



DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-118]

Wood Mouldings and Millwork Products from the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of wood mouldings and millwork products (millwork products) from the People's Republic of China (China).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Irene Gorelik or Faris Montgomery, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6905 or (202) 482-1537, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 12, 2020, Commerce published in the *Federal Register* the *Preliminary Determination*.¹ On August 20, 2020, Commerce published its *Amended Preliminary Determination* to revise the scope of the investigation.² The selected mandatory respondents in this investigation are Fujian Yinfeng Imp & Exp Trading Co., Ltd. (Yinfeng) and Fujian

¹ See *Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 35900 (June 12, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum.

² See *Wood Mouldings and Millwork Products from the People's Republic of China: Amended Preliminary Countervailing Duty Determination*, 85 FR 51410 (August 20, 2020) (*Amended Preliminary Determination*).

Nanping Yuanqiao Wood-Industry Co., Ltd. (Yuanqiao). In the *Preliminary Determination*, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4), Commerce aligned the final countervailing duty (CVD) determination with the final antidumping duty (AD) determination. The revised deadline for the final determination of this investigation is now December 28, 2020. On October 19, 2020, Commerce issued its Post-Preliminary Analysis.³

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum which is hereby adopted by this notice.⁴ The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Period of Investigation

The period of investigation (POI) is January 1, 2019 through December 31, 2019.

Scope of the Investigation

The products covered by this investigation are millwork products from China. For a full description of the scope of this investigation, *see* Appendix I.

³ *See* Memorandum, "Post-Preliminary Analysis of the Countervailing Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China," dated October 19, 2020; *see also* Memorandum, "Countervailing Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Preliminary Creditworthiness Determination for Fujian Province Youxi City Mangrove Wood Machining Co., Ltd.," dated October 19, 2020; and Memorandum, "Countervailing Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China: Post-Prelim Calculations for Fujian Yinfeng Imp & Exp Trading Co., Ltd.," dated October 19, 2020.

⁴ *See* Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Wood Mouldings and Millwork Products from the People's Republic of China," dated concurrently with, and hereby adopted, by this notice (Issues and Decision Memorandum).

Scope Comments

On August 5, 2020, we issued a Preliminary Scope *Memorandum*.⁵ Several interested parties submitted case and rebuttal briefs concerning the scope of this investigation. For a summary of the product coverage comments and rebuttal comments submitted to the record for this final determination, and accompanying discussion and analysis of all comments timely received, *see* the Final Scope Memorandum.⁶ Based on the comments received from interested parties, we are revising the scope of this investigation as it appeared in the *Amended Preliminary Determination*. The scope in Appendix I reflects these changes.

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 Issues and Decision Memorandum. A list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁷ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce relied, in part, on facts available pursuant to section 776(a) of the Act. Additionally, as discussed in the Issues and Decision Memorandum, because one or more respondents did not act to the best of their ability in

⁵ *See* Memorandum, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Preliminary Scope Decision Memorandum,” dated August 5, 2020 (Preliminary Scope Memorandum).

⁶ *See* Memorandum, “Wood Mouldings and Millwork Products from Brazil and the People’s Republic of China: Scope Comments Decision Memorandum for the Final Determinations,” dated concurrently with, and hereby adopted by, this notice (Final Scope Memorandum).

⁷ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

responding to our requests for information, we drew adverse inferences, where appropriate, in selecting from among the facts otherwise available, pursuant to section 776(b) of the Act. For further information, *see* the section “Use of Facts Otherwise Available and Adverse Inferences” in the accompanying Issues and Decision Memorandum.

Verification

Commerce normally verifies information relied upon in making its final determination, pursuant to section 782(i)(1) of the Act. However, during the course of this investigation, Commerce was unable to conduct on-site verification due to travel restrictions.⁸ Consistent with section 776(a)(2)(D) of the Act, Commerce relied on the information submitted on the record, where appropriate, which we used in making our *Preliminary Determination*, as facts available in making our final determination.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, we made certain changes to Yinfeng’s subsidy rate calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a rate for Yinfeng, a producer/exporter of subject merchandise selected for individual examination in this investigation. Commerce assigned rates based entirely on facts otherwise available with adverse inferences pursuant to section 776 of the Act to Yuanqiao, a producer/exporter of subject merchandise selected for individual examination which failed to participate on this investigation.

