

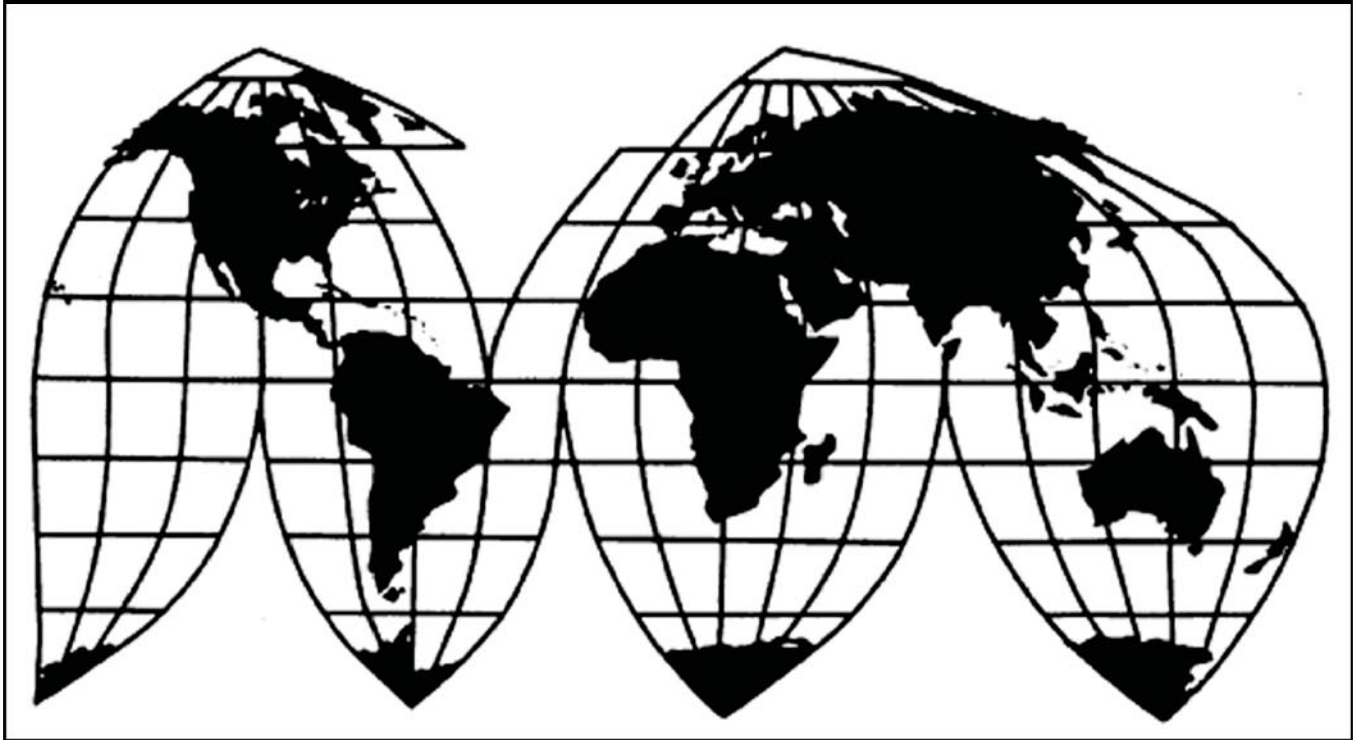
# Wooden Bedroom Furniture from China

Investigation No. 731-TA-1058 (Review)

Publication 4203

December 2010

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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# 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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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 (Review)

### WOODEN BEDROOM FURNITURE FROM CHINA

#### DETERMINATION

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), 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.

#### BACKGROUND

The Commission instituted this review on December 1, 2009 (74 FR 62817) and determined on March 8, 2010 that it would conduct a full review (75 FR 14469, March 25, 2010). 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 April 26, 2010 (75 FR 21657). The hearing was held in Washington, DC, on October 5, 2010, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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<sup>1</sup> The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).



## 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 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.<sup>1</sup>

### I. BACKGROUND

On October 31, 2003, the American Furniture Manufacturers Committee for Legal Trade (“AFMC”), an ad hoc association of U.S. manufacturers of wooden bedroom furniture, and six labor unions<sup>2</sup> filed an antidumping duty petition concerning imports of WBF from China. In December 2004, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of WBF from China,<sup>3</sup> and the Department of Commerce (“Commerce”) issued an antidumping duty order on January 4, 2005.<sup>4</sup>

The Commission instituted the present review on December 1, 2009.<sup>5</sup> The Commission received a response to the notice of institution from a group of U.S. producers of WBF and three labor unions. This response was filed by the AFMC; Vaughan-Bassett Furniture Company, Inc.; Dubois Wood Products Inc.; The Jasper Group d/b/a Klem Hospitality; Solid Comfort, Inc.; and the following three unions: United Brotherhood of Carpenters and Joiners of America Cabinet Makers, Millmen, and Industrial Carpenters Local 721; United Brotherhood of Carpenters and Joiners of America Carpenters Industrial Council Local Union 2305; and Teamsters, Chauffeurs, Warehousemen and Helpers Union Local 991 (collectively the “Domestic Producers”). In addition, the Commission received individual responses from Ashley Furniture Industries, Inc. (“Ashley”) and Furniture Traditions, domestic producers of WBF. Ashley \*\*\* the continuation of the order. The Commission also received responses from four producers of the subject merchandise in China and from 11 U.S. importers of the subject merchandise.

On March 8, 2010, the Commission determined that the domestic interested party group response was adequate, and that the respondent interested party group response was inadequate. The Commission voted to conduct a full review because of changes in the relevant conditions of competition.<sup>6</sup>

The following entities participated in this review by filing briefs and appearing at the hearing: the AFMC; Vaughan-Bassett Furniture Co., Inc.; Ashley; American Signature, Inc.; Fine Furniture Design, LLC; Hillsdale Furniture, LLC, Home Meridian International; Lifestyle Enterprises, Inc.; RiversEdge Furniture Company; TM International LLC; The Furniture Retailers of America (“FRA”);

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<sup>1</sup> See also Additional Views of Commissioner Daniel R. Pearson.

<sup>2</sup> These were: Local 721 of the Cabinet Makers, Millmen, and Industrial Carpenters; Local 2305 of the UBC Southern Council of Industrial Workers; Local 193U of the United Steelworkers of America; Local 2093 of the Carpenters Industrial Union; Local 991 of the Teamsters, Chauffeurs, Warehousemen and Helpers Union; and Local 82472 of the IUE, Industrial Division of CWA.

<sup>3</sup> Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final), USITC Pub. 3743 (Dec. 2004) (“Original Determination”), p.1.

<sup>4</sup> Antidumping Duty Order: Wooden Bedroom Furniture From the People’s Republic of China, 70 Fed. Reg. 329 (Jan. 4, 2005).

<sup>5</sup> 74 Fed. Reg. 62817 (Dec. 1, 2009).

<sup>6</sup> See Confidential Report (“CR”) and Public Staff Report (“PR”) at Appendix A, Explanation of Commission Determination on Adequacy.

Guangdong Yihua Timber Industry Co., Ltd. (“Yihua”); Dalian Huafeng Furniture Group Co., Ltd.; and the Guangdong Furniture Association, Trade Committee.

## II. DOMESTIC LIKE PRODUCT

### A. Legal Standard

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”<sup>7</sup> The 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.”<sup>8</sup> The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.<sup>9</sup>

### B. Product Description

In its expedited review determination, Commerce defined the scope of the imported merchandise subject to the antidumping duty order as follows:<sup>10</sup>

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,

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<sup>7</sup> 19 U.S.C. § 1677(4)(A).

<sup>8</sup> 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, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>9</sup> 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).

<sup>10</sup> 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).

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,<sup>11</sup> highboys,<sup>12</sup> lowboys,<sup>13</sup> chests of drawers,<sup>14</sup> chests,<sup>15</sup> door chests,<sup>16</sup> chiffoniers,<sup>17</sup> hutches,<sup>18</sup> and armoires;<sup>19</sup> (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.

Commerce excluded from the scope of this investigation several types of wooden furniture that may be used in a bedroom, such as “seats, chairs, benches, couches, sofas, sofa beds, stools, and other seating furniture,” “mattresses, mattress supports (including box springs), infant cribs, water beds, and futon frames,” “office furniture, such as desks, stand-up desks, computer cabinets, filing cabinets, credenzas, and bookcases,” “dining room or kitchen furniture, such as dining tables, chairs, servers, sideboards, buffets, corner cabinets, china cabinets, and china hutches,” and “other non-bedroom furniture, such as television cabinets, cocktail tables, end tables, occasional tables, wall systems, book cases, and entertainment systems.”<sup>20</sup>

WBF is wooden furniture designed and manufactured for use in the bedroom. It includes such items of wooden furniture as beds, nightstands, chests, armoires, and dressers with mirrors. Although these items all have different physical characteristics and uses, they are generally designed and offered for sale in coordinated groups in which the individual pieces of furniture

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<sup>11</sup> 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.

<sup>12</sup> 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).

<sup>13</sup> A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

<sup>14</sup> A chest of drawers is typically a case containing drawers for storing clothing.

<sup>15</sup> 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.

<sup>16</sup> 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.

<sup>17</sup> A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

<sup>18</sup> A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

<sup>19</sup> 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.

<sup>20</sup> Commerce also excluded from the scope any bedroom furniture “made primarily of wicker, cane, osier, bamboo or rattan,” or “in which bentwood parts predominate,” metal side rails for beds if they are sold separately from the headboard and footboard, certain jewelry armoires, cheval mirrors and certain combination cheval mirror/jewelry cabinets, certain metal parts, and certain unfinished furniture parts, certain mirrors, certain upholstered beds, and certain toy boxes. 75 Fed. Reg. 19364 (April 14, 2010).

share the same basic design, finish, and construction.<sup>21</sup> WBF is used primarily in residences and lodging, and in care facilities, such as assisted living facilities.<sup>22</sup>

### **C. The Original Determination**

In its original injury determination, 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. One respondent had argued that joinery WBF should be treated as a separate domestic like product. The Commission rejected this argument. It concluded 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. The record indicated that joinery and non-joinery WBF shared the same basic physical characteristics and end uses, were interchangeable with one another, underwent somewhat similar production processes, and were sold at comparable price levels in similar channels of distribution.<sup>23</sup>

### **D. The Current Review**

There is no new information obtained during this review that would suggest that the Commission revisit the domestic like product definition from the original determination. Moreover, no party to this review argued that the Commission should depart from that domestic like product definition.

Accordingly, we again find one domestic like product that encompasses WBF and is coextensive with the scope of review.

## **III. DOMESTIC INDUSTRY**

### **A. Legal Standard**

Section 771(4)(A) of the 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.”<sup>24</sup> In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

### **B. The Original Determination**

In its original determination the Commission defined the domestic industry to include all U.S. producers of WBF. The Commission considered, and rejected, Petitioners’ arguments that it

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<sup>21</sup> CR at I-20, PR at I-17.

<sup>22</sup> CR at I-20, PR at I-17.

<sup>23</sup> Original Determination at 8-9.

<sup>24</sup> 19 U.S.C. § 1677(4)(A).

should exclude two domestic producers of WBF – \*\*\* and \*\*\* – from the domestic industry as related parties under section 771(4)(B) of the Act.<sup>25 26</sup> The Commission also examined the data concerning the twenty-four other producers who imported subject merchandise during the period of investigation and found that appropriate circumstances did not exist to exclude any of these producers from the industry as a related party.<sup>27</sup>

### C. The Current Review

The only domestic industry issue that arises in this review is whether appropriate circumstances exist to exclude any domestic producer from the domestic industry as related parties. Twenty U.S. producers of WBF, including \*\*\* members of the AFMC, imported the subject merchandise during the POR, and thus are related parties.<sup>28</sup> Also, three U.S. producers are related to Chinese exporters or U.S. importers of the subject merchandise and are related parties on this basis.<sup>29</sup> Accordingly, we consider whether appropriate circumstances exist to exclude any of the related parties from the industry.

We have examined the data concerning the 20 producers who imported subject merchandise during the period of review to assess whether any of these producers should be excluded from the industry as a related party. As an initial matter, we note that it has become common practice for domestic producers to pursue a “blended strategy” and to import WBF from China and other sources to supplement their domestic production, as a means of remaining competitive in the marketplace.<sup>30</sup> Of these 20 producers, \*\*\* shipped<sup>31</sup> more domestically

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<sup>25</sup> 19 U.S.C. § 1677(4)(B).

<sup>26</sup> The Commission noted that both of these producers were among the largest domestic producers of WBF during the period of investigation, that they shipped considerably more domestically produced WBF in the United States than they imported from China, that they did not benefit disproportionately from importing the subject merchandise when compared with the rest of the industry, and that the inclusion of their financial and trade data would not significantly skew the industry’s overall data. Based on these considerations, the Commission found that appropriate circumstances did not exist to exclude these companies from the definition of the domestic industry. Original Determination at 10-13.

<sup>27</sup> Original Determination at 13 n.100.

<sup>28</sup> CR at III-16, PR at III-6, and Petitioners’ Posthearing Brief at Exhibit 10. In addition, five U.S. producers (four of which were among the twenty direct importers mentioned above) purchased subject merchandise from China that they did not directly import. CR/PR at Table III-11. The Commission has concluded that a domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer’s purchases and the importer’s purchases were substantial. See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9. The five U.S. producers that purchased subject merchandise from China do not qualify as related parties under this standard. See CR/PR at Table III-11.

<sup>29</sup> \*\*\* indirectly owns a producer and exporter of the subject merchandise in China. \*\*\* U.S. Producer Questionnaire Response at 3 and 4. \*\*\* is related by common ownership to three U.S. importers of WBF. \*\*\* U.S. Producer Questionnaire Response at 3. \*\*\* is related to \*\*\* U.S. importers of WBF. \*\*\* U.S. Producer Questionnaire Response at 3.

<sup>30</sup> CR at II-7 n.14 and II-34, PR at II-4 n.14 and II-21.

<sup>31</sup> Normally, 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  
(continued...)

produced WBF than they imported from China in almost all years of the POR,<sup>32</sup> thus indicating that their primary interest was in domestic production rather than importation of the subject merchandise (at least for the years in which they had domestic production).<sup>33</sup> Moreover, most of these \*\*\* producers reported operating results that were worse than the industry average,<sup>34 35 36</sup> which indicates that these producers did not benefit disproportionately from their importation of subject merchandise. Accordingly, we do not believe that appropriate circumstances exist to exclude these \*\*\* producers from the industry as related parties.<sup>37 38</sup>

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<sup>31</sup>(...continued)

value data were available) and not domestic production (for which value data were not available). CR/PR at Table III-8 n. 3.

<sup>32</sup> CR/PR at Table III-8.

<sup>33</sup> These \*\*\* producers were \*\*\*, \*\*\* of these firms – \*\*\* – ceased domestic production during the period of review. CR/PR at Table F-1.

<sup>34</sup> Of these \*\*\* importing producers, only \*\*\*, \*\*\*, and \*\*\* reported operating income margins that were significantly higher than the industry average during the period of review. CR/PR at Table III-14.

<sup>35</sup> In these investigations, Commissioner Aranoff does not rely on individual company operating income margins in assessing whether particular related parties benefit from importation of subject merchandise. Rather, she has based her determination regarding whether to exclude related parties principally on their ratios of subject imports to domestic shipments and on whether their primary interests lie in domestic production or importation.

<sup>36</sup> Commissioner Pinkert does not rely upon companies' financial performance as a factor in determining whether there are appropriate circumstances to exclude them from the domestic industry in these reviews. The record is not sufficient to infer from their profitability on U.S. operations whether they have derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 C.I.T. 1861, 1865-67 (2004)

<sup>37</sup> Vice Chairman Williamson notes that an argument could be made that appropriate circumstances exist to exclude \*\*\* from the domestic industry, given its \*\*\* over the period of review. See CR/PR at Table III-8. \*\*\* also was \*\*\* than the industry as a whole, suggesting that \*\*\*. See CR/PR at Table III-14. However, the potential for the company's above-average profitability to skew the industry-wide data was \*\*\*. See CR/PR at Table III-8. Given the forward-looking nature of a five-year review determination, skewing of industry-wide data should be of more concern in the more recent part of the period of review. On balance, because the level of its imports never exceeded its shipments of domestic production, because it supports the continuation of the order, and because any skewing of industry-wide data was lessened in the more recent part of the period of review, Vice Chairman Williamson found that appropriate circumstances do not exist to exclude \*\*\* from the domestic industry.

<sup>38</sup> The FRA argues that AFMC members who are importing subject merchandise should be excluded from the domestic industry as related parties because they are allegedly more interested in enabling subject imports, which generate settlement agreement payments, than they are in increasing domestic production and employment. FRA Posthearing Brief, Answers to Questions at 14-18 and 52-56. (These settlement agreements are described in section IV.B.2.d. below.) The rationale for the related parties provision is the concern that domestic producers who are related parties may be shielded from any injury that might be caused by the subject imports. It is the benefits that accrue from the relationship – whether it be a relationship to subject imports or one of the statutorily-defined corporate relationships – that are of concern. See, e.g. Allied Mineral Products, Inc. v. United States, —Fed. Supp. 2d.—, Slip Op. 04-139 (Ct. Int'l Trade November 12, 2004) at 5. Here the FRA is not arguing that the AFMC members who were importers should be excluded from the domestic industry because of any benefit received from those importations. Instead, the FRA is arguing essentially that the AFMC members should be excluded because they derive a financial benefit associated with the order. But all domestic producers theoretically receive “benefits” from an outstanding order. In short, we do not agree with the argument propounded by the FRA.



\*\*\* producers imported subject merchandise the value of which exceeded the value of their shipments of domestically produced WBF in most years of the POR.<sup>39</sup> We have concluded that appropriate circumstances exist to exclude these producers from the domestic industry, for the following reasons.<sup>40</sup>

\*\*\* imports of the subject merchandise \*\*\* its domestic shipments for much of the period of review. The ratio of its imports of subject merchandise to domestically produced U.S. shipments was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>41</sup> Although \*\*\* the continuation of the order,<sup>42</sup> and its \*\*\*,<sup>43</sup> we find that appropriate circumstances exist to exclude this producer from the domestic industry because, as demonstrated by the disproportionate ratio of its imports to domestic production throughout the period of review, its primary interest is as an importer of the subject merchandise rather than as a domestic producer.

\*\*\* The ratio of \*\*\* imports of subject merchandise to its domestic shipments \*\*\* over the period of review, as its \*\*\*.<sup>44</sup> The ratio of its imports of subject merchandise to domestically produced U.S. shipments was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>45</sup> Although \*\*\* the continuation of the order,<sup>46</sup> and its \*\*\*,<sup>47</sup> we find that appropriate circumstances exist to exclude this producer from the domestic industry because, as shown by the disproportionate ratio of its imports to domestic production towards the end of the period of review, its primary interest is as an importer of the subject merchandise rather than as a domestic producer.

\*\*\* The ratio of \*\*\* imports of subject merchandise to its domestic shipments \*\*\* over the period of review, as its \*\*\*.<sup>48</sup> The ratio of its imports of subject merchandise to domestically produced U.S. shipments was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>49</sup> \*\*\* the continuation of the

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<sup>39</sup> These \*\*\* producers were \*\*\*.

<sup>40</sup> Vice Chairman Williamson and Commissioner Lane find that appropriate circumstances do not exist to exclude these producers from the domestic industry. While each of these producers had a high ratio of subject imports to domestic shipments, their inclusion does not skew the data for the industry. Most importantly, none of them accounted for a significant share of domestic production. The largest among them are \*\*\*, of which each accounted for \*\*\* percent of domestic production in 2009. CR/PR at Table I-6. \*\*\* had operating income margins \*\*\* in that year, and \*\*\* operating income margin, \*\*\*. Although \*\*\* operating income margin was \*\*\* in 2009, its performance was \*\*\* the industry's average in the prior three years. CR/PR at Table III-14. Moreover, both \*\*\*. CR/PR at Table I-6.

<sup>41</sup> CR/PR at Table III-8.

<sup>42</sup> CR/PR at Table I-6.

<sup>43</sup> See CR/PR at Table III-14.

<sup>44</sup> CR/PR at Table III-8.

<sup>45</sup> CR/PR at Table III-8.

<sup>46</sup> CR/PR at Table I-6.

<sup>47</sup> See CR/PR at Table III-14.

<sup>48</sup> CR/PR at Table III-8.

<sup>49</sup> CR/PR at Table III-8.

order.<sup>50</sup> Although its \*\*\*,<sup>51</sup> we find that appropriate circumstances exist to exclude \*\*\* from the domestic industry because its primary interest is as an importer of the subject merchandise rather than as a domestic producer.

\*\*\* imports of the subject merchandise \*\*\* its domestic shipments for much of the period of review, as its \*\*\*.<sup>52</sup> The ratio of its imports of subject merchandise to domestically produced U.S. shipments was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>53</sup> \*\*\* the continuation of the order.<sup>54</sup> Its \*\*\*.<sup>55</sup> We find that appropriate circumstances exist to exclude \*\*\* from the domestic industry because its primary interest is as an importer of the subject merchandise rather than as a domestic producer.

\*\*\* imports of the subject merchandise \*\*\* its domestic shipments for much of the period of review. The ratio of its imports of subject merchandise to domestically produced U.S. shipments was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>56</sup> \*\*\* the continuation of the order.<sup>57</sup> Although its \*\*\*,<sup>58</sup> we find that appropriate circumstances exist to exclude \*\*\* from the domestic industry because its primary interest is as an importer of the subject merchandise rather than as a domestic producer.

We have also examined the data concerning the \*\*\* producers who have 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.<sup>59</sup> As there is no evidence that any of these producers derived any significant financial benefit on account of their relationships with Chinese exporters or U.S. importers, or that there is any other basis for exclusion, we find that appropriate circumstances do not exist to exclude these producers from the domestic industry.

Accordingly, we define the domestic industry to include all producers of the domestic like product, except \*\*\*.<sup>60</sup>

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<sup>50</sup> CR/PR at Table I-6.

<sup>51</sup> See CR/PR at Table III-14.

<sup>52</sup> CR/PR at Table III-8.

<sup>53</sup> CR/PR at Table III-8.

<sup>54</sup> CR/PR at Table I-6.

<sup>55</sup> See CR/PR at Table III-14.

<sup>56</sup> CR/PR at Table III-8.

<sup>57</sup> CR/PR at Table I-6.

<sup>58</sup> See CR/PR at Table III-14.

<sup>59</sup> These producers are \*\*\*.

<sup>60</sup> Vice Chairman Williamson and Commissioner Lane define the domestic industry to include all producers of the domestic like product.

#### IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED

##### A. Legal Standards

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping 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 duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>61</sup> The Uruguay Round Agreements Act (“URAA”), Statement of Administrative Action (“SAA”), states that “under the likelihood standard, the Commission will engage in a counter-factual 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.”<sup>62</sup> Thus, the likelihood standard is prospective in nature.<sup>63</sup> 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.<sup>64 65 66</sup>

The Act 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

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<sup>61</sup> 19 U.S.C. § 1675a(a).

<sup>62</sup> The SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). 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.” SAA at 883.

<sup>63</sup> Although 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.

<sup>64</sup> 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, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 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’”).

<sup>65</sup> For a complete statement of Chairman Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

<sup>66</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

time.”<sup>67</sup> 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.”<sup>68</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The Act 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.”<sup>69</sup> 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 the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>70</sup>

In this review, a limited number of subject foreign producers in China responded to the Commission’s questionnaires. Accordingly, we have relied on the facts otherwise available when appropriate in this review, which consist primarily of information from the original investigation, information available from published sources, and information submitted in this review, including by the domestic interested parties and other questionnaire respondents.<sup>71 72 73</sup>

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<sup>67</sup> 19 U.S.C. § 1675a(a)(5).

<sup>68</sup> 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.*

<sup>69</sup> 19 U.S.C. § 1675a(a)(1).

<sup>70</sup> 19 U.S.C. § 1675a(a)(1). The Act 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. 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>71</sup> The Commission received domestic producer questionnaire responses from 57 domestic firms that accounted for virtually all known U.S. production of WBF in 2009. CR at I-5 and III-1, PR at I-4 and III-1. The Commission also received usable importers’ questionnaire responses from 98 firms, which are believed to have accounted for \*\*\* percent of subject imports in 2009 (CR at I-5; PR at I-4) and purchasers’ questionnaire responses from 61 firms. CR at I-40; PR at I-27. The Commission received useable foreign producers’ questionnaire responses from 35 Chinese WBF producers that are believed to account for between \*\*\* percent of exports of WBF to the United States in 2009. CR/PR at IV-6. On the day on which the record closed in this investigation, November 10, 2010, the Commission received an additional 34 questionnaire responses purporting to be from members of the Guangdong Furniture Association, Trade Committee. (The deadline for submitting foreign producer questionnaire responses in this review was July 23, 2010.) When submitting these questionnaire responses, counsel for the Guangdong Furniture Association, Trade Committee informed the Commission that the producers submitting these responses were withholding their identities because they did not wish to become known to Petitioners. These questionnaire responses were not usable because they contained no information as to the identity of the firms submitting the responses, and also because they lacked the certifications of accuracy required by the statute and the Commission’s regulations. *See* 19 U.S.C. § 1677m(b) and 19 C.F.R. §207.3(a).

<sup>72</sup> 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to (continued...)

## B. Conditions of Competition and Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the Act 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.”<sup>74</sup> We find the following conditions of competition relevant to our determination.

