

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-987]

Hardwood and Decorative Plywood from the People's Republic of China: Final Affirmative Countervailing Duty Determination; 2011

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and/or exporters of hardwood and decorative plywood from the People's Republic of China (PRC).

DATES: *Effective Date:* September 23, 2013.

FOR FURTHER INFORMATION CONTACT: David Lindgren or Toni Page, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-3870 or (202) 482-1398, respectively.

Background

The petitioners in this investigation are the Coalition for Fair Trade of Hardwood Plywood (Petitioners). In addition to the Government of the PRC, the respondents in this investigation are: (1) Linyi City Dongfang Jinxin Economic & Trade Co., Ltd. (Dongfang); (2) Linyi San Fortune Wood Co., Ltd. (San Fortune); and (3) Shanghai Senda Fancywood Inc. a/k/a Shanghai Senda Fancywood Industry Co. (Senda), along with their affiliated companies.

Period of Investigation

The period for which we are measuring subsidies, or period of

investigation, is January 1, 2011, through December 31, 2011.

Case History

The events that have occurred since the Department published the *Preliminary Determination* on March 14, 2013,¹ are discussed in the Memorandum to Paul Piquado, Assistant Secretary for Import Administration, "Issues and Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Hardwood and Decorative Plywood From the People's Republic of China" (Decision Memorandum), which is dated concurrently with and hereby adopted by this notice.

Scope Comments

In the *Preliminary Determination* for the companion antidumping duty investigation, the Department invited interested parties to file briefs on scope related matters.² Between May 20, and June 17, 2013, interested parties filed briefs and rebuttal briefs related to the scope of the investigation. On May 31, 2013, interested parties requested a hearing for scope related issues.³ The Department held a public hearing for scope issues on June 18, 2013.⁴ Based on the comments received from interested parties, we have updated the scope of the investigation for the final determination.⁵ In addition, we have addressed all scope comments in the Decision Memorandum.

Scope of the Investigation

The merchandise subject to this investigation is hardwood and decorative plywood. Hardwood and decorative plywood is a flat panel composed of an assembly of two or more layers or plies of wood veneers in combination with a core. The veneers, along with the core, are glued or

otherwise bonded together to form a finished product. A hardwood and decorative plywood panel must have face and back veneers which are composed of one or more species of hardwoods, softwoods, or bamboo. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2009. See Appendix I for a complete description of the scope of this investigation.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Decision Memorandum. A list of subsidy programs and the issues that parties have raised, and to which we responded in the Decision Memorandum, is attached to this notice as Appendix II.

The Decision Memorandum is a public document and is on file electronically via IA ACCESS. IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://www.trade.gov/ia/>. The signed and the electronic versions of this memorandum are identical in content.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i) of the Tariff Act of 1930 (the Act), we have calculated rates for Dongfang, San Fortune and Senda. We determine the countervailable subsidy rates to be:

Company	Subsidy rate (percent)
Linyi City Dongfang Jinxin Economic & Trade Co., Ltd	(**)
Linyi San Fortune Wood Co., Ltd	(**)
Shanghai Senda Fancywood Inc. a/k/a Shanghai Senda Fancywood Industry Co	(**)
Asia Dekor (Heyuan) Woods Co., Ltd*	27.16
Baishan Huafeng Wooden Product Co*	27.16
China Friend Limited*	27.16
Feixian Guangyuan Plywood Factory*	27.16
Feixian Xinfeng Wood Co Ltd*	27.16
Huzhou Chen Hang Wood Co. Ltd*	27.16
Jiafeng Wood (Suzhou) Co., Ltd*	27.16

¹ See *Hardwood and Decorative Plywood From the People's Republic of China: Amended Preliminary Countervailing Duty Determination; and Alignment of Final Determination With Final Antidumping Determination*, 78 FR 16250 (March 14, 2013) (*Preliminary Determination*), and the accompanying Preliminary Decision Memorandum.

² See *Hardwood and Decorative Plywood From the People's Republic of China: Antidumping Duty Investigation*, 78 FR 25946, 25952 (May 3, 2013).

³ See Letter to Acting Secretary Rebecca Blank Re: Request for Hearing on Scope-Related Issues Hardwood and Decorative Plywood From China (May 31, 2013).

