rising or fluctuating since January 1, 2010. Nine U.S. producers, 17 importers, and 5 Chinese producers described their raw material prices as having increased; 6 U.S. producers, 11 importers, and 4 Chinese producers described their raw material prices as fluctuating with no clear trend. Additionally, four U.S. producers and three importers described their raw material prices as not changing, and one U.S. producer, two importers, and one Chinese producer described their raw material prices as declining. In further comments, *** described the prices of lumber and petroleum-based materials as rising steadily from 2010 until 2015, but declining slightly since then. *** also noted that non-wood raw materials prices are related to oil prices. Several importers (including ***) described raising their sales prices for wooden bedroom furniture due to increased raw material prices, but other importers (including ***) indicated that they had either not raised prices much, or had raised prices somewhat but had also taken a loss on margins due to higher raw material prices. *** added that it had not been able to raise prices due to competition from imports from Vietnam. Several importers (including ***) reported rising Chinese labor prices.

Most U.S. producers, importers, and Chinese producers anticipated increasing or fluctuating raw materials prices as well. Eight U.S. producers, 16 importers, and 5 Chinese producers anticipated an increase in raw materials prices. Eight producers, 12 importers, and 4 Chinese producers anticipated fluctuating raw materials prices. Three producers and four importers anticipated no change in raw materials prices, and 1 importer anticipated a decline in raw materials prices. U.S. producers, importers, and Chinese producers cited Asian inflation, increased Asian labor costs, and anticipated rises in the costs of lumber and oil as reasons.

Transportation costs to the U.S. market

Transportation costs for wooden bedroom furniture shipped from China to the United States was 12.0 percent in 2015. This estimate was derived from official import data and represents transportation and other charges on imports.³

Thirty-three of 34 responding importers and 8 of 10 foreign producers reported that the importer (rather than the exporter) typically arranges international transportation. Importers reported that the cost of shipping wooden bedroom furniture to the United States was \$9 to \$100 per piece. Foreign producers reported that the cost of shipping wooden bedroom furniture to the United States was \$*** per piece.

U.S. inland transportation costs

Fifteen responding U.S. producers and 14 importers reported that they typically arrange transportation to their customers, while five responding U.S. producers and 12 importers

³ Staff compared customs and international insurance and freight values for HTS statistical reporting numbers 9403.50.9041, 9403.50.9042, 9403.50.9045, and 9403.50.9080.

reported that their customers do. Eleven U.S. producers and 11 importers reported U.S. inland transportation costs of 4 to 10 percent of the delivered cost of wooden bedroom furniture, five U.S. producers and four importers reported such costs in the range of 12 to 20 percent, and one U.S. producer and two importers reported costs of two to three percent.⁴

PRICING PRACTICES

Pricing methods

A majority of U.S. producers and importers reported using set price lists for their sales of wooden bedroom furniture, although some also used transaction-by-transaction negotiations and contracts (table V-1). Importers reporting “other” methods were often retailers, and used “other” to refer to their retail sales or their ***.

Table V-1
Wooden bedroom furniture: U.S. producers’ and importers’ reported price-setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	5	12
Contracts	4	5
Set price lists	17	23
Other	2	9

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

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

Eleven purchasers indicated that their purchases of wooden bedroom furniture involve negotiations with their suppliers, while seven indicated that they do not. Purchasers reporting negotiations stated that they negotiated availability, design, discounts, exclusivity in sales area, price, quality, and terms. No purchaser reported sharing suppliers’ price quotes with other suppliers, and four of these purchasers explicitly stated that they do not do so.

U.S. producers and importers reported selling the vast majority of their product in the spot market. As shown in table V-2, U.S. producers, importers, and Chinese producers reported their 2015 U.S. commercial shipments of wooden bedroom furniture by type of sale. For U.S. producers and importers, contracts fixed price, and did not have meet-or-release provisions, but may allow price renegotiation. For Chinese producers, short-term contracts were typically 45 to 120 days. While Chinese producers’ contracts varied on whether they allowed price negotiation and whether contracts fixed price, quantity or both, they did not have meet or release provisions.

⁴ This analysis excludes answers of “100 percent.”