### 1. The Original Determination

*Demand.* In the original investigation, the Commission observed that demand for WBF was affected by changes in the housing market, consumer tastes, personal income levels, and demographics; and that demand was only moderately responsive to changes in price. Apparent U.S. consumption of WBF grew during the period of investigation (“POI”), increasing by 13.2 percent between 2001 and 2003. The Commission noted 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; and that the market could be divided generally into three quality or pricing levels: a low-priced segment, a medium-priced segment, and a high-end segment.<sup>75</sup>

*Supply.* In the original investigation, the Commission noted that there were more than 50 domestic firms reporting production of WBF during the POI. The Commission explained 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 its unit fixed costs. An industry with such a cost structure can be expected to respond to lower demand for its products by reducing capacity, production and employment levels. The Commission further noted that there were a large number of producers of WBF in China, and that China was the largest source of imports during the POI. Chinese production capacity for the subject product grew considerably during the POI. Non-subject imports maintained a substantial but stable presence in the U.S. market during the POI.<sup>76</sup>

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<sup>72</sup>(...continued)

19 U.S.C. § 1677m(I). The verification requirements in 19 U.S.C. § 1677m(I) only apply to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int’l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”).

<sup>73</sup> Chairman Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. “In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive.” SAA at 869.

<sup>74</sup> 19 U.S.C. § 1675a(a)(4).

<sup>75</sup> Original Determination at 14-15.

<sup>76</sup> Original Determination at 16-18.

*Substitutability.* The record in the original investigation indicated that there was a moderate to high degree of substitutability between domestic WBF and the subject imports, and that price was an important factor in purchasing decisions.<sup>77</sup>

## **2. The Current Review**

We find the following conditions of competition relevant to our determination in this review.

### **a. Demand**

Demand for WBF is closely tied to conditions in the housing market.<sup>78</sup> Consumer confidence and consumer access to credit are reportedly also important factors underlying demand.<sup>79</sup> Total apparent consumption of WBF rose from \$4.7 billion in 2004 to \$5.2 billion in 2005, and then declined to \$5.0 billion in 2006, \$4.7 billion in 2007, \$4.1 billion in 2008, and \$3.4 billion in 2009.<sup>80</sup>

Any improvement in WBF demand in the reasonably foreseeable future is projected to be modest. We note that the Blue Chip Economic Indicators consensus forecast for 2011 housing starts is well below the normal levels of the last five decades.<sup>81</sup>

### **b. Supply**

There continue to be a large number of WBF producers in the United States; 57 domestic producers provided the Commission with information on their production during the period of review.<sup>82</sup> 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<sup>83</sup> and the domestic industry has generally contracted over the period of review. Between 2004 and 2009, the industry's total production capacity fell by \*\*\* percent, production declined by \*\*\* percent, and the number of production-related workers decreased by \*\*\* percent.<sup>84</sup>

China has a large number of producers of wooden furniture.<sup>85</sup> Estimates of the number of producers in China range from over \*\*\* enterprises operating in the wooden furniture industry in

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<sup>77</sup> Original Determination at 15-16.

<sup>78</sup> CR at II-18-19, PR at II-11.

<sup>79</sup> CR at II-19, PR at II-11.

<sup>80</sup> CR/PR at Table C-3.

<sup>81</sup> CR at II-19, PR at II-11. We note that Ashley's argument that the housing market is improving is based on data for only one month, August 2010, which is insufficient for us to conclude that there will be a significant increase in WBF demand in the reasonably foreseeable future. Ashley Posthearing Brief at 11.

<sup>82</sup> CR at I-28, PR at I-22.

<sup>83</sup> Two plants were opened, one was re-opened, one was partially re-opened, and 36 plants were closed. CR at III-1-2, PR at III-1.

<sup>84</sup> CR/PR at Table C-3.

<sup>85</sup> Information specific to the WBF industry in China was not provided to the Commission in this review. We have relied on public source data for these estimates.

China in 2010,<sup>86</sup> to approximately 50,000 enterprises of all sizes involved in the furniture industry.<sup>87 \*\*\*.</sup><sup>88</sup>

Subject imports' share of the U.S. market declined irregularly over the period of review, although a large number of U.S. importers continued to import subject merchandise.<sup>89</sup> Non-subject imports increased their market share, which grew from \*\*\* percent in 2004 to \*\*\* percent in 2009.<sup>90</sup> By the end of the period, Vietnam had become the most significant non-subject supplier of WBF to the U.S. market, although other countries, especially Malaysia and Indonesia, were also significant suppliers.<sup>91</sup> There are approximately 1,500 medium to large furniture manufacturers in Vietnam, of which about 250 are owned by foreign investors, from countries such as Malaysia and Taiwan.<sup>92</sup>

### c. Substitutability

The record in this review indicates that there is a moderately high degree of substitutability between U.S. and imported WBF.<sup>93</sup> Many of the producing countries manufacture a range of products and qualities, but producers, importers, and purchasers generally reported at least frequent interchangeability.<sup>94</sup>

Although solid wood WBF is generally regarded as being of higher quality than WBF made of other materials, 43 purchasers reported that the two types of WBF are “always,” “usually,” or “sometimes” interchangeable.<sup>95</sup> The record also shows that price is an important factor in purchasing decisions for WBF; a plurality of the purchasers that responded to the Commission's questionnaire reported that “price/cost/value” was the number one factor in their purchasing decisions.<sup>96</sup>

Purchasers generally agree that the market for WBF has three tiers of quality or pricing levels: a low-priced tier, a medium-priced tier, and a high-end tier. Although most purchasers identified these three tiers in the market, there is no consistent definition among purchasers of the furniture quality or pricing that characterizes each tier.<sup>97</sup> Nonetheless, the record in this review shows that the subject imports compete with the domestic like product in all price ranges or tiers of the market.<sup>98</sup>

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<sup>86</sup> CR at IV-12, PR at IV-6.

<sup>87</sup> Final Comments of Guangdong Furniture Association, Trade Committee (Nov. 16, 2010) at 3-4.

<sup>88</sup> CR at IV-12, PR at IV-9.

<sup>89</sup> The 104 importers that responded to the Commission's questionnaire accounted for only slightly more than \*\*\* percent of subject imports from China. CR at I-34, PR at I-26.

<sup>90</sup> CR/PR at Table C-3.

<sup>91</sup> CR/PR at Table C-3 and CR at IV-2, PR at IV-1.

<sup>92</sup> CR at IV-12-14, PR at IV-9-10

<sup>93</sup> CR/PR at Table II-6, CR at II-24 and II-33-37, PR at II-14 and II-20-23.

<sup>94</sup> CR/PR at Table II-6.

<sup>95</sup> CR at II-4-5, PR at II-3. Other materials include, for example, particle board.

<sup>96</sup> CR/PR at Table II-3.

<sup>97</sup> CR at II-4, PR at II-2.

<sup>98</sup> CR at II-40-42, PR at II-24-25.

#### **d. Other Conditions of Competition**

A number of other conditions of competition also inform our analysis in this review. First, the domestic WBF industry remains a high variable-cost industry, in which raw materials, labor, and other variable costs are high relative to fixed costs. With such a cost structure, the WBF industry generally will respond to lower demand for its products by reducing capacity, production, and employment levels.<sup>99</sup> Second, there is evidence in the record that U.S. producers' raw material costs, particularly lumber costs, have recently risen, after falling in 2009.<sup>100</sup>

Third, the degree to which domestic producers directly imported subject merchandise from China, and non-subject merchandise from China and other countries, generally increased over the period of review.<sup>101</sup>

Finally, we recognize the existence during the period of review of "settlement agreements" pursuant to which the AFMC and Vaughn-Bassett have agreed to withdraw their annual requests for Commerce administrative reviews with respect to certain Chinese producers/exporters or U.S. importers in exchange for payments from these parties.<sup>102</sup> Respondents urged the Commission to gather information on these settlement payments in this review,<sup>103</sup> and the Commission did so.

Several respondents argued that the Commission should recognize these settlement payments as a relevant condition of competition in this review.<sup>104</sup> Petitioners argued that these settlement agreements have no relevance to any issue before the Commission in this review.<sup>105</sup>

Although these settlement payments were arguably a relevant condition of competition during the period of review, they would not be a relevant condition of competition upon revocation of the antidumping duty order (because there would be no administrative reviews to

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<sup>99</sup> AFMC Prehearing Brief at 18-19.

<sup>100</sup> CR at V-1-3 and Figure V-1, PR at V-1-2 and Figure V-1.

<sup>101</sup> CR/PR at Tables III-8 and III-9.

<sup>102</sup> CR at III-10-11, PR at III-2-3.

<sup>103</sup> E.g., FRA Comments on Draft Questionnaires, June 8, 2010, pp. 4, 11.

<sup>104</sup> These respondents generally argued that Petitioners allowed dumped imports of WBF from China to continue to enter the United States at relatively low antidumping duties, as long as U.S. importers and individual Chinese producers/exporters paid Petitioners not to seek administrative reviews at Commerce. E.g., FRA Prehearing Brief, pp. 10-13. In this way, according to Respondents, Petitioners benefitted from the continued importation of the subject merchandise. Respondents further alleged that Petitioners differentiated among Chinese suppliers by \*\*\* to those suppliers that supplied individual Petitioners. FRA Prehearing Brief at 10-14, Posthearing Brief at 2-6 and Answers to Questions at 15-18; Yihua Posthearing Brief at 10-11.

<sup>105</sup> Petitioners maintain that the settlement agreements are legal, appropriate, and in the public interest, and that the willingness of Chinese producers to enter into settlement agreements is evidence of the keen interest of these producers in the U.S. market. AFMC Posthearing Brief, at 14-15 and Answers to Questions from the Commission at 6-7 and 16-27.



“settle” in the absence of the order).<sup>106</sup> In a five-year review, our task is to assess what would happen in the reasonably foreseeable future if the order were to be revoked.

Accordingly, in this review, we find that the conditions in the market discussed above provide us with a reasonable basis on which to assess the likely effects of the revocation of the order in the reasonably foreseeable future.

## C. Likely Volume of Subject Imports

### 1. Legal Standards

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order were revoked, 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.<sup>107</sup> 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.<sup>108</sup>

### 2. The Original Determination

In its original determination, the Commission found that the volume of subject imports increased rapidly and consistently during the period of investigation, both in absolute terms and relative to production and consumption in the United States. From 2001 to 2003, the volume of the subject imports (measured by value) increased by \*\*\* percent, the market share of the subject imports rose from \*\*\* percent of apparent U.S. consumption in 2001 to \*\*\* percent in 2003, and the ratio of subject imports to domestic production (based on pieces) increased from \*\*\* percent in 2001 to \*\*\* percent in 2003.

Based on these data, 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, was significant. The Commission considered, and rejected, arguments that the domestic

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<sup>106</sup> To the extent that some respondents have argued that these settlement agreements warrant scrutiny under U.S. antitrust laws, we note that the Commission is not charged with enforcing those laws. *See, e.g., Certain Polyester Staple Fiber from Korea and Taiwan*, Inv. Nos. 731-TA-825-26 (Review), USITC Pub. 3843 (March 2006) at 21, n. 146; *Elkem Metals Co. v. United States*, 276 F. Supp. 2d 1296, 1313 (Ct. Int’l Trade 2003) (“With respect to the ITC’s rejection of selected antitrust litigation results and findings and Elkem’s and CCMA’s claims that the ITC was somehow bound by such findings, the ITC is charged by Congress to administer the trade laws, and make its own findings, by means of its own investigations with respect to material injury”); *Elkem Metals Co. v. United States*, -- F. Supp. 2d --, Slip Op. 04-49 (Ct. Int’l Trade, May 12, 2004) at 14-15 (“ITC did not commit legal error by failing to employ the civil antitrust law standard of causation. Nowhere in the statutory scheme governing the ITC’s material injury determination did Congress provide for the application of antitrust law standards of causation . . . [t]hat one of the factors [ITC] found relevant was a price fixing conspiracy did not, as CCMA contends, trigger any obligation . . . to examine the individual motives of the Conspirators.”).

<sup>107</sup> 19 U.S.C. § 1675a(a)(2).

<sup>108</sup> 19 U.S.C. § 1675a(a)(2)(A)-(D).

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.<sup>109</sup>

### 3. The Current Review

Several factors support the conclusion that subject import volume is likely to be significant in the event of revocation.

First, as noted above, the volume of subject imports (measured by value) increased rapidly in the period of the original investigation, both absolutely and relative to apparent U.S. consumption and production.<sup>110</sup> Second, notwithstanding imposition of the antidumping duty order, subject imports maintained a significant presence in the U.S. market over the period of review. Subject imports' market share ranged between \*\*\* percent and \*\*\* percent over the period.<sup>111</sup> These data indicate that subject foreign producers remain interested in exporting to the U.S. market and are capable of doing so. The record also contains evidence that some importers and purchasers intend to increase their purchases of subject merchandise in the event of revocation of the order. Thirty-seven responding importers and at least 15 responding purchasers reported or suggested that they would likely increase their imports or purchases of imports of WBF from China were the order to be revoked.<sup>112</sup> Moreover, the record in this review shows that the subject merchandise was present in all tiers of the U.S. market.<sup>113 114</sup>

Third, the record in this review generally supports the conclusion that there is significant and growing WBF production capacity in China. China's world exports of WBF rose by 82 percent in the 2004-2009 period.<sup>115</sup> China was the world's leading supplier of wooden bedroom furniture in each year of this period.<sup>116</sup> China's world exports of wooden bedroom furniture had a value exceeding \$2 billion in 2007, 2008, and 2009, according to Global Trade Atlas data, as compared to a value of \$1.2 billion in 2004.<sup>117</sup> We recognize that the questionnaire responses that the Commission received from Chinese WBF producers in this review show a decline in

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<sup>109</sup> Original Determination at 18-20.

<sup>110</sup> CR/PR at Table I-1.

<sup>111</sup> Subject imports were \$\*\*\* billion in 2004, \$\*\*\* billion in 2005, \$\*\*\* billion in 2006, \$\*\*\* billion in 2007, \$\*\*\* billion in 2008, and \$\*\*\* billion in 2009. CR/PR at Table I-1. Subject imports' market share was \*\*\* percent of apparent U.S. consumption in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009. CR/PR at Table I-1.

<sup>112</sup> See CR/PR at Appendix D.

<sup>113</sup> CR/PR at Table II-5 (most purchasers report that WBF from U.S. and China are comparable in product range) and Figure II-1.

<sup>114</sup> The increasing presence in the U.S. market, after the imposition of the order, of imports from China from producers excluded from the antidumping duty order is further evidence of likely Chinese WBF producers' behavior if the order were to be revoked. The market share of nonsubject imports from China increased from \*\*\* percent of apparent U.S. consumption in 2004, to \*\*\* percent of apparent U.S. consumption in 2009. CR/PR at Table C-3.

<sup>115</sup> CR at IV-17 and Table IV-7, PR at IV-12 and Table IV-7.

<sup>116</sup> CR at IV-17, PR at IV-12.

<sup>117</sup> CR/PR at Table IV-7.

production capacity for these producers in the last two years of the period of review<sup>118</sup> and a small increase in unused capacity towards the end of the period of review.<sup>119</sup> However, we consider this reported capacity data to be of little value in our analysis because the responding Chinese producers represented a relatively small proportion of the Chinese WBF industry<sup>120</sup> and because of flaws in the way in which several large Chinese producers reported their capacity.<sup>121</sup>

Although we do not have precise data on WBF production capacity or unused capacity in China – because of the limited participation in this review by Chinese producers – the record contains ample evidence showing that China has a very large WBF industry that is capable of expanding its exports rapidly.<sup>122</sup> Also, the “Future Five-Year Development Plan on Furniture Exports from 2010 to 2014” of the Guangdong Furniture Association (a major group of Chinese producers) projects annual growth in the value of furniture exports from Guangdong Province of 8.2 percent in the 2010-2014 period. To put this in perspective, the projected export growth for 2010 and 2011 alone is almost twice the value of total U.S. producers’ commercial shipments in 2009.<sup>123</sup>

The fourth factor supporting the conclusion that subject import volume is likely to be significant in the event of revocation is that the Chinese WBF industry is highly export oriented. In 2009, China was the largest exporter of WBF in the world,<sup>124</sup> and the United States was the largest global market for imports.<sup>125</sup> The limited set of Chinese producers that responded to the Commission’s questionnaire reported that 84 percent of their total shipments were exports, and 73 of their total shipments were exports to the United States.<sup>126</sup> The export orientation of the Chinese WBF industry is also underscored by the existence of a number of large, highly automated plants in China that produce solely for export,<sup>127</sup> and by reports that some Chinese producers have expanded their warehousing and distribution facilities in the United States during the period of review.<sup>128</sup>

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<sup>118</sup> The reported aggregate capacity for the 35 Chinese producers that provided usable data was 3.4 million pieces in 2004, 4.0 million pieces in 2005, 4.7 million pieces in 2006, 4.4 million pieces in 2007, 3.6 million pieces in 2008, and 2.7 million pieces in 2009. CR/PR at Table IV-4

<sup>119</sup> The reported capacity utilization rate for these producers was 88.4 percent in 2004, 90.3 percent in 2005, 92.7 percent in 2006, 88.8 percent in 2007, 88.9 percent in 2008, and 85.0 percent in 2009. CR/PR at Table IV-4.

<sup>120</sup> Responding Chinese producers accounted for an estimated \*\*\* to \*\*\* percent share of Chinese exports of WBF to the United States over the period of review, with the order in place. As there are likely numerous producers in China that do not currently export to the United States, the questionnaire data cover a smaller share of Chinese capacity and production.

<sup>121</sup> These producers reported their capacity based on \*\*\*. CR at IV-7 n.14, PR at IV-6 n.14.

<sup>122</sup> CR at II-10-12 and IV-14, PR at II-5-7 and IV-10.

<sup>123</sup> AFMC Prehearing Brief at 47.

<sup>124</sup> CR/PR at Table IV-7.

<sup>125</sup> CR/PR at Table IV-8.

<sup>126</sup> CR at IV-7 and PR at IV-7.

<sup>127</sup> E.g., AFMC Prehearing Brief at 44 and Hearing Tr. at 66 (Dorn).

<sup>128</sup> AFMC Prehearing Brief at 51-67.

We are not persuaded by respondents' arguments that growing home market demand in China will lead to a reduction in exports to the United States.<sup>129</sup> We note that WBF exports from China to the United States did not abate in the period from 2004 to 2006 (even under the discipline of the antidumping duty order),<sup>130</sup> a period during which home market demand in China also grew.<sup>131</sup>

There is also some evidence in the record of significant existing inventories of WBF in China.<sup>132</sup> In addition, the record indicates that producers are able to switch production between other furniture products and WBF.<sup>133</sup> Finally, although Ashley argues that the declaration provisions of the Lacey Act<sup>134</sup> will ultimately impose a significant burden on importers of subject merchandise, when it is enforced, it is unclear at this point when WBF would be subject to those requirements, and how much of a burden those requirements would be on importers in the reasonably foreseeable future.<sup>135</sup> Furthermore, WBF producers have had several years to conform their supply chains, given the advance notice of the Lacey Act provisions.

Accordingly, based on the demonstrated ability of subject foreign producers to increase exports to the U.S. market rapidly and their continued presence in the U.S. market at significant levels even after imposition of the antidumping duty order, the subject foreign producers' very substantial production capacity, and their high degree of export orientation, particularly towards 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 likely to increase from already significant levels in the event of revocation.

## **D. Likely Price Effects of Subject Imports**

### **1. Legal Standards**

In evaluating the likely price effects of subject imports if the antidumping duty order were revoked, 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

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<sup>129</sup> E.g., Guangdong Furniture Association, Trade Committee ("GDA") Prehearing Brief at 17-21; Yihua Prehearing Brief at 25-26 and Posthearing Brief at 12.

<sup>130</sup> CR/PR at Table C-3.

<sup>131</sup> CR/PR at Table IV-4.

<sup>132</sup> The ratio of inventories to production for those Chinese producers that responded to the Commission's questionnaire was 16.5 percent in 2009, the highest level of any year in the period of review. CR/PR at Table IV-4.

<sup>133</sup> Twenty-seven of the 35 Chinese producers that responded to the Commission's questionnaire reported that they are able to switch production between WBF and other products. CR at IV-10 and PR at IV-8.

<sup>134</sup> The Lacey Act, 16 U.S.C. § 3371 et. seq., makes it illegal to trade in unlawfully harvested wood products. It includes a declaration requirement, pursuant to which importers will be required to declare the source country, origin, genus, and species of wood used in finished wood products shipped to the United States. This declaration requirement is not yet in effect for furniture. Hearing Tr. at 283-284 (Grimson) and Ashley Posthearing Brief at 12-13.

<sup>135</sup> Ashley Posthearing Brief, Answers to Questions from the Commission at p. 12-13; AFMC Posthearing Brief, Answers to Commissioner Questions at 98-99.

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.<sup>136</sup>

## 2. The Original Determination

In its original determination, the Commission found that there was a moderate to high degree of substitutability between domestic WBF and the subject imports, and that price was an important factor in purchasing decisions. The quarterly price comparison data showed that there was consistent and substantial underselling by the subject imports throughout the period of investigation, and that the margins of underselling were large. The price comparison data showed that the 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. The Commission considered, and rejected, respondents' argument that the weighted-average price comparison data masked the fact that the subject imports did not, in fact, have any clear impact on domestic prices during the period of investigation.<sup>137</sup>

## 3. The Current Review

As noted in section IV.B.2. above, the record indicates that there is a moderately high degree of substitutability between U.S. and imported WBF, and that price is an important consideration in purchasing decisions.

Even with the order in place, the record indicates that subject import underselling remained significant during the period of review. Twenty-five domestic producers and 60 importers of WBF from China provided usable quarterly net U.S. f.o.b. selling price data for sales of the requested products, although not all firms reported pricing for all products for all quarters.<sup>138 139</sup> Pricing data reported by these firms accounted for approximately 5.2 percent of the domestic industry's U.S. shipments of WBF, 5.6 percent of U.S. sales of subject imports from

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<sup>136</sup> 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.

<sup>137</sup> Original Determination at 20-23.

<sup>138</sup> CR at V-10, PR at V-6.

<sup>139</sup> As discussed above in Section III.C. above, Vice Chairman Williamson and Commissioner Lane find that appropriate circumstances do not exist to exclude the five domestic producers/related parties that the Commission majority excluded from the domestic industry. The industry-wide data for the domestic industry based on the definition adopted by Vice Chairman Williamson and Commissioner Lane do not differ significantly from the industry-wide data for the domestic industry based on the definition adopted by the Commission majority. Compare CR at Tables V-1-V-27 and C-1 with CR at Tables ALT1 V-1-ALT1 V-27 and C-3. Therefore, throughout these views Vice Chairman Williamson and Commissioner Lane will not separately discuss the data that correspond to their definition of the domestic industry.

China, and 0.1 percent of U.S. direct imports of subject merchandise from China in 2009.<sup>140</sup> These data indicate that subject imports undersold the domestic like product in 497 of 616 quarterly comparisons, and oversold the domestic like product in 119 of 616 quarterly comparisons.<sup>141</sup> Subject imports undersold the domestic like product in 80.7 percent of quarterly comparisons in this review, compared with underselling in all quarterly comparisons in the original investigation.<sup>142</sup> The quarterly pricing data display no clear or consistent trends. The unit value of the domestic industry's net sales declined steadily over the period of review, and did so at a faster rate than the decline in unit cost of goods sold ("COGS"), leading to a significant increase in the domestic industry's COGS/sales ratio.<sup>143</sup>

Although the coverage of our pricing data is not as high as in some other investigations, it is consistent with both our findings in the original investigation of significant underselling and with other evidence in the record that subject imports are sold or offered for sale at lower prices than the domestic like product.<sup>144 145</sup>

In view of our finding that subject import volume would be likely to increase from already significant levels in the event of revocation, 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, we find that subject import underselling would likely intensify after revocation of the order, as subject foreign producers seek to increase their penetration of the U.S. market, in competition with domestically produced WBF and nonsubject imports. We also find that significant subject import underselling after revocation would likely result in the depression or suppression of domestic like product prices to a significant degree.

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<sup>140</sup> CR at V-10, PR at V-6. The products for which the Commission sought pricing data cover a broad range of WBF. See CR/PR at Appendix J.

<sup>141</sup> CR/PR at Table ALT1 V-28 and ALT1 V-29. In calculating these quarterly underselling data, the staff excluded pricing data for products made with printed paper (instead of wood veneer) over particle board, because such products did not meet the pricing product definitions. CR at V-12, PR at V-7. We note, however, that even if these pricing data had not been excluded, subject imports would have undersold the domestic like product in 373 of 617 quarterly comparisons. CR/PR at Table ALT1 V-28A.

<sup>142</sup> CR/PR at Table V-29.

<sup>143</sup> The unit value of the domestic industry's net sales declined from \$\*\*\* in 2004 to \$\*\*\* in 2009. Unit COGS declined from \$\*\*\* in 2004 to \$\*\*\* in 2009, and the COGS/sales ratio rose from \*\*\* percent to \*\*\* percent in this period. CR/PR at Table C-3.

<sup>144</sup> For example, 32 of 39 responding purchasers reported that WBF from China is lower-priced than the domestic like product. CP/PR at Table II-5.

<sup>145</sup> We are not persuaded by respondents' arguments that the underselling data are not meaningful because the large margins by which subject imports undersold the domestic like product suggest that the products were not competing with each other. See, e.g., Yihua Prehearing Brief at 27-30. We note that there is no clear consensus among WBF purchasers as to how the quality "tiers" should be defined, suggesting that some competition exists among various levels of quality. CR at II-4, PR at II-2. There is also evidence in the record that consumers are not always able to discern quality differences, with the result that higher-end U.S. WBF competes with lower-end subject imports. CR at II-5, PR at II-3.