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those

⁸ *See* Memorandum, “Cancellation of Verification and Establishment of the Briefing Schedule,” dated October 23, 2020.

companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

In this investigation, Commerce assigned a rate based entirely on facts available for Yuanqiao. Therefore, the only rate that is not zero, *de minimis* or based entirely on facts otherwise available is the rate calculated for Yinfeng. Consequently, we assigned the rate calculated for Yinfeng as the all-others rate applicable to producers and exporters not individually examined.

Commerce determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate (percent)
Fujian Yinfeng Imp & Exp Trading Co., Ltd. ⁹	20.56
Fujian Nanping Yuanqiao Wood Industry Co., Ltd	252.29
All Others	20.56

Disclosure

Commerce intends to disclose to interested parties the calculations and analysis performed in this final determination within five days of any public announcement or, if there is no public announcement, within five days of the date of the publication of this notice in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the “Scope of the Investigation” section entered, or withdrawn from warehouse, for consumption, effective June 12, 2020, which is the date of publication of the *Preliminary Determination* in the *Federal Register*. In the *Amended Preliminary Determination*, we revised the scope of the investigation, notifying parties

⁹ As discussed in the *Preliminary Determination*, Commerce found that Yinfeng Fujian Province Youxi City Mangrove Wood Machining Co., Ltd. and Fujian Province Youxi City Mangrove Wood Machining Co., Ltd., Xicheng Branch are cross-owned affiliates of mandatory respondent Yinfeng. See *Preliminary Determination*, 85 FR at 35901, unchanged in the final determination.

that because certain products were henceforth excluded from the scope of the investigation, Commerce instructed CBP to terminate suspension of liquidation of those excluded products, and to refund any cash deposits previously posted with respect to them.¹⁰ However, we did not revise the estimated cash deposit rates published in the *Preliminary Determination*.

In accordance with section 703(d) of the Act, effective October 10, 2020, we instructed CBP to discontinue the suspension of liquidation of all entries at that time, but to continue the suspension of liquidation of all entries between June 12, 2020 and October 9, 2020.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, reinstate the suspension of liquidation and require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. 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.

International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our affirmative determination that countervailable subsidies are being provided to producers and exporters of millwork products from China. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of millwork products from China no later than 45 days after our final determination. If the ITC determines that

¹⁰ See *Amended Preliminary Determination*, 85 FR at 51410.

material injury or threat of material injury does not exist, this proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a CVD order directing CBP to assess, upon further instruction by Commerce, CVDs on all imports of the subject merchandise that are entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/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 which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: December 28, 2020.

Jeffrey I. Kessler,

Assistant Secretary

for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation consists of wood mouldings and millwork products that are made of wood (regardless of wood species), bamboo, laminated veneer lumber (LVL), or of wood and composite materials (where the composite materials make up less than 50 percent of the total merchandise), and which are continuously shaped wood or finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn). The merchandise subject to this investigation can be continuously shaped along any of its edges, ends, or faces.

The percentage of composite materials contained in a wood moulding or millwork product is measured by length, except when the composite material is a coating or cladding. Wood mouldings and millwork products that are coated or clad, even along their entire length, with a composite material, but that are otherwise comprised of wood, LVL, or wood and composite materials (where the non-coating composite materials make up 50 percent or less of the total merchandise) are covered by the scope.

The merchandise subject to this investigation consists of wood, LVL, bamboo, or a combination of wood and composite materials that is continuously shaped throughout its length (with the exception of any endwork/dados), profiled wood having a repetitive design in relief, similar milled wood architectural accessories, such as rosettes and plinth blocks, and finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn). The scope includes continuously shaped wood in the forms of dowels, building components such as interior paneling and jamb parts, and door components such as rails, stiles, interior and exterior door frames or jambs (including split, flat, stop applied, single- or double-rabbeted), frame or jamb kits, and packaged door frame trim or casing sets, whether or not the door components are imported as part of a door kit or set.