Table V-2**Wooden bedroom furniture: U.S. producers', importers', and Chinese producers' shares of U.S. commercial shipments by type of sale, 2015**

Type of sale	U.S. producers	Importers	Chinese producers
Long-term contracts	8.4	0.0	0.0
Annual contracts	4.1	0.0	0.0
Short-term contracts	9.5	4.0	84.3
Spot sales	77.9	96.0	15.6
Total	100.0	100.0	100.0

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

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

Six purchasers reported that they purchase product weekly, four purchase daily, three purchase quarterly, and one purchases monthly. Five other purchasers reported purchasing in some other fashion, usually as needed. All seventeen responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. Twelve purchasers (including ***) reported that they contact between one and five suppliers before making a purchase. However, four purchasers (***) reported contacting substantially more, with a total range of 10 to 60 suppliers contacted for those four purchasers.

Pieces and suites

Wooden bedroom furniture can be sold as pieces or as suites (pieces sold together as a complete bedroom set). Pluralities or majorities (see below) of responding firms described selling or buying on a piece-by-piece basis, but selling on a suite basis was also commonly reported, usually in conjunction with sales on a piece-by-piece basis.

Five U.S. producers, 15 importers, 10 purchasers, and 6 Chinese producers reported buying or selling wooden bedroom furniture as pieces. Three U.S. producers, four importers, three purchasers, and three Chinese producers reported buying or selling it as suites. Twelve U.S. producers, 18 importers, 5 purchasers, and 1 Chinese producer reported buying it both as pieces and as suites.

Fourteen U.S. producers, 25 importers, 12 purchasers, and 7 Chinese producers reported negotiating prices on a piece-by-piece basis. Among these, one U.S. producer, one importer, and one Chinese producer reported marketing on a suite basis, but selling on a per piece basis. Also, several producers and importers that retailed noted that customers can build their own suites from individually purchased pieces. One U.S. producer (***) and one Chinese producer (***) reported selling on a suite basis, and three U.S. producers, five importers, and five purchasers reported negotiating prices on both a piece-by-piece and suite basis. Importer and purchaser *** elaborated that in the higher-priced segment of the market, consumers typically buy piece-by-piece, and so it negotiates on a piece-by-piece basis for its own purchases. Another importer, ***, stated that retailers often sell a standard suite, but allow consumers to purchase pieces as well.

U.S. producers, importers, and purchasers were also asked, for their sales or purchases of wooden bedroom furniture in suites, if all of the pieces in the suite are produced in the same country. Seventeen producers, 22 importers, 8 purchasers, and 5 Chinese producers stated that

they were, but one producer, six importers, two purchasers (***) , and two Chinese producers⁵ answered that sometimes pieces of a suite could be made in different countries, or consumers could create their own suites with pieces from different countries.

Sales terms and discounts

U.S. producers and importers typically quote prices on an f.o.b. basis. Seventeen producers and 23 importers typically quote on an f.o.b. basis, while four producers and five importers typically quote on a delivered basis. For most importers, quotes on an f.o.b. basis are f.o.b from their U.S. warehouse or a U.S. port, but eight importers quoted f.o.b. from the foreign port or factory.

Suppliers of wooden bedroom furniture offered a variety of discounts. Four U.S. producers and 13 importers offered quantity discounts, 8 producers and 14 importers offered annual total volume discounts, and 11 producers and 15 importers offered other discounts. Other discounts included advertising discounts, special promotions discounts, distressed inventory discounts, and dedicated floor space discounts. Five producers and 12 importers did not have any discount policy.

Thirteen U.S. producers and 11 importers reported sales terms of net 30 days, although two producers reported offering net 60 days. Eight producers and 19 importers reported offering other sales terms, and mostly described these other sales terms as variations on net 30 days terms (e.g, 1/15 net 30).

Price leadership

Purchasers were asked to name price leaders in the U.S. wooden bedroom furniture market since January 1, 2010. No clear price leaders were identified by more than two firms. Nine purchasers did not answer the question. Five purchasers answered that there were no price leaders, or they were not aware of any. Two named Ashley, describing it as leading through its pricing and “good/better/best” tier structure, as well as its size as ***. One purchaser named importer Magnussen as a price leader, and another purchaser named New Classic, Yihua Timber, and Universal Furniture as price leaders.