## **E. Likely Impact of Subject Imports<sup>146</sup>**

### **1. Legal Standards**

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order were revoked, 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.<sup>147</sup> 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.<sup>148</sup> As instructed by the Act, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.

### **2. The Original Determination**

In its original determination, the Commission found that as lower-priced subject imports entered the market in increasing volumes during the period of investigation, the domestic industry experienced substantial declines in almost all of its trade and financial indicia, even during a period of growing apparent 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

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<sup>146</sup> 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, 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Tariff Act states that “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce conducted an expedited sunset review of the antidumping duty order on WBF from China and found likely antidumping duty margins ranging from *de minimis* to 198.08 percent. CR/PR at Table I-3.

Section 751(a)(4) of the Act requires Commerce, if requested by a party in an administrative review, to determine whether a foreign producer or importer of subject merchandise has absorbed antidumping duties. The Commission is specifically directed to take into account the findings of Commerce regarding duty absorption. 19 U.S.C. § 1675a(b)(1)(D). Commerce has found that antidumping duties have been absorbed by Fairmont on all U.S. sales made through its affiliated importer. CR at I-10 n. 13, PR at I-8 n.13.

<sup>147</sup> 19 U.S.C. § 1675a(a)(4).

<sup>148</sup> 19 U.S.C. § 1675a(a)(4).

employment levels. The Commission concluded that subject imports adversely affected the performance of the domestic industry during the period of investigation.<sup>149</sup>

### 3. The Current Review

The domestic industry's condition was stable or improving by some measures in the early part of the period of review, from 2004 to 2005, and to some extent even in 2006. The industry then experienced steep declines in almost all performance indicators in the 2007-2009 period.

The domestic industry's production declined each year of the period of review, falling overall from \*\*\* million pieces in 2004 to \*\*\* million pieces in 2009.<sup>150</sup> The industry's capacity rose from \*\*\* million pieces in 2004 to \*\*\* million pieces in 2005, and then declined each subsequent year, reaching \*\*\* million pieces in 2009.<sup>151</sup> Capacity utilization declined each year, falling from \*\*\* percent in 2004 to \*\*\* percent in 2009.<sup>152</sup>

The domestic industry's employment declined throughout the period of review, falling overall from \*\*\* in 2004 to \*\*\* in 2009.<sup>153</sup> Hours worked followed a similar trend, declining from \*\*\* million hours in 2004 to \*\*\* million hours in 2009.<sup>154</sup> Productivity increased irregularly from \*\*\* pieces per thousand hours in 2004 to \*\*\* pieces per thousand hours in 2009.<sup>155</sup>

The domestic industry's net sales were stable at \*\*\* million pieces in 2004 and 2005, and then fell each subsequent year, reaching \*\*\* million pieces in 2009.<sup>156</sup> The industry's U.S. shipments of WBF followed a similar trend, remaining stable at \*\*\* million pieces in 2004 and 2005, and then falling to \*\*\* million pieces in 2009.<sup>157</sup> The domestic industry's share of the value of apparent U.S. consumption declined irregularly over the period of review; it was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009.<sup>158</sup>

The domestic industry's financial performance improved by some measures in the early part of the period of review, but then declined sharply. The domestic industry's operating income increased from \$\*\*\* in 2004 to \$\*\*\* in 2005, and then fell each subsequent year, reaching a loss of \$\*\*\* in 2009.<sup>159</sup> The domestic industry's ratio of operating income to net sales followed a similar pattern, improving from \*\*\* percent in 2004, \*\*\* percent in 2005, and then declining each following year, reaching negative \*\*\* percent in 2009.<sup>160</sup> The domestic industry's capital

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<sup>149</sup> Original Determination at 23-26.

<sup>150</sup> CR/PR at Table C-3.

<sup>151</sup> CR/PR at Table C-3.

<sup>152</sup> CR/PR at Table C-3.

<sup>153</sup> CR/PR at Table C-3.

<sup>154</sup> CR/PR at Table C-3.

<sup>155</sup> CR/PR at Table C-3.

<sup>156</sup> CR/PR at Table C-3.

<sup>157</sup> CR/PR at Table C-3.

<sup>158</sup> CR/PR at Table C-3.

<sup>159</sup> CR/PR at Table C-3.

<sup>160</sup> CR/PR at Table C-3.



expenditures declined irregularly from \$\*\*\* in 2004 to \$\*\*\* in 2009,<sup>161</sup> and its research and development expenses also declined irregularly from \$\*\*\* in 2004 to \$\*\*\* in 2009.<sup>162</sup> Its return on investment declined irregularly from \*\*\* percent in 2004 to negative \*\*\* percent in 2009.<sup>163</sup>

Based on these data, we find that the domestic industry is vulnerable to the recurrence or continuation of material injury by reason of subject imports were the order to be revoked. The domestic industry experienced steep declines in almost all performance indicators nearer the end of the period of review, in 2007-2009. We find further support for our vulnerability finding in evidence that WBF demand is not likely to improve significantly in the reasonably foreseeable future.

As discussed above, we have found that revocation of the antidumping duty order on WBF from China would likely result in a significant increase in subject import volume that would likely undersell the domestic like product, thereby depressing or suppressing domestic like product prices to a significant degree. We find that the likely volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions would have a direct adverse impact on the industry's profitability and employment as well as its ability to raise capital and make and maintain necessary capital investments. We therefore conclude that, if the antidumping duty order were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Respondents claim that no causal connection between subject imports from China and the condition of the domestic industry existed during the period of review, and argued that therefore revocation will have no effect. They cite to two studies purporting to show that the order has been ineffective and has led to trade diversion.<sup>164</sup> We find these arguments to be unpersuasive, as they fail to take into account evidence that the domestic industry's condition stabilized and even improved after the imposition of the order, before the steep drop in demand for WBF that accompanied the deterioration in the U.S. housing market in the latter part of the period of review.<sup>165</sup>

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<sup>161</sup> CR/PR at Table C-3.

<sup>162</sup> CR/PR at Table III-15 (revised).

<sup>163</sup> CR/PR at Table III-15 (revised).

<sup>164</sup> Prehearing Brief of Guangdong Furniture Association Trade Committee, Exhibits 4 and 5. These two studies ("Intervention analysis of the antidumping investigation on WBF imports from China" and "Analysis of Import Demand for Wooden Beds in the U.S.") analyzed the effects of the antidumping investigation and order on U.S. imports of WBF. Findings from the studies include that the final implementation of duties in January 2005 did not generate a negative effect on imports from China; that the antidumping action produced trade diversion effects (to countries such as Vietnam and Malaysia); and that imports from China are stable regardless of trade intervention policy. We find the results of these studies unpersuasive.

The staff report and our analysis draw from a more detailed and extensive data set than that available to the studies' authors. Commission data include U.S. and Chinese production, capacity, and inventory data, financial data, and pricing data, as well as descriptive data on the WBF market from domestic and foreign producers, importers, and purchasers. We also note that, to the extent that the second study concludes that supply of Chinese product is not responsive to price, this is contradicted by information we have gathered in this review. CR at II-8, PR at II-5.

<sup>165</sup> Commissioner Lane and Commissioner Pinkert do not join in this and the following paragraph. They find that the statute does not require the Commission, before reaching an affirmative determination in a five-year review, to find that an order has had a significant impact. They nevertheless note that the order at issue here has had a  
(continued...)

We note that, as a general matter, the extent to which an order is effective is not dispositive in a five year review, and neither the improvement in the state of the domestic industry post-order nor the ineffectiveness of an order are reasons, per se, for a negative determination. The Statement of Administrative Action explicitly provides, at 885, that an industry may still be in a weakened or vulnerable condition notwithstanding the order, and that the Commission should consider whether the industry would "deteriorate further" if the order were revoked.<sup>166</sup>

We have considered whether there are other factors that likely would affect the domestic industry. As discussed above, nonsubject imports significantly increased their share of U.S. apparent consumption over the period of review from \*\*\* percent in 2004 to \*\*\* percent in 2009, by value.<sup>167</sup> Vietnam became the largest nonsubject supplier of WBF to the U.S. market by the end of the period of review; its market share increased from 4.1 percent in 2004 to 24.7 percent in 2009.<sup>168</sup> This increase in the market share of nonsubject imports came at the expense primarily of subject imports but also at the expense of the domestic industry. Although the market share of nonsubject imports rose from \*\*\* percent in 2004 to \*\*\* percent in 2009, the domestic industry's market share declined from 31.9 percent to 22.0 percent and that of subject imports fell from \*\*\* percent to \*\*\* percent.<sup>169</sup> Despite the inroads into the U.S. market made by nonsubject imports over the period of review, for the reasons addressed above, we nevertheless find that subject imports would further reduce domestic sales volumes and prices significantly, and thus would be likely to have a significant adverse impact on the domestic industry in the event of revocation. The Chinese industry is far larger than that in Vietnam or any other nonsubject country, it produces a greater range and variety of WBF, and it has well-established U.S. channels of distribution.<sup>170</sup> Moreover, because subject imports will have to compete with low-priced nonsubject imports to gain market share, the nonsubject imports will likely amplify the price effects of subject imports after revocation. In addition, while nonsubject imports from Vietnam compete with domestically produced WBF and subject imports primarily in the lower and middle

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<sup>165</sup>(...continued)

significant impact. After a sizeable increase during the original investigation, subject import market share stabilized after the petition was filed in late 2003, fluctuated within a narrow band from 2004 to 2007, and declined \*\*\* in 2008 and 2009. CR/PR at Table I-1. The ratios of subject imports to U.S. shipments and subject imports to total shipments stabilized in 2007 and declined \*\*\* in 2008 and 2009. Derived from CR/PR at Table C-3. Deficient demand during the housing crisis and recession does not explain these patterns. Rather, they correspond closely to the imposition and later strengthening of antidumping duties.

Moreover, with respect to the argument that the order simply diverted trade with the United States from Chinese to Vietnamese producers, Commissioners Lane and Pinkert note that such diversion was generally limited to the lower ranges of the WBF market. CR at II-9-10, n.20, II-12-13, and II-37, Hearing Tr. At 34 (Bassett), 120 (Prillaman, Berry, Copeland), 260 and (Koenig).

<sup>166</sup> The Statement of Administrative Action for the Uruguay Round Agreements Act, H.R. Rep. 316, 103 Cong., 2d Sess., vol. 1 at 885 (1994).

<sup>167</sup> CR/PR at Table C-3.

<sup>168</sup> CR/PR at Table C-3.

<sup>169</sup> CR/PR at Table C-3.

<sup>170</sup> CR at IV-17, PR at IV-12, CR/PR at Table IV-7; Hearing Tr. at 34, 74 (Bassett); and AFMC Posthearing Brief at Exhibit 2.

range of the market, there are other segments of the market in which nonsubject imports do not generally compete with subject imports.<sup>171</sup>

We recognize that the domestic industry was adversely affected by a sharp drop in demand in the second half of the period of review and that demand for WBF is likely to remain weak for the reasonably foreseeable future. Again, this does not alter our conclusion that subject imports would be likely to have a significant adverse impact on the domestic industry in the event of revocation. The likely increase in subject imports at prices that undersell the domestic like product that we project would occur in the absence of the antidumping duty order likely would adversely affect the domestic industry that has already been weakened by reduced demand.

Finally, we have considered respondents' argument that opposition to the continuation of the order by some domestic producers is evidence that the revocation of the order would not adversely affect the domestic industry.<sup>172</sup> While relevant as a condition of competition, the degree of industry support for continuation of an order is not dispositive of the question of whether revocation would likely have a significant adverse impact on that industry.<sup>173</sup> We note also that there is more support for the continuation of the order now than there was for the petition during the original investigation, especially when the support of labor unions is taken into account.<sup>174</sup>

Accordingly, we conclude that, if the antidumping duty order on wooden bedroom furniture from China were revoked, subject imports from China would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

## CONCLUSION

For the above-stated reasons, we determine 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.

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<sup>171</sup> CR at II-9-10 n. 20, II-12-13, and II-37, PR at II-6 n.20, II-7-8, and II-23, and Hearing Tr. at 34 (Bassett), 120 (Prillaman, Berry, Copeland), 260 and (Koenig).

<sup>172</sup> E.g., Ashley Prehearing Brief at 5-6.

<sup>173</sup> See Allegheny Ludlum Corp. v. United States, 287 F.3d 1365, 1375-76 (Fed. Cir. 2002).

<sup>174</sup> In this review forty-one U.S. producers and three local unions support continuation of the order, while eight producers oppose continuation of the order. CR at I-28, PR at I-22. Of the eight producers opposing continuation of the order, the opposition of \*\*\* is of limited relevance because these firms \*\*\*. CR/PR at Table F-1. While \*\*\* opposes continuation, the \*\*\*. CR/PR at Table I-6 n.11. In the original investigation, 38 producers supported the petition, and nine opposed it. Original Determination at 28.

We note that producers accounting for 45.8 percent of U.S. production (by pieces) oppose continuation, compared to 40.7 percent for supporting firms. CR at I-28, PR at I-23. However, producers accounting for 55.2 percent of shipments value support continuation, compared to 37.8 percent for opposing firms. CR at I-28, PR at I-23.



## ADDITIONAL VIEWS OF COMMISSIONER DANIEL R. PEARSON

I concur with my colleagues that the record gathered in this five-year review, considered in light of the law, indicates that revocation of the antidumping order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. But this investigation also raises some troubling questions. In particular, respondents have alleged that settlement agreements negotiated by counsel for the petitioners are distorting trade flows in ways intended to provide benefits to particular domestic firms. I do not consider it appropriate, in my position as Commissioner, to do other than comment on these matters. But I have found this review sufficiently unusual and sufficiently disturbing to wish to draw attention to them.

This industry would have faced difficulties during the period of review under any circumstances, given the depth of the recession and its extensive effects on the housing market. But even before the recession began, the industry was not apparently gaining much benefit from the imposition of the order. The domestic industry's market share continued to decline after the order, as did production, capacity utilization, and employment. In the long run the domestic industry might have been expected to struggle to retain any benefits from this order as importers and retailers sought supply in other, lower-cost markets outside China. But the record here suggests that the domestic industry gained little even before those adjustments began to be made.

The order has been successful, however, in generating substantial legal activity, some of which involved petitioners bringing large numbers of requests for administrative reviews to Commerce, negotiating financial settlements with the targets of those requests, and then withdrawing the requests. The petitioners in this review have argued that the legal activity both lessened the volume of subject imports and yielded financial support to a struggling industry. My review of the record has not convinced me that either assertion is correct. The volume of subject imports remained substantial, particularly in terms of market share, as long as overall apparent consumption remained strong. The record does not indicate clear links between volume and settlements.<sup>1</sup> As to the financial support, the record indicates that \*\*\*. The record does not indicate that the funds were distributed in a fashion aimed at alleviating specific distress, nor were the funds available to the industry as a whole. The industry continued to suffer ongoing losses in capacity and employment after the funds were gathered and distributed.

I am mindful that the law does not require that an antidumping order or countervailing duty order be shown to benefit the domestic industry in order to reach an affirmative finding in a five-year review. There are certainly industries in which the structure of the larger market and low entry costs will mean that removal of one low-cost import source will be followed by replacement by another import source, but even in such industries it is reasonable to hope that the domestic industry would at least be able to maintain its position upon the removal of unfairly traded goods from the market. I am also mindful that the process by which petitioners filed administrative review requests and then withdrew those requests after making private settlements comports with the statute. But the imposition of any antidumping duty or countervailing duty imposes significant costs in administrative overhead and market adjustments, costs which are borne by taxpayers and consumers. In this particular investigation, additional costs and distortions have been added by the use of the administrative review and settlement process, with little evidence that these distortions have yielded any benefits to the industry overall, the U.S. consumer, or the U.S. taxpayer.

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<sup>1</sup> Although respondents assert that petitioners manipulated the settlement process in order to control subject imports or gain preferential access to some producers/exporters in China, the record evidence on this issue is unclear.



## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On December 1, 2009, 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”),<sup>1</sup> 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.<sup>2 3</sup> On March 8, 2010, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.<sup>4</sup> Selected information relating to the schedule of this proceeding appears in the following tabulation:<sup>5</sup>

Effective date	Action
January 4, 2005	Commerce’s antidumping duty order on wooden bedroom furniture from China (70 FR 329)
December 1, 2009	Commission’s institution of five-year review (74 FR 62817)
December 1, 2009	Commerce’s initiation of five-year review (74 FR 62748)
March 8, 2010	Commission’s determination to conduct full five-year review (75 FR 14469, March 25, 2010)
April 19, 2010	Commission’s scheduling of the review (75 FR 21657, April 26, 2010)

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Wooden Bedroom Furniture From China*, 74 FR 62817, December 1, 2009. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission received 11 submissions representing the following entities: American Furniture Manufacturers Committee for Legal Trade; Vaughan-Bassett Furniture Co., Inc.; Dubois Wood Products Inc.; The Jasper Group d/b/a Klem Hospitality; Solid Comfort, Inc.; United Brotherhood of Carpenters and Joiners of America, Cabinet Makers, Millmen, and Industrial Carpenters Local 721; United Brotherhood of Carpenters and Joiners of America, Carpenters Industrial Council Local Union 2305; Teamsters, Chauffeurs, Warehousemen and Helpers Local 991; Furniture Traditions; Ashley Furniture Industries, Inc.; A-America, Inc.; Furniture Retailers of America; Home Meridian International; Up Country, Inc.; Vineyard Furniture International; Guangdong Yihua Timber Industry Co., Ltd.; New Classic Home Furnishings, Inc.; Dalian Huafeng Furniture Group Co., Ltd.; Kunshan Lee Wood Product Co., Ltd.; and Kunshan Summit Furniture Co., Ltd.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Inv. No. A-570-890 Initiation of Five-Year (“Sunset”) Review*, 74 FR 62748, December 1, 2009.

<sup>4</sup> *Wooden Bedroom Furniture From China*, 75 FR 14469, March 25, 2010. Chairman Shara L. Aranoff and Commissioners Deanna Tanner Okun, Irving A. Williamson, and Dean A. Pinkert found that the domestic group response for this review was adequate and the respondent group responses were inadequate, but that circumstances warranted a full review. Vice Chairman Daniel R. Pearson and Commissioner Charlotte R. Lane found that both the domestic group response and the respondent group responses were adequate and voted for a full review.

<sup>5</sup> The Commission’s notice of institution, notice to conduct a full review, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site. Commerce’s notice of institution and its notice of final results of its expedited five-year review also appear in appendix A. Appendix B presents the witnesses appearing at the Commission’s hearing.

Effective date	Action
October 5, 2010	Commission's hearing
November 30, 2010	Commission's vote
December 15, 2010	Commission's determination transmitted to Commerce

### 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,<sup>6</sup> and the Cabinet Makers, Millmen, and Industrial Carpenters, Local 721, Whittier, CA.<sup>7</sup> On November 17, 2004, Commerce made a final affirmative determination of sales at less than fair value (“LTFV”) with respect to wooden bedroom furniture imports from China.<sup>8</sup> The Commission completed the original investigation in December 2004, determining that an industry in the United States was materially injured by reason of imports of wooden bedroom furniture from China that were being sold at LTFV.<sup>9</sup> After receipt of the Commission’s determination, Commerce issued an antidumping duty order on imports of wooden bedroom furniture from China, effective January 4, 2005.<sup>10</sup>

The Commission had conducted no previous investigations concerning wooden bedroom furniture prior to the original investigation, and has not conducted any related investigations concerning wooden bedroom furniture since the completion of its original investigation.

### 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*

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<sup>6</sup> At the time of the filing of the petition, the American Manufacturers Committee for Legal Trade was an *ad hoc* association of 27 U.S. producers of wooden bedroom furniture. USITC Publication 3743, December 2004.

<sup>7</sup> On December 4, 2003 the petition was amended to include four additional labor unions as co-petitioners, 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-petitioner on November 2, 2004. USITC Publication 3743, December 2004, p. I-1.

<sup>8</sup> *Final Determination of Sales at Less Than Fair Value: Wooden Bedroom Furniture From the People’s Republic of China*, 69 FR 67313, November 17, 2004.

<sup>9</sup> *Wooden Bedroom Furniture From China*, 69 FR 77779, December 28, 2004.

<sup>10</sup> *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.



*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 . . .*

*(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 China,*

*(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 and the current full five-year review. As shown in the table, the market share of subject imports from China decreased by \*\*\* percentage points since 2004, the year before the order was put into place. Imports from Vietnam increased rapidly during the five-year review period, up from a market share of 4 percent in 2004 to 25 percent in 2009. At the same time, U.S. producers’ market share decreased by 10 percentage points from 2004 to 2009.

U.S. industry data and related information for the original investigation are based on questionnaire responses of 49 U.S. producers, while industry information for the current five-year review is based on questionnaire responses of 57 U.S. producers, of which 50 provided usable data. U.S. import data for both the original investigation and the five-year review are based on official Commerce statistics. Related information on imports in the current review is from the questionnaire responses of 104 U.S. importers of wooden bedroom furniture (98 provided usable data) that are believed to have accounted for \*\*\* percent of the subject U.S. imports of wooden bedroom furniture from China and for \*\*\* percent of U.S. imports of wooden bedroom furniture from other sources in 2009.<sup>11</sup> Foreign industry data and related information are based on the questionnaire responses of 36 producers (35 provided usable data) of wooden bedroom furniture in China that are believed to account for between \*\*\* and \*\*\* percent of Chinese exports of wooden bedroom furniture to the United States in 2009.<sup>12</sup> A summary of trade and financial data for wooden bedroom furniture as collected in the 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.

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<sup>11</sup> Coverage was calculated using the value of subject U.S. imports from China reported by responding U.S. importers in 2009 (\$308.815 million from China and \$1.097 billion from nonsubject sources) compared to the value from proprietary data provided by U.S. Customs and Border Protection (“Customs”) (\$\*\*\* from China and \$\*\*\* from nonsubject sources).

<sup>12</sup> Coverage was calculated based on Dalian Huafeng’s response that its exports to the United States (\*\*\* pieces) represented \*\*\* percent of total Chinese exports to the United States in 2009, and Guangdong Yihua’s response that its exports to the United States (\*\*\* pieces) represented \*\*\* percent of total Chinese exports to the United States in 2009. According to Global Trade Atlas data, China exported 7,379,891 pieces of wooden bedroom furniture to the United States in 2009. The number of pieces of wooden bedroom furniture exported to the United States, as reported by 35 Chinese questionnaire responses, totaled 1,690,066 in 2009.

**Table I-1**

**Wooden bedroom furniture: Comparative data from the original investigation and the current review, 2001-03 and 2004-09**

(Quantity=*pieces*; value=\$1,000; unit values are *per piece*)

Item	2001	2002	2003	2004	2005	2006	2007	2008	2009
U.S. consumption value:									
Amount	4,123,585	4,461,603	4,666,667	4,676,283	5,180,403	5,039,035	4,663,962	4,093,725	3,403,639
Producers' share <sup>1</sup>	55.6	48.2	40.3	31.9	27.3	24.7	22.5	21.9	22.0
Importers' share: <sup>1</sup>									
China (subject)	***	***	***	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***	***	***	***
Vietnam	0.0	0.2	1.0	4.1	8.9	11.7	17.5	23.3	24.7
All other sources	30.6	30.1	28.7	31.8	30.7	27.6	25.9	26.7	31.2
Total imports	44.4	51.8	59.7	68.1	72.7	75.3	77.5	78.1	78.0
U.S. imports' value from--									
China (subject)	***	***	***	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***	***	***	***
Vietnam	860	10,871	45,454	190,393	462,805	587,387	813,931	952,537	839,136
All other countries	1,262,870	1,342,637	1,340,576	1,489,002	1,592,766	1,391,358	1,208,461	1,094,591	1,062,414
All countries	1,829,281	2,311,456	2,787,927	3,185,475	3,764,811	3,794,948	3,613,016	3,196,269	2,655,854

Table continued on next page.

**Table I-1--Continued**

**Wooden bedroom furniture: Comparative data from the original investigation and the current review, 2001-03 and 2004-09**

(Quantity=*pieces*; value=*\$1,000*; unit values are *per piece*)

Item	2001	2002	2003	2004	2005	2006	2007	2008	2009
U.S. producers <sup>1--</sup>									
Capacity quantity	17,833,664	17,884,974	17,316,172	14,018,999	14,050,004	13,640,803	12,918,768	11,894,272	11,079,849
Production quantity	13,987,146	13,872,218	12,712,592	10,248,027	10,100,968	9,746,303	8,417,946	7,491,611	6,467,592
Capacity utilization <sup>1 2</sup>	77.2	76.8	72.7	73.1	71.9	71.4	65.2	63.0	58.4
U.S. shipments:									
Quantity	14,022,078	13,699,797	12,641,093	10,058,985	9,954,129	9,530,197	8,260,411	7,236,525	6,342,624
Value	2,294,304	2,150,147	1,878,740	1,490,808	1,415,592	1,244,087	1,050,946	897,456	747,785
Unit value (per piece)	\$163.62	\$156.95	\$148.62	\$148.21	\$142.21	\$130.54	\$127.23	\$124.02	\$117.90
Ending inventory quantity	1,825,553	1,867,947	1,810,686	1,522,078	1,474,669	1,607,029	1,494,364	1,498,950	1,387,600
Inventories/total shipments <sup>1</sup>	12.8	13.4	14.0	14.8	14.5	16.4	17.5	19.9	21.1
Production workers	32,680	30,107	26,181	20,155	18,740	15,669	13,342	11,062	9,062
Hours worked ( <i>1,000 hours</i> )	61,640	57,838	49,053	39,882	36,015	30,565	26,624	22,684	18,617
Wages paid ( <i>1,000 dollars</i> )	740,273	713,611	624,685	486,788	442,471	384,867	342,588	299,002	235,871
Hourly wages	\$12.01	\$12.34	\$12.73	\$12.21	\$12.29	\$12.59	\$12.87	\$13.18	\$12.67
Productivity ( <i>pieces per 1,000 hours</i> )	223.4	237.5	256.6	257.0	280.5	318.9	316.0	330.3	347.4

Table continued on next page.