⁴ See Scope Issue for the Antidumping Duty and Countervailing Duty Investigations on Hardwood Decorative Plywood From the People's Republic of China: Case Nos. A-570-986 and C-570-987 (Hearing Transcript) (June 26, 2013).

⁵ See Appendix I.

Company	Subsidy rate (percent)
Linyi Guoxin Wood Co., Ltd*	27.16
Linyi Huayuan Wood Co., Ltd*	27.16
Linyi Sengong Wood Co., Ltd*	27.16
Lizhong Wood Industry Limited Co*	27.16
Shandong Lichen Group Co., Ltd*	27.16
Wellmade Floor Industries Co. Ltd*	27.16
Zhejiang Dadongwu GreenHome Wood Co*	27.16
Zhejiang Desheng Wood Industry Co., Ltd*	27.16
All Others	13.58

* Non-cooperative company to which an adverse facts available (AFA) rate is being applied. See the Issues and Decision Memorandum.

** *de minimis*.

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from the PRC (with the exception of entries made by Dongfang, San Fortune, and Senda) that were entered, or withdrawn from warehouse, for consumption on or after March 14, 2013, the date of the publication of the *Preliminary Determination* in the **Federal Register**. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for countervailing duty (CVD) purposes for subject merchandise entered, or withdrawn from warehouse, on or after July 12, 2013, but to continue the suspension of liquidation of all entries from March 14, 2013, through July 11, 2013. Because the subsidy rates for Dongfang, San Fortune, and Senda are *de minimis*, liquidation will not be suspended and no cash deposits will be required for merchandise that are produced and exported by Dongfang, San Fortune, and Senda.

If the International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order and reinstate the suspension of liquidation for the relevant companies under section 706(a) of the Act, and we will require a cash deposit of estimated CVDs for such entries of merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

In accordance with sections 703(d) and 705(c)(5)(A) of the Act, for companies not individually investigated, we apply an “all-others” rate, which is normally calculated by weight averaging the subsidy rates of the individually investigated companies. Under section 705(c)(5)(i) of the Act, the

“all-others” rate excludes zero and *de minimis* rates and rates based entirely on facts available for the exporters and producers individually investigated. Where the rates for the individually investigated companies are all zero or *de minimis* or based on facts available, section 705(c)(5)(A)(ii) of the Act instructs the Department to establish an “all-others” rate using “any reasonable method.”

For purposes of this final determination, we find that a reasonable method for establishing the “all-others” rate is to calculate a simple average margin based on the rates assigned to the three mandatory respondents (zero percent) and the AFA rate assigned to the non-responsive companies (27.16 percent). We have limited the number of AFA rates used in the average, based on failures to respond to the quantity and value (Q&V) questionnaires, to the same number of companies that we determined we could reasonably examine in this investigation, which was three. Accordingly, we determined the “all-others” rate by taking the simple average of the rates calculated for the three selected mandatory respondents and three AFA rates for companies that failed to respond to the Q&V questionnaire. Thus, we are assigning an “all-others” rate of 13.58 percent.⁶

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination.

Return or Destruction of Proprietary Information

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return

⁶ See Decision Memorandum at “All-Others Rate”.

or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: September 16, 2013.

Paul Piquado,

Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation is hardwood and decorative plywood. Hardwood and decorative plywood is a flat panel composed of an assembly of two or more layers or plies of wood veneers in combination with a core. The veneers, along with the core, are glued or otherwise bonded together to form a finished product. A hardwood and decorative plywood panel must have face and back veneers which are composed of one or more species of hardwoods, softwoods, or bamboo. Hardwood and decorative plywood may include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2009.

All hardwood and decorative plywood is included within the scope of this investigation, without regard to dimension (overall thickness, thickness of face veneer, thickness of back veneer, thickness of core, thickness of inner veneers, width, or length). However, the most common panel sizes of hardwood and decorative plywood are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048 mm (48 x 120 inches).

A “veneer” is a thin slice of wood which is rotary cut, sliced or sawed from a log, bolt or flitch. The face veneer is the exposed veneer of a hardwood and decorative plywood product which is of a superior grade than that of the back veneer, which is the other exposed veneer of the product (*i.e.*, as opposed to the inner veneers). When the two exposed veneers are of equal grade, either one can be considered the face or back veneer. For products that are entirely composed of veneer, such as Veneer Core Platforms, the exposed veneers are to be

considered the face and back veneers, in accordance with the descriptions above.