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 wooden bedroom furniture products shipped to unrelated U.S. customers during January 2013-June 2016.⁶

⁵ Chinese producer *** checked the box for having pieces of its suites produced in different countries, but stated that all its pieces are produced in China. It is counted here as a firm that produces all pieces for a suite in one country.

PRODUCT 1: LOUIS PHILIPPE STYLE WOODEN BEDROOM FURNITURE SUITE

Product 1-A.—Queen-size Louis Philippe Style Sleigh Bed (Wooden Side Rails; no all solid hardwood Headboards or Footboards):

- (1) Panel sleigh headboard and panel sleigh footboard, made with either flat or curved panels, and wooden side rails;
- (2) Constructed of hardwood solids and wood veneers (not print) over particle board or fiber board, with or without plywood, no all solid hardwood headboards or footboards, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate full-size (4 feet-six inches) and/or queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 185 pounds total.

Product 1-B.—Queen-size Louis Philippe Style Sleigh Bed (Wooden Side Rails; all solid hardwood Headboards and Footboards):

- (1) Panel sleigh headboard and panel sleigh footboard, made with either flat or curved panels, and wooden side rails;
- (2) Constructed of all hardwood solids, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate full-size (4 feet-six inches) and/or queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 185 pounds total (uncartoned and unpacked).

Product 1-C.—Louis Philippe Style Dresser (6-9 drawers; no all solid hardwood Dressers):

- (1) Constructed of predominantly hardwood solids and wood veneers (not print) over particle board or fiber board, no all solid hardwood dressers;
- (2) Height ranging from 35.0-42.0 inches and width ranging from 60.0-69.0 inches.

(...continued)

⁶ For products 1-A, 1-B, 2-A, and 2-B, questionnaire respondents were asked to “report quantities and values of complete beds, including headboard, footboard, and side rails. For example, if you shipped 100 headboards, 90 footboards, and 80 pairs of side rails, then report quantities and values for 80 complete beds, using average unit values for all 100 headboards and all 90 footboards to calculate the total value of 80 headboards and 80 footboards to add to the value of the 80 pairs of side rails.” The products were based on products used in the previous review, with adjustments suggested by the AFMC. See AFMC comments on draft questionnaires, July 11, 2016, pp. 2-6.

Product 1-D.–Louis Philippe Style Dresser (6-9 drawers; all solid hardwood Dressers):

- (1) Constructed of all hardwood solids (although interior drawer parts and back panels need not be hardwood solids);
- (2) Height ranging from 35.0-42.0 inches and width ranging from 60.0-69.0 inches.

Product 1-E.–Mirrors Sold with the above Louis Philippe Style Dressers:

- (1) Include all mirrors sold with the above Louis Phillippe Style dressers.

Product 1-F.–Louis Philippe Style Two and Three Drawer Nightstands (no Doors; no all solid hardwood Nightstands):

- (1) Constructed of predominantly hardwood solids and wood veneers (not print) over particle board or fiber board, no all solid hardwood nightstands;
- (2) Height ranging from 23.0-30.0 inches and width ranging from 24.0-32.0 inches.

Product 1-G.–Louis Philippe Style Two and Three Drawer Nightstands (no Doors; all solid hardwood Nightstands):

- (1) Constructed of all hardwood solids (although interior drawer parts and back panels need not be hardwood solids);
- (2) Height ranging from 23.0-29.0 inches and width ranging from 24.0-32.0 inches.

PRODUCT 2: WHITE COTTAGE STYLE WOODEN BEDROOM FURNITURE SUITE

Product 2-A.–Queen-size White Cottage Style Bed (Wooden Side Rails; no all solid hardwood Headboards or Footboards):

- (1) Panel headboard, panel footboard, and wooden side rails;
- (2) Constructed of hardwood solids and wood veneers (not print) over particle board or fiber board, with or without plywood, no all solid hardwood headboards or footboards, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate full-size (4 feet-six inches) and/or queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 200 pounds total (uncartoned and unpacked).