**Table I-1--Continued**

**Wooden bedroom furniture: Comparative data from the original investigation and the current review, 2001-03 and 2004-09**

(Quantity=*pieces*; value=\$1,000; unit values are *per piece*)

Item	2001	2002	2003	2004	2005	2006	2007	2008	2009
Net sales:									
Quantity	13,903,209	13,475,643	12,522,006	10,342,272	10,229,348	9,786,782	8,560,684	7,507,918	6,498,395
Value	2,325,701	2,166,170	1,899,142	1,526,945	1,455,871	1,274,309	1,097,469	940,985	774,626
Unit value	\$167.28	\$160.75	\$151.66	\$147.64	\$142.32	\$130.21	\$128.20	\$125.33	\$119.20
Cost of goods sold	1,854,882	1,735,307	1,546,745	1,224,373	1,150,836	1,030,197	922,101	799,947	665,675
Gross profit or (loss)	470,819	430,863	352,397	302,572	305,035	244,112	175,368	141,038	108,951
Operating income or (loss)	109,753	100,660	47,469	63,927	84,893	45,605	(24,497)	(16,149)	(23,654)
Unit cost of goods sold	\$133.41	\$128.77	\$123.52	\$118.39	\$112.50	\$105.26	\$107.71	\$106.55	\$102.44
Unit operating income or (loss)	\$7.89	\$7.47	\$3.79	\$6.18	\$8.30	\$4.66	\$(2.86)	\$(2.15)	\$(3.64)
Cost of goods sold/sales <sup>1</sup>	79.8	80.1	81.4	80.2	79.0	80.8	84.0	85.0	85.9
Operating income or (loss)/sales <sup>1</sup>	4.7	4.6	2.5	4.2	5.8	3.6	(2.2)	(1.7)	(3.1)

<sup>1</sup> In *percent*.

<sup>2</sup> Capacity utilization was calculated from firms providing both production and capacity data.

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: Data for the period 2001-03 are compiled from information presented in *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004. Capacity utilization for this period was calculated from firms providing both production and capacity data; productivity for this period was calculated from firms that provided both production and employment data. Data for 2004-09 are compiled from data submitted in response to Commission questionnaires. Import data are compiled from official Commerce statistics and from proprietary Customs data.

## COMMERCE'S REVIEWS

### Administrative Reviews<sup>13</sup>

Commerce has completed four administrative reviews of the outstanding antidumping duty order on wooden bedroom furniture from China.<sup>14</sup> The results of the administrative reviews are shown in table I-2. A separate listing of all producer/exporter names for each review can be found in appendix E. The fourth administrative review resulted in a partial rescission of 25 companies that reported they had made no shipments during the period of review.<sup>15</sup>

**Table I-2**

**Wooden bedroom furniture: Administrative reviews of the antidumping duty order for China**

Date final results published	Date(s) of amended final results published	Period of review	Number of producers or exporters <sup>1</sup>	Margin (percent)
August 22, 2007 (72 FR 46957)	November 7, 2007 (72 FR 62834);  December 21, 2007 (72 FR 72674);	06/24/2004 - 12/31/2005	1	0.40
			1	1.97
			1	11.72
	43		35.78	
	3 <sup>2</sup>		49.60	
	2		216.01	
	PRC-Wide Rate		216.01	

Table continued on next page.

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<sup>13</sup> Commerce found that antidumping duties had been absorbed by Fairmont on all U.S. sales made through its affiliated importer. *Wooden Bedroom Furniture From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review and Intent To Rescind Review in Part*. 75 FR 5952, February 5, 2010. Fairmont is comprised collectively of Dongguan Sunrise Furniture Co., Ltd.; Taicang Sunrise Wood Industry Co., Ltd.; Taicang Fairmont Designs Furniture Co., Ltd.; and Meizhou Sunrise Furniture Co., Ltd.

<sup>14</sup> 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.

<sup>15</sup> Those companies are: Dalian Pretty Home Furniture; Dongguan Dihao Furniture Co., Ltd.; Dongguan Mingsheng Furniture Co., Ltd.; Dongguan Mu Si Furniture Co., Ltd.; Dongguan Sunshine Furniture Co., Ltd.; Fortune Furniture Ltd., Dongguan Fortune Furniture Ltd.; Foshan Guanqiu Furniture Co., Ltd.; Fujian Lianfu Forestry Co., Ltd., a.k.a. Fujian Wonder Pacific Inc. (Dare Group); Fuzhou Huan Mei Furniture Co., Ltd. (Dare Group); Gaomi Yatai Wooden Ware Co., Ltd., Team Prospect International Ltd., Money Gain International Co.; Golden Well International (HK), Ltd.; Guangdong New Four Seas Furniture Manufacturing Ltd.; Guangzhou Lucky Furniture Co. Ltd.; Jiangsu Dare Furniture Co., Ltd. (Dare Group); Macau Youcheng Trading Co., Zhongshan Youcheng Wooden Arts & Crafts Co., Ltd.; Nantong Yangzi Furniture Co., Ltd.; Po Ying Industrial Co.; Qingdao Beiyuan-Shengli Furniture Co., Ltd., Qingdao Beiyuan Industry Trading Co. Ltd.; Qingdao Shengchang Wooden Co., Ltd.; Shanghai Fangjia Industry Co., Ltd.; Shenzhen Shen Long Hang Industry Co., Ltd.; Tianjin First Wood Co., Ltd.; Winmost Enterprises Limited; Yeh Brothers World Trade, Inc.; and Zhangzhou XYM Furniture Product Co., Ltd. *Wooden Bedroom Furniture From the People's Republic of China: Final Results and Final Rescission in Part*. 75 FR 50992, August 18, 2010.

**Table I-2--Continued**

**Wooden bedroom furniture: Administrative reviews of the antidumping duty order for China**

Date final results published	Date(s) of amended final results published	Period of review	Number of producers or exporters <sup>1</sup>	Margin (percent)
August 20, 2008 (73 FR 49162)	January 28, 2009 (74 FR 4916);	01/01/2006 - 12/31/2006	1	22.29
			25	32.23
	3 <sup>2</sup>		39.46	
	PRC-Wide Rate		216.01	
August 17, 2009 (74 FR 41374)	October 29, 2009 (74 FR 55810)	01/01/2007 - 12/31/2007	18 <sup>2</sup>	29.89
			1	216.01
			PRC-Wide Entity	216.01
August 18, 2010 (74 FR 50992)		01/01/2008 - 12/31/2008	13	43.23
			PRC-Wide Entity	216.01
<sup>1</sup> Appendix E list the names of individual producers/exporters. <sup>2</sup> Commerce separately listed three "Dare Group" entities.				
Source: Cited <i>Federal Register</i> notices.				

**New Shipper Reviews**

Pursuant to new shipper reviews, Commerce calculated antidumping duty rates for the following companies: Meikangchi (Nantong) Furniture Company, Ltd. ("Meikangchi"), 1.17 percent; Shenyang Kunyu Wood Industry Co., Ltd. ("Kunyu"), 216.01 percent; and Dongguan Landmark Furniture Products Ltd., d/b/a Landmark Furniture Ltd. ("Landmark"), 0.00 percent (71 FR 70739, December 6, 2006). The cash deposit rate for Meikangchi is currently 29.89 percent (74 FR 55810, October 29, 2009), the cash deposit rate for Kunyu is currently 216.01 percent (74 FR 5952, February 5, 2010), and the cash deposit rate for Landmark is currently 43.23 percent (75 FR 50992, August 18, 2010). The following firms also received antidumping duty rates pursuant to new shipper reviews: Mei Jia Ju Furniture (Shenzhen) Co., Ltd., 216.01 percent (73 FR 49162, August 20, 2008); Dongguan Bon Ten Furniture Co., Ltd., 0.00 percent and Dongguan Mu Si Furniture Co., Ltd., 33.01 percent (73 FR 64916, October 31, 2008), later amended for Dongguan Mu Si to 8.30 percent (74 FR 9386, March 4, 2009); exporter Golden Well International (HK), Ltd. combined with producer Zhangzhou XYM Furniture Product Co., Ltd. 0.00 percent and exporter/producer Dongguan Sunshine Furniture Co., Ltd., 0.00 percent (74 FR 41374, August 17, 2009); exporter Shanghai Fangjia Industry Co., Ltd. coupled with producer Jiangsu Danyang Brilliant Furniture Co., Ltd., 0.00 percent (74 FR 48905, September 25, 2009); and Zhejiang Tianyi Scientific & Educational Equipment Co., Ltd., 0.00 percent (75 FR 44764, July 29, 2010).

**Antidumping Duty Avoidance**

The Commission asked U.S. producers, U.S. importers, and Chinese producers if they were aware of any past or present actions taken to avoid antidumping duties relating to wooden bedroom furniture from China. Twenty U.S. producers, 13 U.S. importers, and no Chinese producers were aware of any such

actions.<sup>16</sup> U.S. importers and Chinese producers were also asked if their firms or any of their firms' affiliated or unaffiliated customers have been investigated by any U.S. government agency for potential avoidance of antidumping duties on wooden bedroom furniture. Four importers, \*\*\* and no Chinese producers reported being investigated. In its posthearing brief, the AFMC presented evidence relating to circumvention of the antidumping duty order on wooden bedroom furniture, and U.S. Immigration and Customs Enforcement ("ICE") has investigated circumvention of the order on wooden bedroom furniture and several other products,<sup>17</sup> but to date there are no known findings of circumvention on wooden bedroom furniture.

### Results of Five-Year Review

Commerce has issued the final results of its expedited review with respect to wooden bedroom furniture from China. Table I-3 presents the dumping margins calculated by Commerce in its original investigation and in its expedited review. Current dumping margins (cash deposit rates) applicable to the largest exporters of wooden bedroom furniture from China during 2004-09 are presented in Part IV of this report.

**Table I-3**  
**Wooden bedroom furniture: Commerce's original and first five-year review dumping margins for producers/exporters in China**

<b>Producer/exporter</b>	<b>Original margin (percent ad valorem)</b>	<b>First five-year review margins (percent ad valorem)</b>
Dongguan Lung Dong <sup>1</sup>	2.32	2.32
Dorbest Group <sup>1</sup>	7.87	7.87
Lacquer Craft	Excluded	Excluded
Markor Tianjin	0.83 <sup>2</sup>	0.83 <sup>2</sup>
Shing Mark <sup>1</sup>	4.96	4.96
Starcorp <sup>1</sup>	15.78	15.78
Separate rate firms <sup>3</sup>	7.24	7.24
PRC-wide (all other firms)	198.08	198.08

Table continued on next page.

<sup>16</sup> The following scenarios were alleged: high-rate companies are using the invoices of low-rate companies that are not a party to the transaction; shell companies are being established to import merchandise and then are dissolved before the duties increase and become due; Chinese producers are acting as importers and are not paying the duties due; companies are mislabeling subject merchandise on invoices to enter it as nonsubject (for example, headboards are being described as "decorative wall hangings," three-drawer chests are being described as "support stands," and night stands are being described as "side tables"); and Chinese-origin product has been shipped to Canada, where the country-of-origin marking was changed to indicate that the furniture was made in Canada.

<sup>17</sup> Statement of Alonzo R. Peña, Deputy Assistant Secretary for Operations, ICE, before the U.S. House of Representatives' Subcommittee on Trade of the Committee on Ways and Means, May 20, 2010.



**Table I-3--Continued**

**Wooden bedroom furniture: Commerce's original and first five-year review dumping margins for producers/exporters in China**

<sup>1</sup> Encompasses additional firms under this abbreviated name. The full list of firms is presented in the relevant *Federal Register* notices in appendix A.

<sup>2</sup> *De minimis*.

<sup>3</sup> Commerce named 115 firms with this rate for the final determination, and 117 firms for the final results of the expedited five-year review. Individual company names can be found in the relevant *Federal Register* notices presented in appendix A.

Note--Some of Commerce's final determination antidumping duty rates have been, or may be, amended pursuant to court decisions. Decca Furniture, Ltd.'s antidumping duty rate was amended from 198.08 percent (the China-wide rate) to 6.65 percent (71 FR 34305, June 14, 2006) and to 7.24 percent (71 FR 67099, November 20, 2006); Decca's cash deposit rate was later modified several times pursuant to administrative reviews, and currently is 43.23 percent (75 FR 50992, August 18, 2008). Guangzhou Maria Yee Furnishings Ltd.'s antidumping duty rate was amended from 198.08 percent to 6.65 percent (71 FR 35870, June 22, 2006) to 7.24 percent (71 FR 67099, November 20, 2006), and is currently 7.24 percent. The rate for Macau Youcheng Trading Co./Zhongshan Youcheng Wooden Arts & Crafts Co., Ltd. went from the China-wide rate to 35.78 percent (74 FR 2055, January 14, 2009). Antidumping duty rates may also be amended as follows pursuant to a court-sustained remand of January 7, 2009, pending any further court appeals and decisions: Rui Feng Woodwork Co., Ltd., Rui Feng Lumber Development Co., Ltd., and Dorbest Limited, to 2.92 percent; Lung Dong Furniture Co., Ltd. and Dongguan Dong He Furniture Co., Ltd., to 2.71 percent; Shing Mark Enterprise Co., Ltd., to 5.20 percent; Starcorp, to 17.5 percent; and for the parties that received separate rates, 6.78 percent (74 FR 5818, February 2, 2009).

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; and *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.

**DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS**

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.<sup>18</sup> During the review period, qualified U.S. producers of wooden bedroom furniture were eligible to receive disbursements from U.S. Customs and Border Protection ("Customs") under CDSOA relating to the order covering the subject merchandise beginning in Federal fiscal year 2005.<sup>19</sup> Table I-4 presents CDSOA disbursements and claims for Federal fiscal years 2005-09, by firm.<sup>20</sup>

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<sup>18</sup> Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)). The Deficit Reduction Act of 2005 repealed the CDSOA with respect to duties on entries of goods made and filed on or after October 1, 2007. *See* Pub. L. No. 109-171, 120 Stat. 4, 154 (2006).

<sup>19</sup> 19 CFR 159.64 (g).

<sup>20</sup> The Federal fiscal year begins on October 1 and ends on September 30 of the next calendar year.

Table I-4

## Wooden bedroom furniture from China: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2005-09

Item	Fiscal year				
	2005	2006	2007	2008	2009
<b>Disbursements</b>					
American Drew	\$1,043	-	-	-	-
American of Martinsville	10,232	1,488,572	2,346,053	3,095,116	2,372,968
Ashley Furniture Industries	-	-	-	0	0
Bassett Furniture Industries	12,288	1,548,928	2,135,357	2,122,935	1,627,615
Bebe Furniture	-	36,899	72,645	88,891	68,151
Carolina Furniture Works	2,986	503,777	843,434	911,053	698,488
Century Furniture Industries	2,503	374,184	648,337	717,835	550,351
Ethan Allen Operations	-	-	-	0	0
Furniture Brands International	-	-	-	0	-
Harden Furniture	640	92,411	157,321	168,893	129,487
Harts Manufacturing Co.	5,584	-	-	-	-
Higdon Furniture Company	2,230	602,103	824,954	765,074	586,568
Johnston Tombigbee Furniture	-	811,331	1,475,350	1,581,397	1,212,428
Kimball Furniture Group	-	-	-	0	0
Kincaid Furniture Company	10,353	1,518,312	2,277,014	2,406,560	1,845,064
L. and J.G. Stickley	3,575	574,808	981,128	1,070,478	820,716
Lea Industries	6,498	902,874	1,434,383	1,522,137	1,166,994
Michels and Co.	2,976	388,768	604,461	621,592	476,563
MJ Wood Products	1,117	180,774	273,817	288,967	221,545
Mobel	2,667	397,040	652,946	698,511	535,535
Moosehead Manufacturing Co.	1,474	202,590	310,300	-	-
Oakwood Interiors	-	-	239,038	399,845	311,696
Orleans Furniture	-	-	-	0	0
Perdues	1,962	505,295	804,487	843,189	646,457
Sandberg Furniture MFG Co.	6,572	953,148	1,591,597	1,691,246	1,296,647
Solid Comfort	-	-	-	-	0
Standard Furniture MFG Co.	-	-	-	0	0
Stanley Furniture Co.	28,713	5,377,656	8,948,123	9,707,806	7,442,794
T. Copeland & Sons	1,238	176,314	293,835	319,644	245,065
TSF LLC	627	90,758	141,725	157,843	121,016
United Steel, Paper Intl. Union	-	-	55	54	-
Vaughan Bassett Furniture Co.	23,834	3,847,137	5,956,701	6,199,861	4,753,318
Vaughan Furniture Co.	8,064	1,150,042	1,773,978	0	-
Vermont Quality Wood Products	1,847	160,741	365,549	419,640	393,694
Webb Furniture Enterprises	5,138	-	-	-	-
Witmer Industries	-	-	-	0	-
Total	\$144,160	\$21,884,461	\$35,152,585	\$35,798,566	\$27,523,160

Table continued on next page.

**Table I-4--Continued**

**Wooden bedroom furniture from China: CDSOA disbursements, by firm, and total claims, Federal fiscal years 2005-09**

Item	Fiscal year				
	2005	2006	2007	2008	2009
<b>Claims (1,000 dollars)</b>					
Total	\$326,253	\$1,011,730	\$1,605,830	\$4,283,442	\$3,782,523
<p>Note.--Because of rounding, figures may not add to the totals shown. In fiscal year 2009 (latest data available), \$37,610,761 in CDSOA wooden bedroom furniture duties were not disbursed because of "administrative actions or amounts held pending litigation." In addition, \$92,507,171 in CDSOA wooden bedroom furniture duties remained uncollected in fiscal year 2009, and thus were not available for disbursement.</p> <p>Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i>. Retrieved from <a href="http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/">http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/</a>.</p>					

## THE SUBJECT MERCHANDISE

### Commerce's Scope

The imported wooden bedroom furniture subject to the antidumping duty order under review, as defined by Commerce,<sup>21</sup> is 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, bureaus, mule chests, gentlemen's chests,*

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<sup>21</sup> *Wooden Bedroom Furniture From the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order*, 75 FR 19364. Following the promulgation of the antidumping duty order on January 4, 2005, Commerce made a number of scope rulings in which it found that certain companies' products were not within the scope of the order, namely: Sunrise Medical, Inc., certain overbed tables (70 FR 70785, November 23, 2005); LumiSource Inc., certain stash chairs and stash cubes (71 FR 5646, February 2, 2006); 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); Tuohy Furniture Corp., storage towers, TV stands, coffee tables, and wood panels (72 FR 5677, February 7, 2007); Toys 'R Us, Inc., Toy Box with Wheels, manufactured by Fun Times (72 FR 23802, May 1, 2007); 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); AP Industries, certain convertible cribs ((73 FR 49418, August 21, 2008); Dutailier Group, Inc., convertible cribs (infant crib to toddler bed, certain model numbers) (73 FR 72771, December 1, 2008); Shermag Inc., Three-in-One Cribs, certain model numbers (73 FR 72771, December 1, 2008); Stanley Furniture Co., Inc., convertible cribs (74 FR 14521, March 31, 2009); Acme Furniture Industry, Inc., certain mattress supports (74 FR 43680, August 27, 2009); Zinus, Inc. and Zinus (Xiamen) Inc., the Smartbox mattress support and box spring (74 FR 43680, August 27, 2009); and Target Corp., the Shabby Chic secretary desk and mirror (74 FR 49859, September 29, 2009).

*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,<sup>22</sup> highboys,<sup>23</sup> lowboys,<sup>24</sup> chests of drawers,<sup>25</sup> chests,<sup>26</sup> door chests,<sup>27</sup> chiffoniers,<sup>28</sup> hutches,<sup>29</sup> and armoires;<sup>30</sup> (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;<sup>31</sup> (9) jewelry armoires;<sup>32</sup> (10) cheval mirrors;<sup>33</sup>*

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<sup>22</sup> 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.

<sup>23</sup> 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).

<sup>24</sup> A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

<sup>25</sup> A chest of drawers is typically a case containing drawers for storing clothing.

<sup>26</sup> 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.

<sup>27</sup> 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.

<sup>28</sup> A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

<sup>29</sup> A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

<sup>30</sup> 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.

<sup>31</sup> 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 Customs' Headquarters' Ruling Letter 043859, dated May 17, 1976.

<sup>32</sup> Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24 in width, 18 in depth, and 49 in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side 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

(continued...)

(11) certain metal parts;<sup>34</sup> (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;<sup>35</sup> and (14) toy boxes.<sup>36</sup>

*Imports of subject merchandise are reported under statistical reporting number 9403.50.9040 of the Harmonized Tariff Schedule of the United States (HTS) as "wooden ... beds" and under statistical reporting number 9403.50.9080 of the HTS 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 imported under statistical reporting number 9403.50.9040 of the HTS as "parts of wood" and framed glass mirrors may also be imported under statistical reporting number 7009.92.5000 of the HTS as "glass mirrors ... framed." This 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.*

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<sup>32</sup> (...continued)

Part, 71 FR 38621 (July 7, 2006).

<sup>33</sup> 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).

<sup>34</sup> 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 form. Such parts are usually classified under the Harmonized Tariff Schedule of the United States ("HTSUS") subheading 9403.90.70.

<sup>35</sup> 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).

<sup>36</sup> 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.

## Tariff Treatment

Table I-5 presents current tariff rates for wooden bedroom furniture as defined in Commerce’s scope.<sup>37</sup> Wooden bedroom furniture is classifiable in the Harmonized Tariff Schedule of the United States (“HTS”) under subheadings 9403.50.90, 9403.90.70 and 7009.92.50. Most of the subject imports enter under statistical reporting numbers 9403.50.9040 (wooden beds) and 9403.50.9080 (other wooden furniture of a kind used in the bedroom). Official import statistics for wooden bedroom furniture in this report are collected under these two HTS statistical reporting numbers: 9403.50.9040 and 9403.50.9080.<sup>38</sup>

**Table I-5**  
**Wooden bedroom furniture: Tariff rates, 2010**

HTS provision	Article description	General <sup>1</sup>	Special <sup>2</sup>	Column 2 <sup>3</sup>
		Rates (percent <i>ad valorem</i> )		
9403 9403.50  9403.50.90  40 80	Other furniture and parts thereof: Wooden furniture of a kind used in the bedroom: Other: Other..... Beds Other	Free	( <sup>4</sup> )	40%
9403 9403.90  9403.90.70	Other furniture and parts thereof: Parts: Other: Of wood.....	Free	( <sup>4</sup> )	40%
7009  7009.92 7009.92.50	Glass mirrors, whether or not framed, including rear-view mirrors: Other: Framed: Over 929 cm <sup>2</sup> in reflecting area.....	6.5%	Free <sup>5</sup>	45%
<sup>1</sup> Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to China. <sup>2</sup> General note 3(c)(i) defines the special duty program symbols enumerated for this provision. China is not eligible for any special duty rate. <sup>3</sup> Applies to imports from a small number of countries that do not enjoy normal trade relations duty status. <sup>4</sup> Special rates not applicable when the General rate is free. <sup>5</sup> Applies to imports from A, AU, B, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG.				
Source: Harmonized Tariff Schedule of the United States (2010).				

<sup>37</sup> U.S. Customs and Border Protection (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.

<sup>38</sup> The remaining HTS subheadings mentioned in the product scope are not included in official import statistics because they contain other products. HTS subheading 9403.90.70 contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. HTS subheading 7009.90.50 is a residual or “basket” category for larger, framed glass mirrors. It contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter the latter subheadings, import data in this report may be slightly understated.

## THE DOMESTIC LIKE PRODUCT

### Description and Applications<sup>39</sup>

Wooden bedroom furniture consists of furniture made of wood products and having physical characteristics applicable to the intended use in a bedroom. The furniture consists of different individual articles (e.g., beds, night stands, chests, armoires, and dressers with mirrors) with different configurations and uses, all of which share the physical characteristics imparted by their common raw material (wood) and by their intended function for use in a bedroom, as opposed to other types of wooden furniture such as dining room tables, china chests, and office desks. Figure I-1 presents examples of selected wooden bedroom furniture pieces.

Wooden bedroom furniture is used primarily in residences, but is also used in lodging and in care facilities such as assisted living facilities. Specific types of wooden bedroom furniture included in this investigation are listed in the scope of the investigation presented earlier in this section of the report.

Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, commonly called bedroom suites<sup>40</sup> or “bedrooms” in which all of the individual pieces share the same basic design, raw materials, construction, and finish.<sup>41</sup> Figure I-2 presents an example of a wooden bedroom furniture suite.