The core of hardwood and decorative plywood consists of the layer or layers of one or more material(s) that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to veneers, particleboard, and medium-density fiberboard ("MDF").

All hardwood and decorative plywood is included within the scope of this investigation regardless of whether or not the face and/or back veneers are surface coated, unless the surface coating obscures the grain, texture or markings of the wood in a permanent manner. Examples of surface coatings which may not obscure the grain, texture or markings of the wood include, but are not limited to, ultra-violet light cured polyurethanes, oil or oil-modified or water based polyurethanes, wax, epoxy-ester finishes, and moisture-cured urethanes. Hardwood and decorative plywood that has face and/or back veneers which have a permanent and opaque surface coating which obscures the grain, texture or markings of the wood, are not included within the scope of this investigation. Examples of permanently affixed surface coatings which may obscure the grain, texture or markings of wood include, but are not limited to, paper, aluminum, high pressure laminate ("HPL"), MDF, medium density overlay ("MDO"), and phenolic film. Additionally, the face veneer of hardwood and decorative plywood may be sanded, smoothed or given a "distressed" appearance through such methods as hand-scraping or wire brushing. The face veneer may be stained.

The scope of the investigation excludes the following items: (1) structural plywood (also known as "industrial plywood" or "industrial panels") that is manufactured and stamped to meet U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), including but not limited to the "bond performance" requirements set forth at paragraph 5.8.6.4 of that Standard and the performance criteria detailed at Table 4 through 10 of that Standard; (2) products which have a face and back veneer of cork; (3) multilayered wood flooring, as described in the antidumping duty and countervailing duty orders on Multilayered Wood Flooring from the People's Republic of China, Import Administration, International Trade Administration, U.S. Department of Commerce Investigation Nos. A-570-970 and C-570-971 (published December 8, 2011), and additionally, multilayered wood flooring with a face veneer of bamboo or composed entirely of bamboo; (4) plywood which has a shape or design other than a flat panel; (5) products made entirely from bamboo and adhesives (also known as "solid bamboo").

Imports of the subject merchandise are provided for under the following subheadings of the Harmonized Tariff Schedule of the United States ("HTSUS"): 4412.10.0500; 4412.31.0520; 4412.31.0540; 4412.31.0560; 4412.31.2510; 4412.31.2520; 4412.31.4040; 4412.31.4050; 4412.31.4060; 4412.31.4070; 4412.31.5135; 4412.31.5155;

4412.31.5165; 4412.31.5175; 4412.31.6000; 4412.31.9100; 4412.32.0520; 4412.32.0540; 4412.32.0560; 4412.32.2510; 4412.32.2520; 4412.32.3135; 4412.32.3155; 4412.32.3165; 4412.32.3175; 4412.32.3185; 4412.32.5600; 4412.39.1000; 4412.39.3000; 4412.39.4011; 4412.39.4012; 4412.39.4019; 4412.39.4031; 4412.39.4032; 4412.39.4039; 4412.39.4051; 4412.39.4052; 4412.39.4059; 4412.39.4061; 4412.39.4062; 4412.39.4069; 4412.39.5010; 4412.39.5030; 4412.39.5050; 4412.94.1030; 4412.94.1050; 4412.94.3111; 4412.94.3121; 4412.94.3131; 4412.94.3141; 4412.94.3160; 4412.94.3171; 4412.94.4100; 4412.94.6000; 4412.94.7000; 4412.94.8000; 4412.94.9000; 4412.99.0600; 4412.99.1020; 4412.99.1030; 4412.99.1040; 4412.99.3110; 4412.99.3120; 4412.99.3130; 4412.99.3140; 4412.99.3150; 4412.99.3160; 4412.99.3170; 4412.99.4100; 4412.99.5710; 4412.99.6000; 4412.99.7000; 4412.99.8000; 4412.99.9000; 4412.10.9000; 4412.31.4080; 4412.32.0570; 4412.32.2530; 4412.94.5100; 4412.94.9500; 4412.99.5115; and 4412.99.9500.

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

Appendix II

Issues and Decision Memorandum

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VII. Recommendation

[FR Doc. 2013-23077 Filed 9-20-13; 8:45 am]

BILLING CODE 3510-DS-P