Product 2-B.-Queen-size White Cottage Style Bed (Wooden Side Rails; all solid hardwood Headboards and Footboards):

- (1) Panel headboard, panel footboard, and wooden side rails;
- (2) Constructed of all hardwood solids, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, but including headboards and footboards designed to accommodate full-size (4 feet-six inches) and/or queen-size (5 feet) bedding, but not just full size (4 feet-six inches) only; and
- (4) Combined weight of headboard, footboard, and side rails not to exceed 200 pounds total (uncartoned and unpacked).

Product 2-C.-White Cottage Style Dresser (no all solid hardwood Dressers):

- (1) Constructed of predominantly hardwood solids and wood veneers (not print) over particle board or fiber board, no all solid hardwood dressers;
- (2) Height ranging from 35.0-46.0 inches and width ranging from 56.0-66.0 inches.

Product 2-D.-White Cottage Style Dresser (all solid hardwood Dressers):

- (1) Constructed of all hardwood solids (although interior drawer parts and back panels need not be hardwood solids);
- (2) Height ranging from 35.0-46.0 inches and width ranging from 56.0-66.0 inches.

Product 2-E.-Mirrors sold with the above White Cottage Style Dressers:

- (1) Include all mirrors sold with the above White Cottage Style dressers.

Product 2-F.-White Cottage Style One and Two Drawer Nightstands (no Doors; no all solid hardwood Nightstands):

- (1) Constructed of predominantly hardwood solids and wood veneers (not print) over particle board or fiber board, no all solid hardwood nightstands;
- (2) Height ranging from 23.0-29.0 inches and width ranging from 22.0-29.0 inches.

Product 2-G.-White Cottage Style One and Two Drawer Nightstands (no Doors; all solid hardwood Nightstands):

- (1) Constructed of all hardwood solids (although interior drawer parts and back panels need not be hardwood solids)
- (2) Height ranging from 23.0-29.0 inches and width ranging from 22.0-29.0 inches.(uncartoned and unpacked).

In their prehearing brief, petitioners stated that *** provided pricing data for products that likely did not fit the pricing product definitions above, including because these firms ***.⁷ In the prehearing staff report in this second review, pricing data from these producers were included. However, in the first review, staff excluded most pricing data for all producers and importers that indicated that they produced or imported 100 percent non-solid wood or non-solid wood veneer wooden bedroom furniture in 2009.⁸ This exclusion would eliminate the data of questionnaire respondents that mistakenly provided *** in their pricing data. For this final report of the second review, staff has updated the pricing data used in the prehearing report using a similar standard, i.e., excluding pricing data from U.S. producers and importers that reported that all of their 2015 production or imports consisted of non-solid-wood product. This exclusion eliminates most of the pricing data of *** that were used in the prehearing staff report.⁹

Seven U.S. producers and eight importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.¹⁰ Pricing data reported by these firms accounted for approximately 0.9 percent of U.S. producers' shipments of wooden bedroom furniture and 2.9 percent of U.S. shipments of subject imports from China in 2015 (by value).

Price data for products 1-2 are presented in tables V-3 to V-14 and figure V-2. For most products, there was a wide variation in the price levels provided by firm. For example, for product 1-A, U.S. producer *** prices ranged from *** per piece, while U.S. producer *** prices ranged from *** per piece to *** per piece. The levels and trends in the pricing data are likely both affected by the variation in prices among both producers and importers.

Table V-3

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-A¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

⁷ Petitioners' prehearing brief, exhibit 67, pp. 3-6.

⁸ See *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Review)*, USITC Publication 4203, (December 2010), p. V-12.

⁹ Data for products 1-E and 2-E were left in, however, because the pricing product definitions for these products do not require solid wood. ***.

¹⁰ 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.

Table V-4

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-B¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-5

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-C¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-6

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-D¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-7

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-E¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-8

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-F¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-9

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 1-G¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-10

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-A¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-11

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-C¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-12

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-D¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-13

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-E¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Table V-14

Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of domestic and imported product 2-F¹ and margins of underselling/(overselling), by quarters, January 2013-June 2016

* * * * *

Figure V-2

Wooden bedroom furniture: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2013-June 2016

* * * * *

Price trends

Table V-15 summarizes the price trends, by country and by product, for the pricing products. As shown in the table, domestic prices increased for 7 of the 11 products for which

U.S. price data were provided. For subject product from China, prices increased for four products and decreased for four products (out of products with at least 10 quarters of data).