At a minimum, a suite includes a bed frame, chest of drawers, and a night stand. As one furniture retailer stated during the initial investigation: “Although we are perfectly willing to sell different bedroom furniture items separately, the vast majority of our customers, more than 90 percent, buy suites. This is the way virtually all retailers operate.”<sup>42</sup> Respondents in the initial investigation agreed with the fact that bedroom furniture is sold as a single unit or suite may be true for many sales, but it is “most certainly not true for all,”<sup>43</sup> indicating that the definition of a suite is quite fluid (different suites may contain one or two night stands, a chest or no chest, perhaps a mirror, and a range of bed sizes) and even differs by region.<sup>44</sup> Moreover, customers may buy a single piece of furniture or any subset of the “so-called” suite.<sup>45</sup> Wooden bedroom furniture suites are typically designed for either the adult, youth, or hospitality markets.

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<sup>39</sup> The bulk of this discussion is derived from the staff report to the Commission for investigation No. 731-TA-1058 (Final): Wooden Bedroom Furniture from China, November 29, 2004, pp. I-11-14, and I-17, and from other sources as cited.

<sup>40</sup> In the furniture trade, the term “suites” is pronounced like the word “suits” as in bathing suits.

<sup>41</sup> Wooden bedroom suites can also be referred to as bedroom collections, bedroom groups, or bedrooms.

<sup>42</sup> See testimony of Harold Hewitt, President, Superior Furniture, conference transcript, p. 59, investigation No. 731-TA-1058 (Final).

<sup>43</sup> See joint respondents’ postconference brief, p. 8, investigation No. 731-TA-1058 (Final).

<sup>44</sup> 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 consists of a dresser, mirror, bed, and two night stands, while in the southeastern United States, a suite typically consists of a dresser, mirror, chest, and bed. 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, p. 116-117, investigation No. 731-TA-1058 (Final).

<sup>45</sup> See joint respondents’ postconference brief, p. 8, investigation No. 731-TA-1058 (Final).

**Figure I-1**  
**Examples of selected wooden bedroom furniture pieces**



Bed



Dresser



Tall chest



Armoire



Night stand



Mirror

Source: Ethan Allen ([www.ethanallen.com](http://www.ethanallen.com)).



**Figure I-2**  
**Example of a wooden bedroom furniture suite**



Wooden bedroom suite

Source: Kincaid Furniture ([www.kincaidfurniture.com](http://www.kincaidfurniture.com)).

Adult bedroom suites may be produced for multiple different price/quality points: e.g., low, middle, and high (more information on retail tiers are presented in part II). The quality of the material used in construction is a major factor (along with other factors, e.g., quality of construction and quality of finish) in the price point at which the suites are sold.<sup>46</sup> Materials generally found in the lower categories of bedroom suites tend to consist of (1) particleboard components for the interior structure that holds the drawers; (2) glued paper covering the interior of drawers; (3) a certain amount of stapled construction; and (4) plastic components that are designed to look similar to wood; the front of a chest or dresser is often covered with a wood veneer, while the sides are most likely of particle board. Mid-priced bedroom suites usually include solid wood on the top of chests or dressers, while wood veneered<sup>47</sup> on the particle board is used on the side and front; a plywood interior structure holds the drawers in place. High-priced bedroom suites normally use solid wood on drawer fronts and the top and sides of chests and dressers and may include more detailed styling and design.

Wooden bedroom furniture is generally sold in retail stores, as is non-bedroom furniture.<sup>48</sup> Although non-bedroom furniture may be sold in the same stores, it is often displayed in a separate area of the store. Retailers reserve what are known as “slots” (allocated space in a certain area of a store) for

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<sup>46</sup> These materials include: (1) solid wood; (2) solid wood veneer on plywood; (3) solid wood veneer on particle board; and (4) paper glued on composite board.

<sup>47</sup> 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.

<sup>48</sup> Other channels of distribution include sales to hospitality/institutional purchasers and distributors.

bedroom suites, and it is these slots which serve as the primary channel of distribution for wooden bedroom furniture.

\*\*\* stated that U.S.-made wooden bedroom furniture and furniture imported from China reportedly compete directly at the entry level, lower-middle, and upper-middle price points.<sup>49</sup> Domestically produced and imported furniture can be very similar in appearance. Several U.S. producers have shifted their production to China or have outsourced a portion of their production to China and provide design specifications to their suppliers in China, contributing to the similarity in appearance between U.S.-made furniture and furniture imported from China.

### **Manufacturing Processes**

Wood furniture producers tend to be located in relative proximity to the forests and sawmills that are the sources of the lumber that is their key raw material. Wooden bedroom furniture is produced in facilities that may also produce other types of wooden furniture, such as dining room furniture and case goods for living rooms, such as bookcases, entertainment centers, and end tables. Some producers see economies from specialization in the manufacture of specific types of furniture and produce only wooden bedroom furniture.<sup>50</sup> Companies making a broad range of furniture may locate the production of different types of furniture in different factories, with separate plants for the production of case goods, wood chairs, and upholstered furniture.

The process of manufacturing wooden bedroom furniture is similar in the United States, China, and other producing countries. Lumber, veneers, plywood, and particle board are sawed into shapes. The furniture parts are prepared for assembly by routing, drilling, and sanding. Furniture is assembled from those parts by nailing and gluing. The finishing stage can include sanding, painting, staining, lacquering, and rubbing.<sup>51</sup>

Manufacturing processes involved in the production of wooden bedroom furniture have been increasingly automated, especially 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,<sup>52</sup> 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 machines and computer-controlled solid wood carving machines.<sup>53</sup>

In typical bedroom furniture manufacturing operations, green (moist) lumber received from a sawmill is stacked with spacers to allow air flow in the stacks prior to transfer to a kiln for drying. The drying process can take 7-35 days to reduce the moisture to the required content, depending on the wetness and species of the wood. (White oak takes the longest to dry.) After drying, the lumber is cooled, then allowed to readjust to the ambient atmosphere. Rough edges are sawed from the dried lumber, revealing knots, grains, surface coloring, and defects. 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 bedroom furniture to be produced. Saws are directed by the computer program to maximize the utility of each piece of lumber and minimize waste. Conveyors deliver pieces sawed to specific dimensions to their proper storage location, while the remaining pieces of random cuts are later glued together to form a solid block of wood. The blocks

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<sup>49</sup> \*\*\*.

<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid.*

<sup>52</sup> *Ibid.*

<sup>53</sup> Hearing transcript, p. 108 (W. Bassett) and p. 238 (Tsai).

formed from random wood pieces are typically used for surfaces that are not visible to the consumer. For example, blocks of poplar formed from random cuts may be covered with a cherry veneer for a dresser drawer front.<sup>54</sup>

Veneer slices, typically of maple, cherry, oak, ash, or pine, arrive in long sheets from specialty mills. The slices can be as thin as 1/42nd of an inch. Stacks of 24 to 48 slices of veneer can be cut first lengthwise, then crosswise to form rectangular or square shapes. Each veneer shape is inspected and repaired, if necessary. Veneer shapes can be glued to the surface of lesser-quality solid wood (poplar), or to plywood or particle board.<sup>55</sup>

CNC routing, drilling, and carving machines prepare the wood pieces for their decorative look (if they have a visible surface) and precise fit with other pieces.<sup>56</sup> The assembly of case goods, such as dressers and night stands, is set up separately from the processing layout for beds, which consists of headboards, footboards, and railings. Case goods are shipped assembled, whereas the bed components are often shipped as a set of four unassembled parts.

Case good components and some bed subassemblies are glued and sometimes nailed together manually. Dresser drawers are assembled, drawer runners are attached to the dresser frames, and the drawers are inserted into the dresser frame in a relatively labor-intensive process. Bed posts are inserted into the headboard and footboard of the bed. Bedposts are usually made of solid wood and are lathed manually.<sup>57</sup>

In the finishing operation, surfaces are sanded by hand, lacquer or paint is sprayed on manually, and stains are rubbed in manually. Case goods are finished after they are fully assembled, whereas the major bed components are finished prior to shipping unassembled. Certain bed frames, however, such as sleigh beds, are finished and shipped fully assembled.<sup>58</sup>

\*\*\* stated that some producers of wooden bedroom furniture in China are less vertically integrated than furniture producers in the United States. Some producers in China may purchase their lumber already dried. Others may purchase pieces of sawed wood already cut to specific dimensions required for the batch of furniture the company is going to produce.

Some entry price point wooden bedroom furniture, including furniture for the rental market, is made almost entirely from plywood and/or particle board. Paper that has been printed to look like wood is glued to the surface of the plywood or particle board. In both the United States and China, plants producing “printed furniture” tend to be high volume operations.<sup>59</sup>

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<sup>54</sup> \*\*\*.

<sup>55</sup> *Ibid.*

<sup>56</sup> Some furniture factories in China still carve their furniture manually. *Ibid.*

<sup>57</sup> Some wooden bedroom furniture producers contract out lathework (also called “turning”) to companies that specialize in turning. *Ibid.*

<sup>58</sup> *Ibid.*

<sup>59</sup> *Ibid.*

## DOMESTIC LIKE PRODUCT ISSUES

In its original determination, the Commission found one domestic like product, consisting of both joinery<sup>60</sup> and non-joinery wooden bedroom furniture.<sup>61</sup> In its notice of institution in the current five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.<sup>62</sup> Two interested parties commented on the Commission's definitions of domestic like product. The domestic interested parties agree with the Commission's definitions of the domestic like product and the domestic industry in the original investigation, which was set forth in the notice of institution of this review. Guangdong Yihua Timber Industry Co., Ltd. and New Classic Home Furnishings did not comment on the definitions, but did note that Customs has sometimes applied antidumping duties under the order to merchandise that is clearly outside the order's scope, and that respondents reserve their right to raise this issue to the extent that it is relevant in this review (but they have not done so).<sup>63</sup> No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.

## U.S. MARKET PARTICIPANTS

### U.S. Producers

During the original investigation, 49 firms supplied the Commission with usable information on their U.S. operations with respect to wooden bedroom furniture. These firms accounted for approximately 88 percent of the value of U.S. producers' U.S. shipments of wooden bedroom furniture in 2003.<sup>64</sup> In this current proceeding, the Commission issued producers' questionnaires to 163 firms, 57 of which provided the Commission with information on their wooden bedroom furniture operations (50 provided usable data). Presented in table I-6 is a list of responding domestic producers of wooden bedroom furniture and each company's position on the continuation of the antidumping duty order, production location(s), related and/or affiliated firms, and share of reported production of wooden bedroom furniture in 2009. Forty-one firms support continuation of the antidumping duty order, eight firms oppose it, six firms have no position, and three firms did not respond. The share of producers that support, oppose, and take no position on continuation of the order, by share of U.S. production quantities and shipment values for the 50 firms that provided such data, are presented in the following tabulation. A firm-by-firm listing of the data can be found in appendix F.

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<sup>60</sup> Joinery wooden furniture is produced using a technique in which wood is assembled by expert craftsmen using precise and tightly fitted interlocking joints without the use of nails or screws. *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Final), USITC Publication 3743 (December 2004), p. I-15.

<sup>61</sup> *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Final), USITC Publication 3743 (December 2004), p. 9.

<sup>62</sup> *Wooden Bedroom Furniture From China*, 74 FR 62817, December 1, 2009.

<sup>63</sup> AFMC's response to the notice of institution, December 31, 2009, p. 18, and Guangdong Yihua Timber Industry and New Classic Home Furnishings' response to the notice of institution, December 31, 2009, p. 23.

<sup>64</sup> Of the 49 U.S. producers that supplied the Commission with usable questionnaire information during the original investigation, 34 have provided responses to the current review, 9 have gone out of business, stopped manufacturing wooden bedroom furniture, or have been acquired by other firms; and 6 did not respond to the Commission's questionnaire.

Position	Calendar year					
	2004	2005	2006	2007	2008	2009
	<b>Share of U.S. production (percent)</b>					
Support (38)	45.9	44.9	44.4	43.4	43.1	40.7
Oppose (7)	37.6	40.3	40.4	44.6	44.6	45.8
No Position (5)	16.5	14.7	15.1	12.0	12.2	13.5
Total (50)	100.0	100.0	100.0	100.0	100.0	100.0
	<b>Share of shipments value (percent)</b>					
Support (38)	64.3	64.0	61.4	59.9	58.7	55.2
Oppose (7)	26.9	27.3	29.1	32.4	33.4	37.8
No Position (5)	8.8	8.7	9.5	7.6	7.9	7.0
Total (50)	100.0	100.0	100.0	100.0	100.0	100.0
Note.--Seven firms and *** did not provide usable data and are not included in these aggregate data.						
Source: Compiled from data submitted in response to Commission questionnaires.						

**Table I-6**  
**Wooden bedroom furniture: U.S. producers, positions on the antidumping duty order, headquarters location, related and/or affiliated firms, and shares of 2009 reported U.S. production**

Firm	Position on continuation of the order	Headquarters location	Related and/or affiliated firms	Share of 2009 production (percent)
A&B Furniture <sup>1</sup>	***	Pine River, MN	***	( <sup>1</sup> )
American Drew	***	High Point, NC	***	***
Ashley	***2	Arcadia, WI	***	***
Baker Road	***3	South Elgin, IL	***	***
Bassett	***	Bassett, VA	***	***
Bernhardt	***	Lenoir, NC	***	***
Brown Street	***	Whitefield, NH	***	***
Carolina	***4	Sumter, SC	***	***
Century	***	Hickory, NC	***	***
Councill	***	Denton, NC	***	***
Craftique Furniture <sup>1</sup>	***	Mebane, NC	***	( <sup>1</sup> )

Table continued on next page.

**Table I-6--Continued**

**Wooden bedroom furniture: U.S. producers, positions on the antidumping duty order, headquarter location, related and/or affiliated firms, and shares of 2009 reported U.S. production**

<b>Firm</b>	<b>Position on continuation of the order</b>	<b>Headquarters location</b>	<b>Related and/or affiliated firms</b>	<b>Share of 2009 production (percent)</b>
Creative Elegance <sup>1</sup>	***	South El Monte, CA	***	( <sup>1</sup> )
Dubois	***	Huntingburg, IN	***	***
Ethan Allen	***	Danbury, CT	***	***
Ferguson Copeland <sup>1</sup>	***	Morganton, NC	***	( <sup>1</sup> )
Furniture Brands	***	St. Louis, MO	***	***
Furniture Traditions	***	Orange, CA	***	***
Harden	***	McConnellsville, NY	***	***
Henkel Harris	***	Winchester, VA	***	***
Higdon	***	Quincy, FL	***	***
HM Operating (dba Harden Manufacturing)	***	Haleyville, AL	***	***
Hooker	*** <sup>5</sup>	Martinsville, VA	***	***
Joerns	***	Stevens Point, WI	***	***
Johnston/TomBigbee	*** <sup>6</sup>	Columbus, MS	***	***
Kimball	*** <sup>7</sup>	Jasper, IN	***	***
Kincaid	***	Hudson, NC	***	***
Kush <sup>1</sup>	***	Ontario, CA	***	( <sup>1</sup> )
L. & J.G. Stickley	***	Manlius, NY	***	***
Lea	***	High Point, NC	***	***
Legends	***	Tolleson, AZ	***	***
Lexington (dba Lexington Home Brands)	***	Thomasville, NC	***	***
Linwood	***	Lexington, NC	***	***
MacKenzie Dow <sup>1</sup>	***	Huntington, WV	***	( <sup>1</sup> )

Table continued on next page.

**Table I-6--Continued**

**Wooden bedroom furniture: U.S. producers, positions on the antidumping duty order, headquarter location, related and/or affiliated firms, and shares of 2009 reported U.S. production**

<b>Firm</b>	<b>Position on continuation of the order</b>	<b>Headquarters location</b>	<b>Related and/or affiliated firms</b>	<b>Share of 2009 production (percent)</b>
Maine Cottage <sup>1</sup>	***	Yarmouth, ME	***	( <sup>1</sup> )
Michels	***	Lynwood, CA	***	***
MJ Wood	***	Morrisville, VT	***	***
Mobel	*** <sup>8</sup>	Ferdinand, IN	***	***
Perdues	***	Rapid City, SD	***	***
Progressive	***	Archbold, OH	***	***
Riverside	*** <sup>9</sup>	Fort Smith, AR	***	***
Sandberg	***	Los Angeles, CA	***	***
Sauder	*** <sup>10</sup>	Archbold, OH	***	***
Solid Comfort	***	Fargo, ND	***	***
Spectra	***	State College, PA	***	***
Standard	*** <sup>11</sup>	Bay Minette, AL	***	***
Stanley	***	Stanleytown, VA	***	***
T. Copeland & Sons	***	Bradford, VT	***	***
Thos. Moser	***	Auburn, ME	***	***
Tom Seely	***	Berkley Springs, WV	***	***
Trend Manor	*** <sup>12</sup>	Industry, CA	***	***
Trendwood	*** <sup>13</sup>	Phoenix, AZ	***	***
Vaughan-Bassett	***	Galax, VA	***	***
Vermont Quality	***	Brandon, VT	***	***
Webb	***	Galax, VA	***	***
Whittier	*** <sup>14</sup>	Eugene, OR	***	***
Witmer	*** <sup>15</sup>	Abbotsford, WI	***	***
Wright Table	***	Morgantown, NC	***	***

Footnotes continued on next page.

**Table I-6--Continued**

**Wooden bedroom furniture: U.S. producers, positions on the antidumping duty order, headquarter location, related and/or affiliated firms, and shares of 2009 reported U.S. production**

1 \*\*\*  
2 \*\*\*  
3 \*\*\*  
4 \*\*\*  
5 \*\*\*  
6 \*\*\*  
7 \*\*\*  
8 \*\*\*  
9 \*\*\*  
10 \*\*\*  
11 \*\*\*  
12 \*\*\*  
13 \*\*\*  
14 \*\*\*  
15 \*\*\*

Note.—\*\*\*.

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

Seven U.S. producers are related to importers/exporters of Chinese or nonsubject merchandise.<sup>65</sup> In addition, as discussed in greater detail in Part III, 20 U.S. producers directly import the subject merchandise and five purchase the subject merchandise from U.S. importers.

### **U.S. Importers**

In the original investigation, 123 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of wooden bedroom furniture, accounting for 80 percent of U.S. imports of wooden bedroom furniture from China between January 2001 and June 2004. The 123 firms included 26 responding U.S. producers which directly imported wooden bedroom furniture from China.<sup>66</sup>

In these current proceeding, the Commission issued importers' questionnaires to 146 firms believed to be importers of subject wooden bedroom furniture, as well as to all U.S. producers of wooden bedroom furniture. Questionnaire responses were received from 104 companies (98 provided usable data),<sup>67</sup> representing \*\*\* percent<sup>68</sup> of subject imports from China. Twenty U.S. producers reported directly importing wooden bedroom furniture from subject Chinese sources. Table I-7 lists all responding U.S. importers of wooden bedroom furniture from China and other sources, their headquarters locations, and their shares of subject U.S. imports from China in 2009.

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<sup>65</sup> \*\*\*.

<sup>66</sup> Petitioning firms accounted for 13 of the 26 U.S. producers importing the subject merchandise.

<sup>67</sup> Large importers that failed to respond include \*\*\*. \*\*\* importer questionnaire was returned by FedEx as undeliverable.

<sup>68</sup> Coverage was calculated using the value of subject U.S. imports from China reported by responding U.S. importers in 2009 (\$308.815 million from China) compared to the value from official import statistics (\$\*\*\* from China).



**Table I-7**  
**Wooden bedroom furniture: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2009**

\* \* \* \* \*

### U.S. Purchasers

The Commission received 61 usable purchaser questionnaire responses from firms that bought wooden bedroom furniture during 2004-09. Forty-three responding purchasers are retailers, eight are distributors, and ten are other (including producers, rental companies, and hospitality products suppliers).<sup>69</sup> Purchasers are located throughout the continental United States. A majority of purchasers expressed familiarity with wooden bedroom furniture from the United States, China, and at least one nonsubject country. More information on purchasers is contained in Part II.

### APPARENT U.S. CONSUMPTION AND MARKET SHARES

Data concerning apparent U.S. consumption and market shares of wooden bedroom furniture during the period for which data were collected in this proceeding are shown in table I-8 and in figure I-3. Official Commerce import statistics and proprietary Customs data were used to derive the import component of apparent U.S. consumption.

Apparent U.S. consumption of wooden bedroom furniture increased in 2005 and then declined in each year thereafter, especially during 2007-09. The market shares of U.S. producers and of subject imports from China declined measurably between 2004 and 2009, whereas the market share of imports from Vietnam increased substantially.

**Table I-8**  
**Wooden bedroom furniture: U.S. shipments of domestically produced wooden bedroom furniture, U.S. imports, and apparent U.S. consumption, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<i>Value (1,000 dollars)</i>						
U.S. producers' U.S. shipments	1,490,808	1,415,592	1,244,087	1,050,946	897,456	747,785
U.S. imports <sup>1</sup> from—						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
Vietnam	190,393	462,805	587,387	813,931	952,537	839,136
All other sources	1,489,002	1,592,766	1,391,358	1,208,461	1,094,591	1,062,414
Total U.S. imports	3,185,475	3,764,811	3,794,948	3,613,016	3,196,269	2,655,854
Apparent U.S. consumption	4,676,283	5,180,403	5,039,035	4,663,962	4,093,725	3,403,639

Table continued on next page.

<sup>69</sup> One distributor described itself also as a producer, one retailer described itself also as a distributor, and two retailers described themselves also as other.

**Table I-8--Continued**

**Wooden bedroom furniture: U.S. shipments of domestically produced wooden bedroom furniture, U.S. imports, and apparent U.S. consumption, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Share of value (percent)</b>						
U.S. producers' U.S. shipments	31.9	27.3	24.7	22.5	21.9	22.0
U.S. imports <sup>1</sup> from—						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
Vietnam	4.1	8.9	11.7	17.4	23.3	24.6
All other sources	31.8	30.7	27.6	25.9	26.7	31.2
Total U.S. imports	68.1	72.7	75.3	77.5	78.1	78.0
<p><sup>1</sup> Official import statistics presented for wooden bedroom furniture are comprised of imports under two HTS statistical reporting numbers: 9403.50.9040 (wooden beds of a kind used in the bedroom) and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions four HTS subheadings and statistical reporting numbers; however, most of the subject imports enter under 9403.50.9040 and 9403.50.9080. The third number, HTS subheading 9403.90.70, contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or "basket" category that contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter under the latter subheadings, import data may be slightly understated.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>						

**Figure I-3**

**Wooden bedroom furniture: Apparent U.S. consumption, by sources, 2004-09**

\* \* \* \* \*

Data concerning apparent U.S. consumption of all wooden furniture for residential use from 2006-09 are shown in table I-9. Apparent U.S. consumption of all wooden furniture decreased by 36 percent from 2006 to 2009, while apparent U.S. consumption for wooden bedroom furniture decreased by 32 percent during the same period.

**Table I-9**

**Wooden furniture for residential use: U.S. shipments of domestically produced wooden furniture, U.S. imports, and apparent U.S. consumption, 2006-09**

\* \* \* \* \*

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

### **U.S. MARKET CHARACTERISTICS**

#### **Geographic Markets**

Most U.S. producers and importers shipped wooden bedroom furniture to multiple regions of the United States and over medium-to-long distances. Thirty-nine U.S. producers<sup>1</sup> reported that a plurality (usually a majority) of their sales was 101-1,000 miles from their storage or production facilities, while six reported that a plurality of their sales was more than 1,000 miles from their production facilities and two reported that a plurality of their sales was within 100 miles of their production facilities. Forty-four importers reported that a plurality of their sales was 101-1,000 miles from their facilities. Another 18 importers indicated that a plurality of their sales was within 100 miles of their facilities, and 21 importers reported that a plurality of their sales was more than 1,000 miles from their facilities.<sup>2</sup>

#### **Geographic Locations**

Most producers and importers sold to a national market, with 49 producers and 80 importers selling to at least five national regions.<sup>3</sup>

#### **Channels of Distribution**

As shown in table II-1, the majority of shipments of wooden bedroom furniture by U.S. producers and importers of product from China and other countries is through the retail channel, with the majority of these sales to other retailers.<sup>4</sup> Whereas the shares of own-firm retail sales for U.S. producers and importers from China have increased, these shares have decreased for imports from Vietnam and the rest of the world. The overall shares sold through own-firm or other firm retail, however, have remained stable or declined over 2004-09. Tom Seely described price deflation in the industry as leading to retailers' need for greater volume, hurting small local retailers and helping larger ones.<sup>5</sup> Additionally, the Furniture Retailers of America (FRA) indicated their belief that U.S. producers participated in importing product from China without concern for antidumping actions until they began to lose sales (of Chinese product) from their own stores to large retailers.<sup>6</sup>

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<sup>1</sup> Numerous firms submitted a combination of producers', importers', purchasers', and/or foreign producers' questionnaires, or submitted questionnaires for firms that were related to each other. These overlaps are summarized in appendix G. Staff has included all questionnaire responses.

<sup>2</sup> Additionally, two importers had a majority of their sales under 1,000 miles from their facilities, and one had a majority of its sales more than 100 miles from its facility.

<sup>3</sup> Additionally, two producers sold to four regions and one sold to three regions. Eleven importers sold to three-to-four regions while eight sold to one-to-two regions.

<sup>4</sup> In every year, a majority of the large share of imports from Vietnam in the retail sales channel was from \*\*\*.

<sup>5</sup> Hearing transcript, pp. 59-60 (Caperton).

<sup>6</sup> Hearing transcript, p. 190 (K. Koenig).