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

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

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

Excluded from the scope of this investigation are countertop/butcherblocks imported as a full countertop/butcherblock panel, exterior fencing, exterior decking and exterior siding products (including solid wood siding, non-wood siding (*e.g.*, composite or cement), and shingles) that are

not LVL or finger jointed; finished and unfinished doors; flooring; parts of stair steps (including newel posts, balusters, easing, gooseneck, risers, treads, rail fittings and stair stringers); picture frame components three feet and under in individual lengths; and lumber whether solid, finger-jointed, or edge-glued. To be excluded from the scope, finger-jointed or edge-glued lumber must have a nominal thickness of 1.5 inches or greater and a certification stamp from an American Lumber Standard Committee-certified grading agency. The exclusion for lumber whether solid, finger-jointed, or edge-glued does not apply to screen/"surfaced on 4 sides" (S4S) and/or "surface 1 side, 2 edges" (S1S2E) stock (also called boards) that are finger-jointed and/or edge-glued, or to finger-jointed and/or edge-glued moulding or millwork blanks (whether or not resawn). Accordingly, S4S and S1S2E stock/boards that are not finger-jointed or edge-glued are excluded from the scope of this investigation.

Excluded from the scope of this investigation are all products covered by the scope of the countervailing duty order on *Hardwood Plywood from the People's Republic of China*. See *Certain Hardwood Plywood Products from the People's Republic of China: Countervailing Duty Order*, 83 FR 513 (January 4, 2018).

Excluded from the scope of this investigation are all products covered by the scope of the countervailing duty order on *Multilayered Wood Flooring from the People's Republic of China*. See *Multilayered Wood Flooring from the People's Republic of China: Countervailing Duty Order*, 76 FR 76693 (December 8, 2011).

Excluded from the scope of this investigation are all products covered by the scope of the countervailing duty order on *Wooden Cabinets and Vanities from the People's Republic of China*. See *Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Countervailing Duty Order*, 85 FR 22134 (April 21, 2020).

Imports of wood mouldings and millwork products are primarily entered under the following Harmonized Tariff Schedule of the United States (HTSUS) numbers: 4409.10.4010, 4409.10.4090, 4409.10.4500, 4409.10.5000, 4409.22.4000, 4409.22.5000, 4409.29.4100, and 4409.29.5100. Imports of wood mouldings and millwork products may also enter under HTSUS numbers: 4409.10.6000, 4409.10.6500, 4409.22.6000, 4409.22.6500, 4409.29.6100, 4409.29.6600, 4418.20.4000, 4418.20.8030, 4418.20.8060, 4418.99.9095 and 4421.99.9780. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Use of Facts Otherwise Available and Adverse Inferences
- IV. Subsidies Valuation
- V. Analysis of Programs
- VI. Analysis of Comments

Comment 1: Calculation of the All-Others Rate

Comment 2: Whether to Continue to Apply Adverse Facts Available (AFA) to the Export Buyer's Credit (EBC) Program

Comment 3: Whether the Provision of Electricity for Less Than Adequate Remuneration (LTAR) Is Countervailable

Comment 4: Calculation of the Electricity for LTAR Benefit

Comment 5: Whether Individual-Owned Sawn Wood and Plywood Input Suppliers Are Government Authorities

Comment 6: Whether Commerce Should Countervail Imported Sawn Wood Purchased from Domestic Trading Companies

Comment 7: Whether the Provision of Primer, Including Gesso, for LTAR Program Was Unlawfully Expanded

Comment 8: Whether Zeroing of Negative LTAR Benefits Must Be Eliminated

Comment 9: Whether to Include Land Purchased from an Individual in the Benefits Calculation

Comment 10: Provision of Land-Use Rights for LTAR Benchmarks

Comment 11: Adjustment to Ocean Freight Data

Comment 12: Calculation of Mangrove's Creditworthiness

Comment 13: Benchmark Data

- VII. Recommendation

[FR Doc. 2020-29105 Filed: 12/31/2020 8:45 am; Publication Date: 1/4/2021]