Table V-15

Wooden bedroom furniture: Summary of weighted-average f.o.b. prices for products 1-2 from the United States and China

* * * * *

Price comparisons

As shown in table V-16, prices for subject wooden bedroom furniture imported from China were below those for U.S.-produced product in 56 of 123 instances; margins of underselling ranged from 1.1 to 66.8 percent. In the remaining 67 instances, prices for wooden bedroom furniture from China were between 0.0 and 239.3 percent above prices for the domestic product. In their prehearing brief, petitioners stated that the importers providing pricing data for product 2 generally provided higher-priced products than other Chinese producers.¹¹

Table V-16

Wooden bedroom furniture: Instances of underselling/overselling and the range and average of margins, by country, January 2013-June 2016

Source	Underselling				
	Number of quarters	Quantity ¹ (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
China (subject)	56	109,638	44.6	1.1	66.8
Source	(Overselling)				
	Number of quarters	Quantity ¹ (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
China (subject)	67	24,051	-94.5	0.0	-239.3

¹ In the original investigations, subject imports from China were priced lower than domestic product in 112 of 112 comparisons, *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. V-14.

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

Price comparisons with foreign markets

U.S. producers and importers were asked to compare the prices of wooden bedroom furniture in U.S. and foreign markets. Most U.S. producers did not know much about prices in non-U.S. markets. *** stated that U.S. and Canadian prices are similar. Most importers also did

¹¹ Petitioners' prehearing brief, exhibit 67, pp. 3-4.

not know enough to conduct comparisons. Among those that did, *** stated that the price of wooden bedroom furniture for hotels is roughly the same in U.S. and non-U.S. markets. *** stated that it sold product for the same prices in U.S. and non-U.S. markets. *** stated that prices in non-U.S. markets, especially in the Middle East, are “much better” than in the United States. Three other importers described U.S. prices as higher than non-U.S. markets, with one importer indicating that higher U.S. labor costs were the reason for the difference.

Chinese producers offered a wide range of responses in comparing the prices of wooden bedroom furniture in U.S. and foreign markets. *** described U.S. and foreign-market prices as basically the same, once adjusted for exchange rates. *** described prices in China as lower than in the United States, with *** adding that this difference is due to transportation costs to and labeling costs in the U.S. market. However, *** indicated that it is more profitable to sell product in China than ship it to the United States. *** stated that comparisons are difficult because different types of product are sold in different countries’ markets.

Purchasers’ perceptions of relative price trends

Purchasers were asked how the prices of wooden bedroom furniture from the United States had changed relative to the prices of product from China since January 1, 2010. Four purchasers stated that there had not been a change in price. Three reported that prices of U.S.-produced and Chinese-produced wooden bedroom furniture had changed by the same amount. However, five purchasers indicated that prices of U.S.-produced wooden bedroom furniture had changed relative to the prices of wooden bedroom furniture from China, with four of those indicating that prices for U.S. product were now relatively higher and one indicating that prices of U.S. product were now relatively lower.

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
80 FR 67417 November 2, 2015	<i>Wooden Bedroom Furniture From China; Institution of a Five-Year Review</i>	https://federalregister.gov/a/2015-27661
80 FR 67705 November 3, 2015	<i>Initiation of Five-Year ("Sunset") Review</i>	https://federalregister.gov/a/2015-28003
81 FR 44659 July 8, 2016	<i>Wooden Bedroom Furniture From China; Scheduling of a Full Five-Year Review</i>	https://www.federalregister.gov/d/2016-16148
81 FR 12462 March 9, 2016	<i>Wooden Bedroom Furniture From the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order</i>	https://www.federalregister.gov/d/2016-05307
81 FR 8991 February 23, 2016	<i>Wooden Bedroom Furniture From China; Notice of Commission Determination To Conduct a Full Five-Year Review</i>	https://www.federalregister.gov/d/2016-03679

Note.—The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at https://usitc.gov/press_room/news_release/2016/er020511559.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at <https://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11830>. The Commission's explanation of its determinations can be found at <https://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11831>.