**Table II-1**

**Wooden bedroom furniture: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2004-09**

\* \* \* \* \*

**U.S. Purchasers**

The Commission received responses from 61 purchasers<sup>7</sup> that reported purchases accounting for 24.2 percent of the volume of U.S. producers' total U.S. shipments in 2009 and 32.3 percent of U.S. importers' U.S. shipments of Chinese product in 2009.<sup>8</sup> Forty-three purchasers were retailers, with three of those adding that they were wholesalers, importers, or distributors as well. Eight purchasers were distributors, and one was a hospitality products provider. Two other purchasers were furniture rental companies, and three answered that they were U.S. producers.

**Floor Space and Retail Tiers**

Retailing purchasers were asked to discuss the major factors that their firms consider when awarding floor space to specific suppliers of wooden bedroom furniture. Retailers identified factors such as look, price, quality, floor sample discounts, availability, sales productivity (sales per square foot), traditional supplier, and consumer demand. \*\*\* stated that floor space is not awarded by supplier, but rather by item.

Purchasers were also asked whether there are different tiers within the retail market for wooden bedroom furniture. Forty-four answered Yes and six answered No. Those that answered Yes named a variety of different ways of defining the tiers. Some named three tiers of high, middle, and low (or used other designations, such as good, better, best or promotional, popular, and high-end). Of these, \*\*\* referred to those suites that cost up to \$1,200 as "promotional," those suites that cost between \$1,300 and \$2,500 as "mid-price," and those suites that cost over \$2,500 as "high-end," noting that the dollar values may vary, particularly by geographic region. \*\*\* divided the three tiers at \$1,200 and \$2,000, while \*\*\* divided them at \$1,000 and \$2,000. Others pointed to materials used as the basis for tier divisions, with \*\*\* stating that low-end "paper veneered" product was usually U.S.-made, the middle-tier solid and veneer products were generally imported, and the high-end brand names were a mix of domestic and imported. Still other purchasers reported a wide range of tiers across different levels of wooden bedroom furniture prices, from \$399 to \$50,000 for a suite.

**Solid Wood and Other Materials**

When asked how often wooden bedroom furniture made of solid wood and that made of other materials is interchangeable, 8 producers and 6 importers answered "always," 20 producers and 18 importers answered "usually," 15 producers and 43 importers answered "sometimes," and 4 producers and 29 importers answered "never." Across many of these answers, though, producers and importers

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<sup>7</sup> Purchasers' purchase data show total reported purchases dropping from a high of 5.6 million pieces in 2007 to 5.1 million pieces in 2009. Specific trends, however, vary by source. Purchases of U.S. and Chinese wooden bedroom furniture peaked at 1.9 million pieces and 2.0 million pieces (respectively) in 2005, before falling to 1.3 million pieces and 1.4 million pieces (respectively) in 2009. Purchases of Vietnamese product rose from under 60,000 pieces in 2004 to 1.2 million pieces in 2009. Finally, purchases of other countries' product rose from 0.6 million pieces in 2004 to 1.2 million in 2006, approximately the same level as in 2009. Some purchasers did not provide data or could not provide data for earlier years.

<sup>8</sup> These estimates exclude the quantity data provided by \*\*\*, which staff did not find useable.

generally described solid-wood furniture as a higher-quality, longer-lasting product than that made of other materials. However, these same questionnaire respondents often described the customer base for solid-wood furniture as smaller than that for furniture made of less expensive materials. A few producers also described U.S. consumers as not having the disposable income to spend on solid-wood furniture as they did in previous years. Importers described consumers in lower-end segments as being particularly price-sensitive and thus much less interested in solid wood. Importer \*\*\* stated that while the perception exists that solid wood is better quality, a real wood veneer over a high quality substrate material is a better choice due to solid wood's tendency to crack or warp. Importer \*\*\* stated that the styles it sells can only be produced using wood veneers and substrates. Importer \*\*\* also pointed to style limitations with solid wood.

Producer Sandberg described wooden bedroom furniture made with printed paper as generally being sold to lower-income consumers. However, it stated that its printed paper wooden bedroom furniture sometimes competes with lower-end Chinese wooden bedroom furniture made with wood veneers, because the latter are sold at low prices.<sup>9</sup> On the other end of the price range, T. Copeland & Sons described producing higher-end, made-to-order product, although it added that before imports from China increased, it had produced in larger runs as well.<sup>10</sup> Tom Seely added that some consumers' inability to understand underlying quality differences meant that U.S. producers of higher-end product competed on price with lower-end imports from China.<sup>11</sup>

When purchasers were asked how often wooden bedroom furniture made of solid wood and that made of other materials is interchangeable, 5 answered "always," 12 answered "usually," 26 answered "sometimes," and 13 answered "never." Most purchasers described some retail customers as preferring solid wood while others are indifferent to material and thus more focused on price or style. Purchasers provided a wide range of estimates of the share of their customers that prefers solid wood. Solid wood is generally regarded as higher quality, but maintenance and moisture concerns can hurt consumer preference for it, especially in the hospitality segment.

Among Chinese producers, 8 stated that wooden bedroom furniture made of solid wood and that made of other materials is "never" interchangeable, 19 stated that it is "sometimes" interchangeable, 5 stated that it is "usually" interchangeable, and 1 stated that it was "always" interchangeable. The main cited difference was the customer perception that solid wood was a higher quality material that commanded a higher price.

### **Brand Names**

Thirty-three producers and 46 importers indicated that they sell wooden bedroom furniture under brand names (with almost all such producers and most such importers selling 100 percent of their product under brand names), while 19 producers and 56 importers did not. Twenty-four purchasers sold wooden bedroom furniture under brand names, while 19 did not. When asked how often brand names are important in their sales, 8 purchasers answered "always," 6 answered "usually," 26 answered "sometimes," and 18 answered "never."

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<sup>9</sup> Hearing transcript, pp. 50-52 (Sandberg).

<sup>10</sup> Hearing transcript, p. 54 (Copeland).

<sup>11</sup> Hearing transcript, p. 85 (Caperton).

## SUPPLY AND DEMAND CONSIDERATIONS

### Supply

#### U.S. Supply

Based on available information, U.S. wooden bedroom furniture producers 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 factors to the large degree of responsiveness of supply are substantial unused capacity, large and increasing inventories, and alternative production possibilities, though responsiveness is tempered by low export levels.<sup>12</sup>

#### *Industry capacity and product/marketing trends*

U.S. producers' capacity utilization declined from 73.1 percent in 2004 to 58.4 percent in 2009, even as total capacity was also falling. However, plant productivity rose over the same period as U.S. plants became more automated.<sup>13</sup> Respondents described U.S. producers as still competitive for market segments that require speedy delivery.<sup>14</sup>

Thirty-nine producers stated that they had not observed any significant changes in the product range, product mix, or marketing of wooden bedroom furniture, and 49 did not anticipate any such changes. The eleven producers that had seen changes cited general innovation, more entertainment (audio/video) furniture, expanding product lines to keep sales volume, and a reduction in the number of upscale retailers as they are replaced by lower-end retailers (with Ashley cited as an example of the latter).<sup>15</sup> Nine producers anticipated changes in product mix, range, or marketing, including increased internet sales, promotion of product as domestic, and government procurement. \*\*\* stated that U.S. producers have improved quality with greater attention to finishing.

#### *Alternative markets*

Export shipments represented a small share of U.S. producers' shipments during 2004-09. Thirty-three producers did not identify any tariff or nontariff barriers for their exports of wooden bedroom furniture, but two did, noting that they experience duties or tariffs selling into the United Kingdom, Ireland, and the remainder of Europe as well as Brazil, India, and Russia, which were described as having high duties.<sup>16</sup> While not reporting many formal barriers, most U.S. producers reported that they were focused on the U.S. market and did not have many export opportunities, citing potential competition

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<sup>12</sup> On a related issue, Vaughan-Bassett described wooden bedroom furniture as a high variable-cost industry, meaning that lower prices would quickly result in lower volumes. Hearing transcript, p. 35 (W. Bassett).

<sup>13</sup> Hearing transcript, p. 152 (Dorn).

<sup>14</sup> Respondents added that "basic economic forces" were responsible for increased imports from China, Vietnam, and Malaysia, and that, since 2004, all larger U.S. producers have engaged in a "blended" sourcing strategy in which they source large parts of their U.S. sales from imports. Hearing transcript, pp. 167 (Greenwald) and 190 (K. Koenig).

<sup>15</sup> Stanley described itself as restructuring its production to produce all of its youth bedroom furniture in the United States, while closing U.S. capacity for other wooden bedroom furniture. Hearing transcript, p. 39 (Prillaman).

<sup>16</sup> Brazil and India have applied tariffs of 10 percent or more for HS 9403.50, which includes wooden bedroom furniture. See WTO tariff data at <http://tariffdata.wto.org/ReportersAndProducts.aspx>. The EU has no tariffs on HS 9403.50, but may apply a VAT (value-added tax) at the border.

with Chinese product and the lack of a sales force in third-country markets. Four producers reported small-volume sales to Canada or the Caribbean.

### ***Inventory levels***

U.S. producers' inventories as a ratio to production increased from 14.9 percent of production in 2004 to 21.5 percent in 2009. Additionally, many producers sell only produced-to-order product (see "Lead Times" later in this chapter).

### ***Production alternatives***

Forty producers stated that they had the ability to produce other products (mostly other furniture products) on the same product lines on which they produced wooden bedroom furniture, while 12 stated that they did not.

### **Subject Imports from China**

Based on available information, Chinese producers have the ability to respond to changes in demand with moderately large changes in the quantity of shipments of wooden bedroom furniture to the U.S. market.<sup>17</sup> The main contributing factors to the moderately large degree of responsiveness of supply are the likely high levels of exports to alternative markets, recently increasing inventories, and the ability to produce alternative products, though responsiveness may be tempered by reportedly high capacity utilization levels,<sup>18</sup> possible differences in the types of wooden bedroom furniture produced in the United States and China, and rising Chinese labor standards and wages.<sup>19</sup>

### ***Industry capacity***

Data for responding Chinese producers suggest that capacity utilization is moderately high, declining to 85.0 percent in 2009 after remaining at or above 88.4 percent from 2004 to 2008. Chinese producers identified the availability of skilled labor, the yuan-dollar exchange rate, and machinery availability as constraints on their ability to produce wooden bedroom furniture. Nine Chinese producers cited revised labor agreements (because of 2008 changes in Chinese labor law) as changes in their operations, while eight Chinese producers had not observed any changes in their operations. Other Chinese producers stated that they had opened and/or closed manufacturing facilities or had ordered new machinery. At least eleven Chinese producers did not anticipate any additional changes to their operations, while \*\*\* stated that it would increase production in Malaysia and decrease production in China in 2010, \*\*\* anticipated more development of the Chinese domestic market, and \*\*\* stated that it had stopped sourcing from China.

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<sup>17</sup> Usable data for Chinese producers collected in this review cover 35 Chinese producers representing between \*\*\* and \*\*\* percent of China's exports of wooden bedroom furniture to the United States in 2009. Where possible, staff attempted to supplement these data with publicly available information.

<sup>18</sup> The AFMC described Chinese capacity utilization as \*\*\*. See AFMC's prehearing brief, appendix A, pp. 3-4. Additionally, AFMC supplied information on the Chinese government's plans for increased Chinese exports of furniture. See AFMC's posthearing brief, p. 5 and exhibit 3.

<sup>19</sup> The AFMC stated that Chinese producers' investments in new equipment would increase their labor productivity, offsetting the effect of increased Chinese wages. To the extent that higher productivity offsets increased wages, Chinese producers would have more ability to respond to changes in U.S. demand. See AFMC's prehearing brief, app. A, p. 4.

Twenty-four Chinese producers stated that there had been no significant changes in the product range or marketing of wooden bedroom furniture since 2004, while six described changes in design, style, and/or size. Most did not anticipate any changes.<sup>20</sup>

The AFMC alleged that the Chinese wooden bedroom furniture industry is substantially larger than the Vietnamese industry, and has the added benefit of more deepwater ports, better infrastructure, Chinese government aid, and more knowledge of marketing product in the United States.<sup>21</sup> However, respondents described the Chinese industry as under pressure from labor shortages and an appreciating currency (see Part V), while refocusing on growing Chinese demand.<sup>22</sup> They added that while there are numerous Chinese producers, there are only one or two hundred that are trusted enough by U.S. retailers to function as a source for U.S. importers.<sup>23</sup> Fairmont also described the Chinese industry as moving toward more automated production.<sup>24</sup>

### *Alternative markets*

Global Trade Atlas data suggest that Chinese producers ship substantial amounts of wooden bedroom furniture to non-U.S. markets.<sup>25</sup> Twenty-four Chinese producers reported some shipments to

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<sup>20</sup> Importers were asked if there had been any significant changes in the product range, product mix, or marketing (including sales over the internet) of wooden bedroom furniture since 2004. Seventy-two answered no, but 26 answered yes. \*\*\* noted increased internet sales, though \*\*\* stated that they did not sell through the internet, which they described as mostly for retail sales (as opposed to their own business-to-business sales). \*\*\* also saw more internet sales, but added that shipping across the country was still difficult for such sales. \*\*\* reported that now there were fewer items in a bedroom group because of inventory pressure. \*\*\* cited increased case pieces for electronic equipment (e.g., televisions). \*\*\* described high-end products as still being produced in China, while production of low-price promotional bedrooms moved to Vietnam. \*\*\* described international sourcing as supporting a wider range of styles and materials, including more labor-intensive features such as carving, fancy-face veneers, and complex finishes. On the other hand, \*\*\* described style having changed to more contemporary with less carving and cleaner finishes. \*\*\* stated that it believed that some Chinese producers have been copying U.S. designs exhibited at trade shows.

Eighty-three importers did not anticipate any changes to the product range, product mix, or marketing (including sales over the internet) of wooden bedroom furniture in the future, but 17 did, citing changing styles, increased internet sales, more changes due to entertainment (e.g., televisions) changes, and potentially increased prices of product imported from Asia.

<sup>21</sup> Hearing transcript, pp. 34, 122 (W. Bassett and Prillaman). Counsel for respondents disagreed that Vietnam has infrastructure deficiencies. Hearing transcript, p. 232 (Greenwald).

<sup>22</sup> Hearing transcript, pp. 180-182 (Tsai).

<sup>23</sup> Hearing transcript, pp. 215-216 (Tsai and Koenig).

<sup>24</sup> Hearing transcript, p. 238 (Tsai).

<sup>25</sup> China exported more than \$2 billion of “wooden furniture of a kind used in bedrooms” (i.e., meeting HS subheading 9403.50 and including out-of-scope product) in 2008 and 2009. Of the \$2.1 billion in 2009 Chinese exports, \$0.7 billion went to the United States. Data collected in this review show that U.S. imports of wooden bedroom furniture from China were approximately \$0.6 billion in 2009, a large portion of total Chinese exports of “wooden furniture of a kind used in bedrooms” (under HS subheading 9403.50) to the United States (although in general there are substantial discrepancies between U.S. and Chinese trade data). If the ratio of Chinese exports of wooden bedroom furniture to exports of “wooden furniture of a kind used in bedrooms” to other countries is reasonably close to the ratio that prevails in their exports to the U.S. market, then there may be a large additional Chinese capacity to produce and ship Chinese wooden bedroom furniture worldwide. The interchangeability of this capacity with product shipped to the United States may be limited by different country preferences for particular types of wooden bedroom furniture.



non-U.S. markets, while 11 reported that they only exported to the U.S. market. Other markets cited included the Caribbean, Europe, Japan, Korea, and other Asian countries. Chinese producers did not report any barriers to their exports in other countries.

Ten Chinese producers stated that they could shift sales between the United States and other markets, including Australia, Europe, India, the Middle East, and Singapore. However, 7 others stated that they had no exports outside the United States, and an additional 14 stated that their familiarity with U.S. channels of distribution as well as unique U.S. design features (including size) would make market shifting difficult to impossible.

Eleven Chinese producers further indicated that the wooden bedroom furniture that they sold in the United States was interchangeable with the wooden bedroom furniture that they sold in other markets, while 16 stated that it was not. Those that stated that product was not interchangeable cited individual customer specifications or design, size, and function differences.<sup>26</sup>

### ***Inventory levels***

Data for responding Chinese producers suggest that Chinese inventories decreased in 2009 after rising irregularly from 2004 to 2008. However, the ratio of inventories to production reached 16.1 percent in 2009, up from 13.2 percent in 2008 and its 2004-09 low of 9.2 percent in 2006.

### ***Production alternatives***

Thirty-two Chinese producers reported that they could or did produce other products (usually other wooden furniture) with the same equipment and workers used to produce wooden bedroom furniture, while four stated that they could not. Twenty-two Chinese producers described switching between wooden bedroom furniture and other wooden furniture as not costing much in terms of either time or money. However, eleven Chinese producers stated that they could not. \*\*\* stated that it does not shift production because of price changes but rather builds exclusive design-specific products for companies that offer designs for a year or more of production. \*\*\* stated that it would take a 15-20 percent relative price change to shift between producing wooden bedroom furniture and other wooden furniture.

### ***Nonsubject Imports***

Questionnaire respondents broadly agreed that U.S. imports from Vietnam (and some other Asian countries such as Indonesia and Malaysia) had increased substantially since 2004. Forty-two U.S. producers stated that the availability of nonsubject-country supply had increased since 2004 while five stated that it had not. Most of those describing increased availability cited increased imports from Vietnam and other Asian countries, sometimes from factories owned by Chinese firms. Although most producers did not offer a comparison, a few U.S. producers (e.g., \*\*\*) described the increase from Vietnam as not on the same scale as the increase from China witnessed during the original investigation. \*\*\* stated that it suspects that some Chinese product is being fraudulently transhipped through Vietnam. Two producers also named Mexico or South America as potential sources for increased nonsubject imports.

Multiple U.S. producers stated that Vietnamese exports to the United States increased after the imposition of duties on Chinese product. Some producers attributed this increase in Vietnamese exports

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<sup>26</sup> Parties offered different estimates of the size of the Chinese home market for furniture, with the Guangdong Furniture Association estimating total Chinese furniture sales at \$65 billion and the AFMC citing the Chinese National Furniture Association estimate of \$36 billion. See prehearing brief of Guangdong Furniture Association, exh. 3, and AFMC's posthearing brief, p. 51.

to Chinese factories moving to Vietnam; others identified Vietnam as the new low-cost source for wooden bedroom furniture. Many producers also described the presence of Vietnamese product in the U.S. market as adding to pricing pressure and/or reducing the benefits of the antidumping duty order against China. However, others added that either because of lower Vietnamese quality or volume, Vietnamese wooden bedroom furniture did not pose as large a risk to U.S. producers as did Chinese product.<sup>27</sup> Producers \*\*\* did not see imports from Vietnam as having had much effect on the U.S. market other than to take market share from Chinese producers.

Seventy-one importers indicated that the availability of nonsubject-country product had increased since 2004, mostly citing increased imports from Vietnam and other Asian countries. Some of these importers added that Chinese factories had moved to Vietnam or that China was no longer competitive with Vietnam on labor costs. City Furniture stated that the antidumping duty order had accelerated the transfer of wooden bedroom furniture from China to Vietnam without affecting its purchases of U.S. product.<sup>28</sup> Twenty-five importers answered that the availability of nonsubject-country supply had not changed since 2004.

Fifteen importers reported no effect or minimal effects on the U.S. market from imports of wooden bedroom furniture from Vietnam. However, 67 importers did comment on imports from Vietnam, with their comments falling into four general categories: (1) imports from Vietnam have displaced imports from China in the U.S. market; (2) imports from Vietnam have increased price pressure in the U.S. market; (3) imports from Vietnam have allowed importers to meet U.S. consumer demand; and (4) Chinese factories have moved to Vietnam because of the duty order, with Vietnam improving its infrastructure and production capabilities. Among more specific comments, \*\*\* described U.S. product as not competitive with Vietnamese product, which it described as having volume and quality control capabilities that U.S. producers lacked. \*\*\* stated that if the antidumping duties were lifted, it did not believe that factories would move back to China because of lower costs in Vietnam. \*\*\* stated that many AFMC members now source product from Vietnam to replace reduced U.S. capacity. \*\*\* reported that no matter where wooden bedroom furniture is made, it is all designed for the U.S. market. \*\*\* added that the price of Vietnamese product is 15 to 20 percent lower than that of the Chinese product.

Additionally, Fairmont estimated that there were currently 120 furniture finishing lines in Vietnam, up from 60 in 2004. It stated that 60 of the current 120 finishing lines are dedicated to wooden bedroom furniture, but that more could switch to wooden bedroom furniture if U.S. demand improved.<sup>29</sup> It added that the Vietnamese government does not allow the shipping of old furniture-producing equipment from China to Vietnam, so that new Chinese-owned factories in Vietnam will likely have new

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<sup>27</sup> Vaughan-Bassett described its competition with Vietnamese product as occurring in the middle price ranges for wooden bedroom furniture, i.e., not in all solid wood product. Hearing transcript, pp. 133-134 (W. Bassett). Sandberg stated that it was only aware of two Vietnamese producers of printed paper wooden bedroom furniture, neither of which exported to the United States. Hearing transcript, p. 52 (Sandberg). Additionally, Stanley stated that it does not compete in the youth furniture segment with imports from Vietnam, and Johnston stated that it does not compete in the hospitality segment with imports from Vietnam. Hearing transcript, p. 120 (Prillaman and Berry). However, City Furniture stated that it buys “everything” in residential wooden bedroom furniture from Vietnam, including youth furniture (that Yihua Timber and New Classic also described as available from Vietnam). Hearing transcript, p. 209, posthearing brief of Guangdong Furniture Association, p. 2, and posthearing brief of Yihua Timber and New Classic, part II, p. 5. City Furniture also described competition between Chinese and Vietnamese product in the U.S. market as “fierce” and “aggressive.” Hearing transcript, p. 222 (K. Koenig). Fairmont indicated that Ashley is starting to produce “intricately carved” high-end product in Vietnam, and City Furniture described the “best” high-end factory in the world as Vietnam’s Theodore Alexander plant. Hearing transcript, pp. 223 (Tsai) and 260 (Koenig).

<sup>28</sup> Hearing transcript, p. 190 (K. Koenig).

<sup>29</sup> Hearing transcript, pp. 183-184 (Tsai).

production facilities.<sup>30</sup> The FRA described the Vietnamese industry as built by investment from experienced furniture producers in Singapore, Taiwan, and the United States.<sup>31</sup>

Among purchasers, 6 reported no effect on the U.S. wooden bedroom furniture market from imports from Vietnam, while 31 purchasers reported that imports from Vietnam had put downward pressure on U.S. prices, kept prices stable, and/or increased their presence in the U.S. market. Approximately six of these purchasers also stated that imports from Vietnam had not affected U.S. production because imports from Vietnam had replaced imports from China, while approximately five purchasers stated that imports from Vietnam did compete with U.S. product. Additionally, other purchasers noted that imports from Vietnam had supplanted imports from China or kept U.S. prices low without indicating whether imports from Vietnam competed with U.S. product.<sup>32</sup> Others also added that Vietnamese product quality had become competitive with other countries' products.

### **Factors Affecting Supply**

U.S. producers, importers, and purchasers were asked if there have been any changes in factors affecting the supply of U.S.-produced wooden bedroom furniture.<sup>33</sup> Forty-two producers, 49 importers, and 30 purchasers answered No, while 9 producers, 36 importers, and 23 purchasers answered Yes.<sup>34</sup> Six producers cited increased raw material costs (including as a result of U.S. lumber producers exiting their industry because of the shrinking U.S. furniture industry reducing lumber demand), increased labor and benefit costs, and/or increased transportation costs. Producer \*\*\* noted that the 2010 Chilean earthquake had increased the price of medium-density fiberboard (MDF). Producer \*\*\* said that energy, labor, Federal regulatory, and modernization costs had resulted in fewer U.S. companies operating case goods plants. Importers that noted changes in factors affecting supply made statements that changes included shifts overseas (including by U.S. producers) due to high U.S. labor and regulatory costs, lack of interest in modernization and re-investment by U.S. producers, and fewer U.S. producers due to U.S. producer inflexibility.

Purchasers named a wide variety of factors affecting supply. \*\*\* named increasing Chinese labor costs and fluctuating commodity and shipping costs. It added that labor unions make the U.S. furniture workforce uncompetitive and unwilling to work as hard as its Chinese counterpart. \*\*\* noted that availability of U.S. product has diminished because of factory closings since 2008. \*\*\* also noted the decline in U.S. capacity, attributing it to the proliferation of factories in Vietnam, Malaysia, and other countries. \*\*\* stated that lead times and transportation costs have made U.S. product more attractive. \*\*\* reported tightening supply of wooden bedroom furniture along with rising raw material, transportation, and labor costs. Likewise, \*\*\* reported increases in transportation costs, with \*\*\* indicating that container rates had risen from \$2,889 per container in June 2009 to \$4,087 in May 2010. \*\*\* stated that labor costs have steadily increased since 2004, the number of U.S. suppliers has decreased, and the number of Canadian suppliers has increased. \*\*\* stated that the remaining U.S. factories either

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<sup>30</sup> Hearing transcript, p. 235 (Tsai).

<sup>31</sup> Posthearing brief of the FRA, p. 9.

<sup>32</sup> Responses to this question varied widely in specific details, and so categorization here is subject to some interpretation.

<sup>33</sup> Factors identified as affecting supply include changes in the availability or prices of energy or labor; transportation conditions; production capacity and/or methods of production; technology; export markets; or alternative production opportunities that affected the availability of U.S.-produced wooden bedroom furniture in the U.S. market since 2004.