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Wooden Bedroom Furniture from China
Inv. No.: 731-TA-1058 (Second Review)
Date and Time: November 10, 2016 - 9:30 a.m.

A session were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

OPENING REMARKS:

In Support of Continuation of Order (**J. Michael Taylor**, King & Spalding LLP)

In Support of the Continuation of the Antidumping Duty Order:

King & Spalding LLP
Washington, DC
on behalf of

The American Furniture Manufacturing Committee for Legal Trade
Vaughan-Bassett Furniture Company, Inc.
(collectively the "AFMC")

John Bassett, Chairman of the American Furniture
Manufacturers Committee for Legal Trade; and
Chairman, Vaughan-Bassett Furniture Co., Inc.

Doug Bassett, President, Vaughan-Bassett Furniture Co., Inc.

Wyatt Bassett, Chief Executive Officer, Vaughan-Bassett
Furniture Co., Inc.

**In Support of the Continuation of
the Antidumping Duty Order (continued):**

Reau Berry, President, Johnston/TomBigbee Furniture Mfg. Co.

Rosie Silvers, Employee of Johnston/TomBigbee
Furniture Mfg. Co.; and President, Carpenters
Industrial Council Local 2445

Gat Caperton, President, Caperton Furnitureworks, LLC
d/b/a Gat Creek and Tom Seely Furniture

John Sandberg, President and CEO, Sandberg Furniture
Mfg. Co., Inc.

Jennifer Lutz, Consultant, Economic Consulting Services LLC

J. Michael Taylor)
Stephen A. Jones)
) – OF COUNSEL
Stephen P. Vaughn)
Benjamin J. Bay)

CLOSING REMARKS:

In Support of Continuation of Order (**Stephen P. Vaughn**, King & Spalding LLP
and **John Bassett**, Vaughan-Bassett Furniture Co., Inc.)

APPENDIX C
SUMMARY DATA

Table C-1

WBF: Summary data concerning the U.S. market, 2013-15, January to June 2015, and January to June 2016

Quantity=piece; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per piece; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year		2015	January to June		Calendar year			Jan to Jun
	2013	2014		2015	2016	2013-15	2013-14	2014-15	2015-16
U.S. consumption value:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China, subject.....	***	***	***	***	***	***	***	***	***
China, nonsubject.....	***	***	***	***	***	***	***	***	***
Vietnam.....	***	***	***	***	***	***	***	***	***
All other sources.....	***	***	***	***	***	***	***	***	***
Nonsubject.....	***	***	***	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. imports from:									
China, subject:									
Value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
China, nonsubject:									
Value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Vietnam:									
Value.....	1,386,855	1,499,586	1,715,156	798,948	821,426	23.7	8.1	14.4	2.8
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources:									
Value.....	1,337,180	1,450,830	1,520,460	770,621	737,544	13.7	8.5	4.8	(4.3)
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject:									
Value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Total imports:									
Value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity.....	8,922,555	9,667,434	9,822,922	4,918,282	5,186,967	10.1	8.3	1.6	5.5
Production quantity.....	6,300,485	6,967,585	7,701,495	3,959,564	3,777,827	22.2	10.6	10.5	(4.6)
Capacity utilization (fn1).....	70.6	72.1	78.4	80.5	72.8	7.8	1.5	6.3	(7.7)
U.S. shipments:									
Quantity.....	6,176,525	6,424,854	7,354,210	3,941,304	3,711,541	19.1	4.0	14.5	(5.8)
Value.....	589,716	591,864	648,453	338,861	338,827	10.0	0.4	9.6	(0.0)
Unit value.....	\$95.48	\$92.12	\$88.17	\$85.98	\$91.29	(7.6)	(3.5)	(4.3)	6.2
Export shipments:									
Quantity.....	331,704	361,952	336,688	171,104	125,426	1.5	9.1	(7.0)	(26.7)
Value.....	28,246	28,954	26,543	13,298	10,038	(6.0)	2.5	(8.3)	(24.5)
Unit value.....	\$85.15	\$79.99	\$78.84	\$77.72	\$80.03	(7.4)	(6.1)	(1.4)	3.0
Ending inventory quantity.....	753,889	934,668	945,265	781,824	886,125	25.4	24.0	1.1	13.3
Inventories/total shipments (fn1).....	11.6	13.8	12.3	9.5	11.5	0.7	2.2	(1.5)	2.0
Production workers.....	4,811	4,976	4,817	4,843	4,763	0.1	3.4	(3.2)	(1.7)
Hours worked (1,000s).....	10,341	10,164	9,946	5,462	5,359	(3.8)	(1.7)	(2.1)	(1.9)
Wages paid (\$1,000).....	151,072	152,126	158,046	77,940	78,903	4.6	0.7	3.9	1.2
Hourly wages.....	\$14.61	\$14.97	\$15.89	\$14.72	\$14.72	8.8	2.5	6.2	3.2
Productivity (piece per 1,000 hours).....	609.3	685.5	774.3	724.9	704.9	27.1	12.5	13.0	(2.8)
Unit labor costs.....	\$23.98	\$21.83	\$20.52	\$19.68	\$20.89	(14.4)	(8.9)	(6.0)	6.1
Net Sales:									
Quantity.....	6,512,287	6,786,621	7,709,792	4,116,226	3,849,236	18.4	4.2	13.6	(6.5)
Value.....	621,172	617,673	677,164	351,349	350,208	9.0	(0.6)	9.6	(0.3)
Unit value.....	\$95.38	\$91.01	\$87.83	\$85.36	\$90.98	(7.9)	(4.6)	(3.5)	6.6
Cost of goods sold (COGS).....	509,145	519,276	541,363	284,844	273,232	6.3	2.0	4.3	(4.1)
Gross profit of (loss).....	112,027	98,397	135,801	66,505	76,976	21.2	(12.2)	38.0	15.7
SG&A expenses.....	121,491	126,652	135,634	68,926	72,077	11.6	4.2	7.1	4.6
Operating income or (loss).....	(9,465)	(28,255)	167	(2,421)	4,899	fn2	198.5	fn2	fn2
Capital expenditures.....	8,447	13,462	10,696	3,826	3,639	26.6	59.4	(20.5)	(4.9)
Unit COGS.....	\$78.18	\$76.51	\$70.22	\$69.20	\$70.98	(10.2)	(2.1)	(8.2)	2.6
Unit SG&A expenses.....	\$18.66	\$18.66	\$17.59	\$16.74	\$18.73	(5.7)	0.0	(5.7)	11.8
Unit operating income or (loss).....	(\$1.45)	(\$4.16)	\$0.02	(\$0.59)	\$1.27	fn2	186.5	fn2	fn2
COGS/sales (fn1).....	82.0	84.1	79.9	81.1	78.0	(2.0)	2.1	(4.1)	(3.1)
Operating income or (loss)/sales (fn1).....	(1.5)	(4.6)	0.0	(0.7)	1.4	fn2	(3.1)	4.6	fn2

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

Source: Compiled from data submitted in response to Commission questionnaires and from official U.S. import statistics under HTS 9403.50.9042, 9403.50.9045, and 9403.50.9080.

APPENDIX D

**RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND
FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING
DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

COMMENTS REGARDING THE ANTIDUMPING DUTY ORDER

Firms were asked to describe the significance of the existing countervailing duty and antidumping duty order covering imports of wooden bedroom furniture from China in terms of its effect on your firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. Table D-1 presents firms' responses.

Table D-1

Wooden bedroom furniture: U.S. producers', U.S. importers', U.S. purchasers' and foreign producers' narrative responses to the impact of the order

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Firms were asked if they anticipate any changes in production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of wooden bedroom furniture in the future if the order on wooden bedroom furniture from China were to be revoked. Table D-2 presents firms' responses.

Table D-2

Wooden bedroom furniture: U.S. producers', U.S. importers', U.S. purchasers' and foreign producers' narrative responses to the likely impact of the revocation of the order

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