<sup>34</sup> Some of the importers that answered Yes elaborated on factors affecting the supply of imported wooden bedroom furniture in the U.S. market, citing factors such as increased shipping costs (due in part to a shortage of ocean shipping vessels), rising Chinese and Vietnamese labor costs, and exchange rate movements.

produce low-quality “paper veneer” product or high-end product that its customers cannot afford. Similarly, \*\*\* stated that there is no U.S. product available at the price points and quality levels comparable to what it purchases overseas, but that imports from Asia are not undermining U.S. producers as there is now so little U.S. production. \*\*\* indicated that Vaughan-Bassett had created an express program for quick shipping. \*\*\* stated that the U.S. industry is adversely affected by imports, not other factors.

Thirty Chinese producers reported changes in factors affecting the supply of Chinese wooden bedroom furniture in the U.S. market, specifically rising Chinese wages, yuan appreciation since 2004, shipping container shortages, energy and commodity price increases, and shifting of some production to Vietnam. Five reported no changes in factors affecting supply. Twenty-one Chinese producers predicted a decrease in the availability of subject supply, citing the same reasons as well as the antidumping duty order and decreasing U.S. demand. However, eleven Chinese producers foresaw no change in subject supply while one predicted that the end of the financial crisis would restore demand.

Forty-four U.S. producers did not anticipate any changes in the availability of U.S.-produced wooden bedroom furniture (with some qualifying that the antidumping duty order needed to remain in place). Six firms predicted a decrease, citing the ongoing difficulties of independent U.S. furniture retailers (major customers for U.S.-produced furniture), increased costs from the new health care law, and the continuation of the general trend toward decreasing U.S. production. Two firms predicted an increase, citing potential economic growth and/or firm success.

Sixty-one importers did not anticipate any change in the availability of subject-country wooden bedroom furniture, some conditioning their answer on the continuation of the order.<sup>35</sup> Twenty-six importers anticipated a decrease in such availability, citing the order (and potential retroactive duties), movement of production from China to Vietnam or Indonesia, diversion of Chinese supply to Chinese consumption, increasing Chinese labor costs, the yuan’s appreciation since 2004, and increased shipping costs. Eight importers anticipated an increase in imports from China.

Twenty-seven purchasers were not aware of any new suppliers since 2004, but 30 were, often citing Chinese and Vietnamese suppliers or trading companies. Purchasers stated that they hear about new suppliers through trade shows and contacts from supplier representatives. \*\*\* stated that it was aware of 20-60 new suppliers, some of which were already out of business. \*\*\* and \*\*\* described the number of new suppliers as substantial, and \*\*\* explained that the furniture industry is fragmented with low barriers to entry, resulting in many suppliers entering and exiting at any given time.<sup>36</sup>

Twenty-six purchasers expected new suppliers to enter the U.S. market, and 25 did not. \*\*\* reported its understanding that two investor groups intend to build or purchase factories in Indonesia in the next year. Other purchasers expected that with revocation of the antidumping duty order, new Chinese suppliers would enter the U.S. market. Still other purchasers expected new suppliers as part of the normal course of business in the furniture industry.

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<sup>35</sup> When asked about constraints on their shipments to other countries, 30 importers answered that they would not be able to shift or did not know, often because their company focus was primarily on the U.S. market. An additional 26 importers stated that shifting sales to other countries was difficult because of other factors, such as furniture designed for the U.S. market or currency issues. \*\*\* pointed out that most developed countries have entrenched furniture producers, making exports to those countries more difficult. Thirteen importers stated that there were no barriers to shifting their sales to other countries, with two of those stating that such a shift could be accomplished within a year.

<sup>36</sup> While 13 purchasers had not changed their suppliers since 2004, 45 other purchasers had. Many of those that had changed often stated that they had a long list of suppliers or that many suppliers had exited the market. \*\*\* indicated that they try not to change suppliers often, but had changed suppliers since 2004. Reasons cited for changing suppliers included price, quality, look, reliability, customer service, restrictions not to sell in certain markets, close-out opportunities, and the antidumping duty order.

## 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 factor is the lack of close substitute products, tempered by some indication of consumer willingness to treat wooden bedroom furniture as a discretionary purchase. However, demand remains closely tied to conditions in the housing market.

Available data indicate that total apparent U.S. consumption of wooden bedroom furniture rose from 2004 to 2005 before flattening out in 2006 and then decreasing during 2007-09, with at least some of the decline likely due to the current recession and the difficulties in the housing market.

### Demand Characteristics

Thirty-nine producers and 79 importers named residential uses for wooden bedroom furniture, eight producers and eight importers named residential and hospitality uses, and five producers and four importers named just hospitality uses.<sup>37</sup> Producers reported that furniture costs were usually a small percentage of the cost of a residence or hospitality facility.<sup>38</sup> Chinese producers also named residential and hospitality as the end uses of wooden bedroom furniture.

### Demand Trends

Questionnaire respondents generally reported fluctuating or decreasing demand since 2004, describing an increase in demand over 2004-07 and a decrease since then. They frequently described demand for wooden bedroom furniture as following housing market activity, consumer confidence, and consumer access to credit.<sup>39</sup> Housing starts have shown a steep decline since 2006, and consumer confidence has been low since 2007.<sup>40</sup> The Blue Chip consensus forecast for 2011 housing starts is 740,000, well below normal levels of the last five decades.<sup>41</sup>

Thirty-six producers reported that demand for wooden bedroom furniture had fluctuated since 2004, while 15 reported that it had decreased. Regardless of whether they answered “fluctuated” or “decreased,” most described a decrease in demand since late 2006, 2007, or 2008, with many adding that demand had been strong before then. Producers generally cited the housing market, general economic conditions, consumer credit, and the hospitality market as leading indicators for wooden bedroom furniture demand. As all of these have fallen, demand for wooden bedroom furniture has as well. \*\*\* said that general demand for wooden bedroom furniture had fluctuated, but that demand for its products had fallen due to low-priced imports. \*\*\* added that “deflationary” pricing has not yet increased consumption.

Similarly, 49 importers described U.S. demand as fluctuating since 2004, with 31 describing a decrease. As with producers, importers that described a fluctuation or decrease in demand cited wider

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<sup>37</sup> A few U.S. producers and importers also mentioned furniture rental as an end use.

<sup>38</sup> U.S. producer Johnston described the hospitality market as consisting of sales to new hotels and sales to refurbish existing hotels. It described competition with imports from China as price-based in both instances. Hearing transcript, pp. 47-48 (Berry). Importer Fairmont disagreed, stating that it is a preferred supplier on some U.S. hotel projects (such as Marriott and the New York Grand Marquis) but does not compete with U.S. producers with other customers, such as Hampton Inn. It described this competition as not based on price. Hearing transcript, pp. 240-241 (Tsai).

<sup>39</sup> See also hearing transcript, pp. 69-70 (Prillaman).

<sup>40</sup> Data on housing starts, new homes sold, and consumer confidence are provided in app. H.

<sup>41</sup> *Blue Chip Economic Indicators*, Vol. 35, No. 10, October 10, 2010.

economic conditions, especially in housing, but also increased cited competition with imports from Vietnam and increased shipping costs. Only 7 importers described an increase in demand, and 11 reported no change. Some of these importers were active in non-residential sectors (such as \*\*\*) or were referring to company-specific events (\*\*\*)).

Thirty purchasers stated that U.S. demand for wooden bedroom furniture had fluctuated since 2004, with 9 stating that it had increased, 12 stating that it had decreased, and 6 reporting no change. Most purchasers, though, agreed that demand had increased before 2007-08, and then decreased along with the housing market and the wider economy. A few purchasers noted that their firm had been able to increase sales (e.g., \*\*\*) or had been forced to reduce sales (e.g., \*\*\*) despite wider industry trends in the opposite directions from their own firm's actions (at different times).

Additionally, 10 Chinese producers described U.S. demand for wooden bedroom furniture as having fluctuated since 2004, while 22 described it as having decreased and 2 stated that it had not changed.

Twenty-two producers anticipated fluctuating U.S. demand for wooden bedroom furniture, following trends in U.S. economic variables such as employment, housing starts, and consumer confidence. Twelve producers anticipated increasing demand, and generally cited anticipated economic recovery as the reason. Fifteen producers did not foresee any change in U.S. demand, and two anticipated a decrease, citing economic conditions, wooden bedroom furniture lagging other economic variables, and increasing substitution toward bedroom furniture made of less expensive (and less durable) materials.

Eighteen importers saw future U.S. demand increasing, 45 saw future demand fluctuating, 6 saw demand decreasing, and 28 saw no change. As with producers, importers' assessments of future U.S. demand depended mostly on their assessment of near-term economic growth, especially housing growth. On a more specific issue, \*\*\* predicted that continuing consumer difficulty in distinguishing newer "non-wood" products from real wood products would lead to decreasing demand for wooden bedroom furniture made of solid wood.

Fourteen purchasers anticipated an increase in U.S. demand for wooden bedroom furniture, 22 anticipated fluctuating demand, 3 anticipated a decrease in demand, and 16 anticipated no change. These different viewpoints generally reflected different assessments of the future health of the U.S. economy, U.S. retail demand, and the U.S. housing market. Some purchasers saw retail demand rising already (albeit slowly, e.g., \*\*\*), while others (e.g., \*\*\* did not anticipate an economic turnaround for several more years. Additionally, \*\*\* indicated that if shipping costs continued to rise, it would need to move to lower-cost, lower quality "paper-veneer" bedroom products in order to meet its established price points. \*\*\* similarly indicated that inflation and economic conditions may drive customers to purchase more lower-priced "laminated products," and more promotionally-priced imports.

Chinese producers held a variety of views on future U.S. demand, with 6 expecting an increase, 8 expecting fluctuations, 11 expecting a decrease, and 7 expecting no change, with most expectations based on forecasts for the overall U.S. economy.

## **Business Cycles**

Forty producers stated that the wooden bedroom furniture market is subject to business cycles distinctive to wooden bedroom furniture, while 13 stated that it was not. Many producers said that the business cycle is slower in the summer and busier in the fall and winter, and after tax rebates in spring. Many also said that the business cycle is tied to the general economic climate (e.g, credit availability, the housing market, and consumer confidence). \*\*\* reported that low Chinese pricing and the willingness of consumers to go without new furniture longer than other items characterized the wooden bedroom furniture market. \*\*\* described wooden furniture in general as more severely affected than other industries during recessions. \*\*\* stated that wooden bedroom furniture demand usually follows U.S. housing demand with a one-year time lag, but that this recession has been worse than usual. \*\*\* noted that increasing home sizes over 2000-08 increased demand, but that now home sizes are decreasing. \*\*\*

characterized the industry as one with high variable costs, high interchangeability with Chinese imports, and high purchaser focus on lowest price. \*\*\* noted that the hospitality industry prefers to order furniture during its offseason.

Twenty-six producers had not seen any change in the business cycles for wooden bedroom furniture, but thirteen had, citing the length and severity of this recession as well as competition from low-priced Chinese imports leaving a smaller U.S. industry.

In contrast to producers, 41 purchasers stated that the wooden bedroom furniture market is not subject to distinctive business cycles, while 19 thought that it was. Many of those that reported that it was subject to such cycles were also producers and/or importers, and described the cycle in a similar way as producers did, i.e., seasonally weak in the summer and following the general economy and housing trends. Forty-five purchasers indicated that the emergence of new markets had not affected the business cycle or conditions of competition for wooden bedroom furniture, but twelve stated that they had, generally citing imports from China and nonsubject countries, the antidumping duty order, and/or a shift in imports from China to Vietnam and Malaysia. \*\*\* added that there has been an increase in online merchandising, increasing the number of retailers. \*\*\* stated that increased Chinese domestic consumption had reduced Chinese exports.

### **Substitute Products**

Twenty-six producers and six importers reported that there were no substitutes for wooden bedroom furniture. Fifteen producers and 23 importers listed substitutes for wooden bedroom furniture, including metal and upholstered furniture, paper density furniture, and sleeper sofas. However, only a few producers and importers reported that changes in the prices of substitutes had affected the price of wooden bedroom furniture.<sup>42</sup>

Sixteen Chinese producers stated that there were no substitutes for wooden bedroom furniture, while nine named other products including bamboo, rattan, polyurethane, and metal furniture. Those naming bamboo, rattan, and metal furniture stated that it had no effect on the price of wooden bedroom furniture, but the producer naming polyurethane furniture stated that it could affect wooden bedroom furniture prices because it costs 5 percent less. Thirty-one Chinese producers had not seen any changes in substitutes, and 32 did not anticipate any changes in substitutes.<sup>43</sup>

Forty-nine responding producers and 95 responding importers had not observed any changes in substitutes since 2004, and 51 producers and 101 importers did not anticipate any in the future. However, producers \*\*\* cited an increased retailer interest in low-cost printed paper and/or particleboard bedroom furniture since 2004, and \*\*\* expected that increased lumber costs would bring new types of engineered lumber. Importer \*\*\* reported that there were more metal, plastic, and composite products being sold by lower-priced entrants (such as IKEA and Walmart) in the retail market. \*\*\* reported an increase in the amount of particle board and wood substitutes, with technological advances allowing effective disguise of the amount of non-wooden fillers used, so that the average consumer does not realize that s/he is not buying “real wood.” \*\*\* described more built-in closets with shelving drawers.

Fifty purchasers reported that there were not any substitute products for wooden bedroom furniture, but eight named substitutes, including furniture made of upholstery, metal, plastic, rattan, and paper finish over MDF. None of these purchasers saw the price of these substitutes affecting the price of wooden bedroom furniture. Fifty purchasers had also not seen any changes in the number or types of

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<sup>42</sup> \*\*\* stated that “veneered surface” bedroom furniture had affected the price of wooden bedroom furniture, and \*\*\* stated that “laminated-on-particle board” furniture had kept wooden bedroom furniture prices down. Both references are likely to products that are subject products, not substitutes for wooden bedroom furniture.

<sup>43</sup> \*\*\*, which listed polyurethane furniture as a substitute, had seen changes in substitutes and did anticipate changes in substitutes, but did not elaborate.

substitutes, although \*\*\* stated that it had seen more metal beds and upholstered beds with promotional prices. Fifty-seven purchasers did not anticipate any changes in substitutes.

### **SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported wooden bedroom furniture depends upon such factors as price, quality (e.g., 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 moderately high degree of substitution between U.S. and imported wooden bedroom furniture.

#### **U.S. Purchasers' Marketing Knowledge**

Thirty-eight purchasers expressed marketing/pricing knowledge for U.S., Chinese, and Vietnamese wooden bedroom furniture. Six expressed such knowledge for U.S. and Chinese products only, and seven for only the U.S. product. Forty-two purchasers reported purchases of U.S. product, 34 reported purchases of Chinese product, 26 reported purchases of Vietnamese product, and 28 reported purchases from other countries (including Canada, Indonesia, Italy, Malaysia, Mexico, and the Philippines).<sup>44</sup>

Purchasers generally identified their customers as retail consumers that bought wooden bedroom furniture for residential uses, although five purchasers identified other businesses (e.g., in the hospitality industry) as their customers. \*\*\* identified its customers as lower- to middle-income, while \*\*\* described its customers as female homeowners between 25 and 54 years old with an income of over \$75,000.

Thirty-nine purchasers (plus an additional two that indicated "probably") had purchased wooden bedroom furniture from China before 2004, while 21 had not. Of those 39, 16 reported discontinuing or reducing their purchases from China because of the antidumping duty order.<sup>45</sup> Thirteen reported changing their purchasing pattern from China for reasons other than the order. Many purchasers indicated that they had replaced Chinese product with product from other Asian countries, whether or not because of the order. Among reasons cited for not changing purchasing patterns, \*\*\* indicated that it tries to buy American-made product as much as possible, \*\*\* expressed its interest in having a diversified sourcing strategy, and \*\*\* stated that China remains its best source because of the Chinese work ethic.

Twenty purchasers reported that they had increased their purchases of nonsubject product because of the order, while 14 indicated that they had changed their purchasing patterns from nonsubject countries for other reasons, including U.S. demand changes, increased production and inventories in nonsubject countries, lower prices in nonsubject countries, and a higher euro (as discouraging imports from Italy). \*\*\* reported buying more \*\*\* from nonsubject countries \*\*\*, as \*\*\*. Ten purchasers reported no change in their purchases of wooden bedroom furniture from nonsubject countries since 2004.

Purchasers were asked how relative levels of their purchases from the United States, China, Vietnam, and other countries had changed since 2004.<sup>46</sup> Their answers are summarized in table II-2.

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<sup>44</sup> Not all purchasers provided purchase data.

<sup>45</sup> One purchaser, \*\*\*, reported shifting its purchases back to U.S.-based manufacturers because of the antidumping duty order.

<sup>46</sup> Additionally, purchasers were asked if they had purchased from only one country, why they had done so. Only five purchasers did so, with one citing loyalty to U.S. suppliers and three others being U.S. producers that purchased \*\*\* to supplement their domestic production.



**Table II-2**  
**Wooden bedroom furniture: Change in purchasers' relative levels of purchases from different countries**

\* \* \* \* \*

### **Certification**

Twenty-two purchasers required that their suppliers be certified or prequalified for all or virtually all purchases, while 37 did not. Some of those that did not (e.g., \*\*\*) reported that they were familiar with their suppliers and their clients' opinions of their suppliers' products, and so did not need a formal qualification process. Those that required qualification examine product quality, factory standards, supplier profits, supplier capacity, price, payment terms, and delivery. Regulations played a role in certification, with some purchasers mentioning compliance with Consumer Product Safety Commission (CPSC) regulations, the Consumer Product Safety Improvement Act (CPSIA), and the Customs Trade Partnership Against Terrorism (C-TPAT) program as qualification factors. Additionally, forestry issues such as forest traceability, forest stewardship council certified wood, the Lacey Act,<sup>47</sup> and others were cited as qualification factors by \*\*\*. For six purchasers, qualification can take 14 days or fewer, but nine purchasers required 30-90 days, and one required 180 days. Thirty-seven purchasers stated that no suppliers had failed to qualify since 2004, but seven stated that there had been at least one failure.

### **Factors Affecting Purchasing Decisions**

Thirty-eight purchasers stated that buying a product that is produced in the United States was not an important factor in their purchases of wooden bedroom furniture. Twelve stated that purchasing U.S. product was important because of customer requirements, while nine stated that it was important for other reasons, such as dependability and domestic preference. One purchaser stated that laws or regulations sometimes made purchasing U.S. product an important factor in their purchases. At the hearing, AFMC described some consumer preference (in both the residential and hospitality segments) for U.S.-made product, but not strong enough to result in a large price premium.<sup>48</sup>

When purchasers were asked how often they made purchasing decisions based on the producer of wooden bedroom furniture, 14 answered "always," 10 answered "usually," 15 answered "sometimes," and 20 answered "never." Purchasers examined price, quality, brand name, reputation, reliability, and delivery, as well as the financial stability of the supplier, when making purchasing decisions.

When asked how often their customers made purchasing decisions based on the producer of wooden bedroom furniture, 22 purchasers answered "never," 31 answered "sometimes," four answered "usually," and one answered "always." Some purchasers reported that their retail customers do not know the identity of the manufacturer, but only the name of the seller (e.g., \*\*\*), and often purchase primarily on price. Other purchasers indicated that name brands are sometimes important to some customers. \*\*\* estimated that about 5 percent of customers select particular producers. \*\*\* indicated that some customers have a preference for U.S. product. Purchasers also reported that, in the hospitality segment, the hotel chain establishes the price, quality, and reputation it wants for the wooden bedroom furniture that its suppliers purchase.

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<sup>47</sup> At the hearing, counsel for Ashley described the "more onerous" import burden of the Lacey Act as the declaration requirement, which has not yet gone into effect. Hearing transcript, pp. 283-284 (Grimson).

<sup>48</sup> Hearing transcript, pp. 140-141 (Berry, Caperton, Copeland, and Prillaman).

Purchasers were asked if their firm made purchasing decisions based on the country of origin of wooden bedroom furniture. Six answered “always,” 5 answered “usually,” 21 answered “sometimes,” and 28 answered “never.” Price, lead time, quality, freight costs, particular designs, supplier diversification, and domestic preference were all reasons why purchasers might base a purchasing decision on country of origin.

Purchasers were asked if their customers made purchasing decisions based on the country of origin of the wooden bedroom furniture that they purchase. One answered “always,” 3 answered “usually,” 26 answered “sometimes,” and 29 answered “never.” Several purchasers reported that their customers, or some of their customers, prefer to buy U.S.-made product. This advantage was described by \*\*\* as “slight,” and \*\*\* estimated that the share of customers preferring U.S. product was less than 5 percent. \*\*\* stated that its hospitality customers have sometimes avoided Chinese product because of the antidumping duty order, but never previously considered country-of-origin.

Table II-3 summarizes the purchasers’ responses concerning the top three reported purchasing decision factors. As indicated in the table, the most important factors were price, quality, and look.

**Table II-3**  
**Wooden bedroom furniture: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Price/cost/value	22	14	14
Quality <sup>1</sup>	13	21	4
Look/style/design	10	5	1
Reputation/relationship/traditional supplier	5	2	1
Availability	3	5	12
Consistency	3	3	2
Preapproval/customer preference	2	1	1
Reliability/delivery	0	4	10

<sup>1</sup> Quality means look, finish, construction, durability, global regulatory requirements, retail customer desirability, meeting industry standards, percent of moisture, type of wood, ease of assembly, and functionality.

Note.—Design exclusivity received one vote as the number one factor. Other factors receiving one vote as the number two factor include finish options, meeting standards, discounts, location, and service. Other factors receiving at least one vote as the number three factor include credit terms (four votes), range (two votes), matching pieces, and durability.

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

Purchasers were asked to rate the importance of 15 specified factors in their purchasing decisions (table II-4). Product consistency, quality meeting industry standards, reliability of supply, availability, delivery time, and price were the most often characterized as very important.

**Table II-4**  
**Wooden bedroom furniture: Importance of purchasing factors, as reported by U.S. purchasers**

Factor	Number of firms reporting		
	Very important	Somewhat important	Not important
Availability	47	11	0
Delivery terms	35	20	2
Delivery time	46	10	2
Discounts offered	24	27	7
Extension of credit	12	14	32
Price	45	13	0
Minimum quantity requirements	16	30	12
Packaging	30	23	5
Product consistency	51	6	0
Quality meets industry standards	51	5	2
Quality exceeds industry standards	30	24	4
Product range	10	30	17
Reliability of supply	48	9	1
Technical support/service	22	29	7
U.S. transportation costs	25	21	12
Other <sup>1</sup>	12	0	0

<sup>1</sup> Other factors mentioned included style, brand, finish options, U.S. entity, duty order, accurate order tracking, proprietary design, and meeting specifications.

Note.—Not every purchaser ranked every factor.

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

Purchasers were asked for a country-by-country comparison on the same factors (table II-5). A majority of purchasers found U.S. wooden bedroom furniture to be superior to Chinese and Vietnamese product in three factors, comparable in seven factors, and inferior in price (i.e., the U.S. product is higher priced). A majority of purchasers also found Chinese and Vietnamese product to be comparable in every listed factor.

**Table II-5**

**Wooden bedroom furniture: Comparisons between U.S.-produced and subject and nonsubject countries, as reported by U.S. purchasers**

Factor	U.S. vs. China			U.S. vs. Vietnam			U.S. vs. Other <sup>1</sup>			China vs. Vietnam			China vs. Other			Vietnam vs. Other		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
Availability	15	6	9	18	8	8	16	20	1	10	23	5	2	16	5	1	8	2
Delivery terms	19	22	0	17	17	0	19	17	1	1	37	0	1	19	3	0	10	1
Delivery time	30	8	2	30	3	1	24	11	2	13	24	1	1	17	5	0	9	2
Discounts offered	4	28	7	2	26	6	4	29	3	2	34	1	1	20	1	0	11	0
Extension of credit	12	27	0	10	24	0	11	24	0	1	35	0	2	18	1	0	10	0
Price	2	7	32	1	4	29	3	9	25	3	27	8	6	13	4	2	9	0
Minimum quantity requirements	24	15	1	20	13	1	16	19	2	1	37	0	1	18	4	0	10	1
Packaging	3	33	5	2	28	4	1	31	5	1	37	0	2	21	0	0	11	0
Product consistency	6	31	4	5	27	2	4	28	5	5	32	1	4	16	3	0	11	0
Quality meets industry standards	4	34	2	3	30	1	2	32	2	3	33	2	2	18	2	0	11	0
Quality exceeds industry standards	4	35	2	3	30	1	3	32	2	3	33	1	2	18	3	0	11	0
Product range	4	22	15	4	16	14	9	20	8	12	22	4	10	12	1	4	7	0
Reliability of supply	18	19	3	13	18	3	11	22	4	7	28	3	4	14	5	0	9	2
Technical support/service	14	24	2	12	21	1	13	23	1	4	33	1	3	15	5	0	11	0
U.S. transportation costs	16	20	4	14	15	4	17	17	3	5	28	4	2	16	3	0	10	1
Other <sup>2</sup>	0	1	4	1	1	2	0	1	2	1	4	0	1	2	0	0	1	0

<sup>1</sup> Other countries mentioned included Brazil, Canada, "Europe," Indonesia, Malaysia, Mexico, the Philippines, and Thailand. Vietnam was compared mostly to Malaysia among other countries.

<sup>2</sup> Other factors mentioned included look (design), construction, vendor flexibility, design exclusivity, and perceived value. Purchasers found the U.S. product to be inferior to the Chinese product in flexibility, design exclusivity, and perceived value, but comparable in look.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the price of U.S. product was generally lower than the price of the imported product.

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

Fifty purchasers said that neither they nor their customers ever specifically order wooden bedroom furniture from one country in particular over other possible sources of supply. However, nine other purchasers stated that they did, citing high-quality furniture from Malaysia and Vietnam, U.S. product for furniture to be leased, and better availability for U.S. and Canadian furniture. Other purchasers indicated that some purchasers prefer U.S. product.

Asked if certain grades, sizes, or types of wooden bedroom furniture were available from a single source, 50 purchasers answered No and 9 answered Yes. Among those answering Yes, \*\*\* noted that wood species availability varies internationally, with South Asia tending to use rubberwood and acacia while oak, pine, and poplar are more popular in the United States. \*\*\* also noted that a few wood types may only be available from particular countries. \*\*\* stated that the more complicated bedroom sets previously produced in China have been hard to locate in other countries. \*\*\* stated that it can only secure the grade, type, and size it wants from suppliers in South Carolina.

Purchasers were asked how often they purchased the lowest priced wooden bedroom furniture. Six answered “always,” 17 answered “usually,” 28 answered “sometimes,” and 8 answered “never.” Forty-five purchasers also indicated that they purchased wooden bedroom furniture from one source although a comparable product was available at a lower price from another source. Reasons given include transportation times or costs (with several purchasers noting recent difficulty in securing transportation from Asia), reliability, supplier relationship, payment terms, minimum order size, and look.

### **Lead Times**

Seventeen producers sold the majority of their wooden bedroom furniture out of inventory, while 30 sold the majority produced-to-order.<sup>49</sup> Lead times usually ranged from one week to a month for sales from inventory. For sales produced to order, lead times usually ranged from one to three months. Lead times were three days to one month for the 49 importers that reported a plurality of their sales out of their own inventories, while lead times were one to three months for the 14 importers that reported a plurality of their sales out of a foreign producer’s inventories. For the 22 importers selling a plurality of their product produced to order, lead times ranged from two to four months.

Among Chinese producers, three reported that 60 percent or more of their sales were from inventory, while 30 reported that 85 percent or more of their sales were produced to order. The lead time for sales from inventory was usually less than two weeks, while the lead time for product produced to order was usually 45 days to 12 weeks.

### **Comparison of U.S.-Produced and Imported Wooden Bedroom Furniture**

Producers and importers were asked if certain types or styles of wooden bedroom furniture imported from China are not produced in the United States. Forty-four producers answered No, but four answered Yes, citing labor-intensive features such as carving, fancy face veneers, and complex finishes.<sup>50</sup> \*\*\* also cited regulatory costs and taxes as costs of producing such products in the United States. \*\*\* stated that it imports certain product types (e.g., solid woods, heavily carved pieces, and marble tops) but produces solely \*\*\* wooden bedroom furniture in the United States. \*\*\* stated that it did not produce \*\*\* wooden bedroom furniture in the United States, instead importing such products from China.

Sixty importers answered No, but 31 answered Yes, citing furniture that is heavily carved, uses traditional joinery techniques, has exotic veneers, or contains bamboo or marble. These importers stated

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<sup>49</sup> Two additional producers split their sales evenly between sales from inventory and sales produced-to-order.

<sup>50</sup> On the other hand, Vaughan-Bassett stated that it had invested about \$1 million in computer controlled solid wood carvers that can replicate the work of hand carvers. However, it added that it rarely sees carved product in showrooms of low- to middle-price range product. Hearing transcript, pp. 108 and 144 (W. Bassett).

that there were not enough skilled U.S. workers or that wages and other costs were too high to produce some of these products in the United States. \*\*\* added that contemporary style bedrooms are only produced in Asia and Europe, and \*\*\* added that modern-style Scandinavian- and Italian-style furniture was not produced in the United States. \*\*\* stated that most current mid-market residential bedrooms, featuring low-grade solid wood and extensive use of wood veneers, were never produced in the United States. \*\*\* responded that the Chinese product range is wider, and U.S. producers are not as flexible.

Additionally, producers and importers were asked if there were certain types or styles of wooden bedroom furniture imported from China that are copies of wooden bedroom furniture that they used to produce in the United States. Twelve producers said No, but 33 said Yes, with some citing specific styles, while many others stated that almost all product produced in China and Asia has been copied from U.S. producers. \*\*\* attached copies of their products that they said had been copied in China. \*\*\* expressed surprise at visits to its website from China despite not having any Chinese customers. Additionally, Stanley described competing with a Chinese supplier of youth bedroom furniture that told Stanley's customers that it could provide "Stanley designs at China prices."<sup>51</sup>

Importers differed, with 62 answering No and 18 answering Yes. Those answering Yes cited Louis-Philippe and Cottage styles. \*\*\* stated that it now imports transitional, cottage, and other styles that do not require labor-intensive features \*\*\*. Similarly, \*\*\* stated that all of its imports are copies of products that are or were produced in its U.S. manufacturing facilities. \*\*\* noted that its blended strategy means that it commonly produces part of an order in the United States and then outsources copies to China and elsewhere.

In order to determine whether U.S.-produced wooden bedroom furniture can generally be used in the same applications as imports from China, Vietnam, and other countries, U.S. producers, U.S. importers, and U.S. purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-6, most respondents answered that wooden bedroom furniture from different countries was always or frequently interchangeable. However, a number of importers and purchasers disagreed and found products to be only sometimes or never interchangeable.

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<sup>51</sup> Hearing transcript, p. 40 (Prillaman).

**Table II-6**

**Wooden bedroom furniture: Perceived 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 U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b>												
U.S. vs. China	39	9	4	0	45	17	16	9	21	6	11	10
<b>U.S. vs. nonsubject country comparisons:</b>												
U.S. vs. Vietnam	36	8	4	1	41	13	17	9	20	3	12	8
U.S. vs. Other nonsubject	31	6	6	0	37	11	15	8	15	5	10	9
<b>Subject country vs. nonsubject country comparisons:</b>												
China vs. Vietnam	36	7	1	0	41	20	13	6	21	10	7	9
China vs. Other nonsubject	31	5	4	0	36	14	15	6	19	9	6	9
Vietnam vs. Other nonsubject	31	5	4	0	34	15	15	6	18	9	7	9
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.												
Source: Compiled from data submitted in response to Commission questionnaires.												

In additional comments, producer \*\*\* stated that U.S. and imported product is always interchangeable except when the buyer specifically wants a U.S.-made product. \*\*\* described wooden bedroom furniture as “infinitely interchangeable” among countries. \*\*\* said that it produces wooden bedroom furniture using printed paper and MDF or particle board, and that such production might be difficult in other countries. \*\*\* described Vietnamese and Chinese product as interchangeable with Malaysian product but not Indonesian. It maintained that while U.S. producers could make many of the same products as from these other countries, the labor costs would make such production infeasible. \*\*\* said that Vietnamese production is sometimes inferior to U.S. production in terms of quality.

Among purchasers, \*\*\* stated that comparisons are more meaningful for individual factories than for countries, as all countries have both “disappointing” as well as state-of-the-art factories. \*\*\* stated that U.S. product is not interchangeable with Chinese and Vietnamese product because of the large price difference, but that low-priced particle wooden bedroom furniture from the United States might be interchangeable with Canadian product. \*\*\* described U.S. quality as sometimes higher than Vietnamese quality. \*\*\* stated that while Chinese and Vietnamese product is interchangeable, the lack of availability of U.S. product makes it not interchangeable with product from those countries. \*\*\* also cited the lack of product range available from U.S. producers, and \*\*\* noted that carved product is not available from the United States. Several other purchasers described differences in finishes as limiting interchangeability.

Among importers, \*\*\* described quality, color, and price as sometimes limiting its ability to use products interchangeably. \*\*\* described factory capabilities, wood species, price, labor training, and ocean freight rates as important factors affecting interchangeability, while \*\*\* named scale, room size, and features.

Among importers making comparisons, \*\*\* noted that imports are made of rubber wood while U.S. product is made from domestic wood. \*\*\* stated that in the custom hospitality segment, different countries can make the same pieces, but quality, finish, and construction can vary. \*\*\* stated that U.S.-produced furniture is not competitive due to regulations, more expensive materials, and higher wages. \*\*\* also cited higher U.S. labor costs as well as some specific substrates that make U.S. product not cost-competitive. \*\*\* cited high U.S. labor costs and added that Asian furniture manufacturers are more equipped with state-of-the-art machinery. It continued that Chinese factories are more experienced than Vietnamese factories, although Chinese labor is more expensive, making China less competitive in

promotional price products. Similarly, \*\*\* described Vietnamese product as competitive in the low- and middle-end markets in the United States, while China can compete in more upscale markets as well. \*\*\* agreed somewhat, describing U.S. product as high-end product made of traditional hardwood (e.g., oak, maple, cherry) while Chinese and Vietnamese product was for lower-end markets and made with lower-grade solid wood (e.g., rubber, mango, poplar) and veneers. \*\*\* stated that Vietnamese production is sometimes inferior to U.S. production in terms of quality. \*\*\* described U.S. product as better for solid wood, Chinese product as better for highly ornate styles and complex finishes, and Vietnam and Malaysia as better for smaller scale and simpler styles. \*\*\* stated that China is the only country that can produce the heavily-carved product that they sell. \*\*\* stated that a lot of nonsubject product is less diverse than product from the United States, China, and Vietnam, making it less competitive outside its niches. \*\*\* stated that limited U.S. furniture production limited interchangeability with imports.

In order to determine the significance of differences other than price between U.S.-produced wooden bedroom furniture and imports from China, Vietnam, and other countries, U.S. producers and U.S. importers were asked how often differences other than price were a significant factor in their sales or purchases of wooden bedroom furniture. As shown in table II-7, a majority of producers and importers found that factors other than price were sometimes or never a significant factor in their sales of wooden bedroom furniture.

**Table II-7**

**Wooden bedroom furniture: 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			
	A	F	S	N	A	F	S	N
<b>U.S. vs. subject countries:</b>								
U.S. vs. China	4	5	27	13	17	15	24	20
<b>U.S. vs. nonsubject country comparisons:</b>								
U.S. vs. Vietnam	3	5	26	13	11	14	26	19
U.S. vs. Other nonsubject	2	5	24	8	11	11	25	15
<b>Subject country vs. nonsubject country comparisons:</b>								
China vs. Vietnam	1	5	26	11	8	6	34	21
China vs. Other nonsubject	0	4	25	7	5	8	28	20
Vietnam vs. Other nonsubject	0	4	24	9	4	7	33	20
Note.--A = Always, F = Frequently, S = Sometimes, N = Never.								
Source: Compiled from data submitted in response to Commission questionnaires.								

In additional comments, \*\*\* described trying to compete with imports in terms of quality and features, but being unable to compete on price. \*\*\* said that quality, service, style, and/or transportation costs can differentiate products. \*\*\* stated that foreign producers are able to use finishes that cannot be used in the United States due to Federal regulations.

Among importers, \*\*\* described its product as high-end and competing on craftsmanship, quality, and environmental responsibility. \*\*\* named transportation, technical abilities, style, and raw material availability as important factors. \*\*\* stated that it placed a high priority on its relationship with particular factories. \*\*\* named capacity, warehousing capability, and technical ability as important, while \*\*\* named freight costs and transportation times as factors. \*\*\* named quality as an important factor, and \*\*\* added that Chinese quality and customer service were superior to those for U.S. product.



\*\*\* described itself as first considering style, quality, and price, but sometimes choosing U.S. product for reliability of supply.

Importer \*\*\* stated that product range and technical support are superior in China and Vietnam, which can also execute more intricate designs. Similarly, \*\*\* described U.S. factories as only able to produce a limited range of designs, usually simple and contemporary, while Asian factories could produce a wider range. \*\*\* stated that initially China was the only country that could produce ornate carved product, but that since 2006, most Asian countries can produce similar product. \*\*\* described U.S. producers as unable to provide heavily carved product, unwilling to work with its specifications, and producing a “cheap” “paper veneer” product. \*\*\* also stated that it could not offer heavily carved product made in the United States at the same price point as such product made in other countries.

As can be seen from table II-8, a majority of responding purchasers generally reported that U.S., Chinese, and nonsubject-country wooden bedroom furniture “usually” meets minimum quality specifications.

**Table II-8**  
**Wooden bedroom furniture: Ability to meet minimum quality specifications, by source**

Country	Number of firms reporting <sup>1</sup>			
	Always	Usually	Sometimes	Never
United States	18	33	4	1
China (subject)	12	39	1	1
China (nonsubject)	9	32	1	1
Vietnam	6	30	1	0
Nonsubject <sup>2</sup>	7	38	0	0

<sup>1</sup> Purchasers were asked how often domestically produced or imported wooden bedroom furniture meets minimum quality specifications for their own or their customers’ uses.

<sup>2</sup> “Nonsubject” includes Brazil, Canada, Europe, Indonesia, Malaysia, the Philippines, and Thailand. The seven “always” responses were for Brazil, Canada, Indonesia (two times), and Malaysia (three times).

Source: Compiled from responses to Commission questionnaires.

### Sales within Price Ranges

U.S. producers and importers were asked to provide the total value of sales of queen-sized beds and 6-9 drawer dressers produced or imported from China by their firms in 2009, within fifty-dollar price ranges from \$0 to \$1,000, and above \$1,000.<sup>52</sup> Not all producers and importers provided data, and some did not provide values. The data provided are summarized below in figure II-1. The large value of sales of 6-9 drawer dressers in the \*\*\* price range for U.S. producers is due to \*\*\*.

**Figure II-1**  
**Sales price ranges for two wooden bedroom furniture products produced in the United States and imported from China, 2009**

\* \* \* \* \*

<sup>52</sup> Importers were asked to exclude data for products produced by Markor and Lacquer Craft.

## **ELASTICITY ESTIMATES**

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their prehearing or posthearing briefs.

### **U.S. Supply Elasticity<sup>53</sup>**

The domestic supply elasticity 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 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. In the prehearing report, staff analysis of these factors indicated that U.S. producers had substantial ability to increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 was initially suggested. The AFMC described domestic supply elasticity as far more elastic due to higher inventories and lower capacity utilization levels than in 2004, and due to the high variable cost nature of the industry. Staff is revising its estimate to 5 to 10.

### **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, as well as the component share of the wooden bedroom furniture in the production of any downstream products. Based on the available information in the prehearing report, staff estimated that the aggregate demand for wooden bedroom furniture is likely to be moderately inelastic to moderately elastic; a range of -0.5 to -1.5 was suggested. In their prehearing brief, the AFMC described wooden bedroom furniture as tightly tied to the residential housing demand and new hospitality construction.<sup>54</sup> Noting these points, staff is revising its estimate to -0.5 to -1.0, or moderately inelastic.

### **Substitution Elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>55</sup> 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 wooden bedroom furniture is likely to be in the range of 3 to 6.

## **ECONOMIC JOURNAL ARTICLES**

The Guangdong Furniture Association Trade Committee submitted two economic journal articles that analyzed the effects of the antidumping investigation and order on U.S. imports of wooden bedroom furniture. Both articles, "Intervention analysis of the antidumping investigation on wooden bedroom

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<sup>53</sup> A supply function is not defined in the case of a non-competitive market.

<sup>54</sup> See AFMC's prehearing brief, pp. 8-10.

<sup>55</sup> 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.

furniture imports from China”<sup>56</sup> and “Analysis of Import Demand for Wooden Beds in the U.S.”<sup>57</sup> examine what the authors term “investigation effects.” By this term, the authors mean that one would expect to see three stages of effects from an antidumping investigation and duty order: first, an initial increase in import values when the investigation is announced; second, a decrease in import values when the affirmative preliminary determination is reached; and third, a slower increase in import values if the duties are ineffective.

“Intervention analysis” uses Harmonized Tariff System (HTS) data for import prices (average unit values) and values of wooden beds, and determines that the data show the predicted effects of a rise in Chinese import values upon announcement of the investigation and a fall in Chinese import values upon announcement of the preliminary affirmative determination. However, the final implementation of duties in January 2005 did not generate a negative effect on imports from China. The authors speculate that the lack of significant effects may be due to low duty rates. The authors also found that the antidumping action produced trade diversion effects (i.e., increased imports of wooden bedroom furniture) from six major competing countries (Brazil, Canada, Indonesia, Italy, Malaysia, and Vietnam), but that those effects were smaller than the effects on imports from China.

“Analysis of Import Demand” estimates several price elasticities for Chinese and nonsubject country imports. Again, the data for prices (average unit values) and quantities are drawn from the HTS. The results include the finding that imports from China are relatively price inelastic, i.e., less sensitive to changes in their own prices than imports from other countries are to changes in their own prices. The authors characterize this finding as showing that imports from China are stable regardless of trade intervention policy.

Parties disagreed over how to interpret the articles’ findings. The Guangdong Furniture Association Trade Committee quotes extensively from the authors’ findings, including that low duties have had little effect on imports of Chinese product and imports from nonsubject countries having substituted for imports from China.<sup>58</sup> On the other hand, the AFMC noted that the studies do show an effect from the duties, but that the authors do not examine the 2007 administrative reviews nor look at other relevant data such as those covering the domestic industry’s operations.<sup>59</sup>

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<sup>56</sup> Authors are Yang Wan, Changyou Sun, and Donald Grebner. See prehearing brief of Guangdong Furniture Association Trade Committee, exh. 4.

<sup>57</sup> Authors are Yang Wan, Changyou Sun, and Donald Grebner. See prehearing brief of Guangdong Furniture Association Trade Committee, exh. 5.

<sup>58</sup> See prehearing brief of Guangdong Furniture Association Trade Committee, pp. 14-16.

<sup>59</sup> Hearing transcript, pp. 131-132, and AFMC’s posthearing brief, pp. 43-47. Staff also notes that the authors’ finding that “wooden beds from these countries {China, Brazil, Canada, Indonesia, Malaysia, and Vietnam} are far from perfect substitutes” can be compared to information presented in tables II-5, II-6, and II-7.



# PART III: CONDITION OF THE U.S. INDUSTRY

## OVERVIEW

### Background

Since the Commission's 2004 investigation concerning wooden bedroom furniture from China, the U.S. industry has experienced various changes. Several firms have gone out of business, and there have been numerous plant closings and production curtailments, as well as some plant openings, reopenings, or expansions. Those events are detailed in tables III-1 through III-3.

In the current review, the Commission issued U.S. producer questionnaires to 167 firms identified in the original investigation, or identified by parties in the responses to the notice of institution, as possible producers of wooden bedroom furniture in the United States. Fifty firms (including all known large producers) provided the Commission with completed U.S. producer questionnaires.<sup>1</sup> The list of these firms, each company's position on continuation of the antidumping duty order, headquarters location, related and/or affiliated firms, and share of reported production of wooden bedroom furniture in 2009, is presented in Part I.

### Changes Experienced in Operations

U.S. wooden bedroom furniture producers were asked to indicate whether their firms had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, prolonged shutdowns or production curtailments, revised labor agreements, investments abroad, or any other change in the character of their operations or organization relating to the production of wooden bedroom furniture since 2004. There were several reported changes in wooden bedroom furniture operations since 2004, including two plant openings (\*\*\*) and \*\*\*), as well as one partial plant re-opening (\*\*\*). In addition, \*\*\* reopened a plant formerly closed by another furniture manufacturer, (\*\*\*). Two firms, \*\*\*, reported opening plants in Vietnam. There were 36 wooden bedroom furniture plant closings in the United States since 2004. Tables III-1 through III-3 summarize important industry events that have taken place since 2004.

**Table III-1**

**Wooden bedroom furniture: Plant openings, expansions, and investments abroad since 2004**

\* \* \* \* \*

**Table III-2**

**Wooden bedroom furniture: Company and plant closings, production shutdowns/curtailments, and bankruptcies since 2004**

\* \* \* \* \*

**Table III-3**

**Wooden bedroom furniture: Acquisitions and consolidations since 2004**

\* \* \* \* \*

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<sup>1</sup> Five firms confirmed they have not produced wooden bedroom furniture since 2004; 7 producers provided incomplete data responses; 80 firms did not respond to the Commission's questionnaire; and 25 questionnaires were returned as undeliverable by FedEx.

In addition to the industry events detailed in tables III-1 through III-3, the \*\*\* shifted all remaining production to the \*\*\* facility in \*\*\* in June 2009. Four firms reported revised labor agreements. Twelve firms reported other changes in operations relating to technology or capital investments, including investments in computed numerically controlled (CNC) machinery, finishing lines, routers, saws, sanders, a CRM/ERP system, and a boiler. One firm, \*\*\*, switched from a blended (domestic and import) business to a domestic business for one of its wooden bedroom furniture lines.

### **Anticipated Changes in Operations**

The Commission asked whether domestic producers anticipate any changes in the character of their operations relating to the production of wooden bedroom furniture in the future. Nine producers anticipate changes in the future. Specifically, \*\*\* has replaced some of its wooden bedroom furniture capacity with other products such as entertainment centers and home office furniture, since (as it stated) sales volume has been decreasing and will continue to decrease significantly. \*\*\* reported that it will continue layoffs until the economy improves, but it will keep current machinery and capacity in place. \*\*\* will launch a new marketing strategy that it anticipates will generate an additional \$5 to \$10 million in sales per year. However, capacity will remain the same. \*\*\* reported the opening of a new plant, which will increase production by \*\*\* percent in 2010 and 2011. \*\*\* is slowly increasing production. \*\*\* entered the rent-to-rent market in 2010 and is adding a new finishing method to its manufacturing operations, requiring more durable high pressure laminates and lacquer spraying capabilities. \*\*\* reported plans to sell furniture over the internet in 2011. \*\*\* anticipates purchasing a CNC router in 2011, and \*\*\* will be adding new bedroom collections to its product line to try and improve its overall sales volume, as well as attempting to enter the hospitality market.

The Commission requested that domestic producers provide a copy of their business plans or other internal documents that describe, discuss, or analyze expected future market conditions for wooden bedroom furniture. Two producers submitted information on their business plans, and all other producers stated that they do not have a business plan or any internal documents regarding market conditions for wooden bedroom furniture. \*\*\* business plan indicated that it has a blended manufacturing strategy including a mix of domestic production with production sourced offshore, primarily in \*\*\*. Its domestic production facilities are located in \*\*\*. \*\*\* stated that the unpredictable nature of the economy drives many of the long-term decisions of its company; it stated that furniture manufacturers must plan multiple strategies, then implement the best plan based on the economic conditions that prevail and be willing to change as conditions warrant.

### **Settlement Agreements**

Each year in the anniversary month of an antidumping duty order any domestic interested party can request that Commerce review the entries of subject merchandise from specific exporters/foreign producers covered by the order, and any exporter/foreign producer and any importer can request a review of its own shipments and entries.<sup>2</sup> A request for an administrative review can be withdrawn with no reasons given. Twenty U.S. producers<sup>3</sup> reported that their firms<sup>4</sup> received settlement payments, directly or indirectly, from Chinese producer/exporters or U.S. importers of wooden bedroom furniture from China in connection with an agreement to withdraw a request to initiate, or avoid a request to initiate, an administrative review by Commerce.

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<sup>2</sup> 19 C.F.R. § 351.213(b).

<sup>3</sup> Those firms are \*\*\*.

<sup>4</sup> Including any affiliate, representative, or group to which their firm belongs.

The Commission asked U.S. producers to provide details as to whether they have received any settlement payments since 2004, and to list the amounts and rates from each entity. All 20 producers indicated that \*\*\*. The reported net values of settlement agreement funds received by producers were \$0.3 million in 2006, \$3.4 million in 2007, \$4.4 million in 2008, and \$5.2 million in 2009. The total reported gross settlement amounts received by the AFMC were \$\*\*\* in 2006, \$\*\*\* in 2007, \$\*\*\* in 2008, and \$\*\*\* in 2009. Sixteen firms indicated that their companies \*\*\*. Nineteen firms indicated that they do not have information on individual settlements, including whether payments were received from Chinese suppliers or non-suppliers, or the applicable annual rate of such payments.

One producer, \*\*\*, indicated that amounts of individual settlements are highly confidential. The company further explained that \*\*\*.<sup>5</sup> The AFMC contends that settlement agreements of administrative reviews conducted by Commerce have no relevance to any issue before the Commission.<sup>6</sup> Respondents contend that settlement agreements affect the conditions of competition in the wooden bedroom furniture industry and that payments received by U.S. producers have not been reinvested in domestic production.<sup>7</sup> Another contention is that because of settlements, AFMC members have no incentive to increase their domestic production of wooden bedroom furniture.<sup>8</sup>

### **U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION**

U.S. producers' capacity, production, and capacity utilization data for wooden bedroom furniture are presented in table III-4.<sup>9</sup> Individual producer data can be found in appendix F. Total reported wooden bedroom furniture capacity increased slightly in 2005 and then decreased in each year from 2006-09. U.S. production of wooden bedroom furniture decreased in each year from 2004 to 2009, most notably by 14 percent in 2007 and by 14 percent in 2009. Capacity utilization remained above 71 percent from 2004 to 2006, then dropped to 58 percent by 2009. Much of the decrease in production and production capacity can be attributed to the closing of wooden bedroom furniture plants since 2004.

U.S. producers supporting continuation of the antidumping duty order represented 46 percent of production by quantity in 2004, 45 percent in 2005, 44 percent in 2006, 43 percent in 2007 and 2008, and 41 percent in 2009. U.S. producers supporting continuation of the order represented 64 percent of the value of total shipments in 2004 and 2005, 61 percent in 2006, 60 percent in 2007, 59 percent in 2008, and 55 percent in 2009. Individual producer shares can be found in appendix F.

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<sup>5</sup> \*\*\*.

<sup>6</sup> AFMC's Comments on Draft Questionnaires, June 8, 2010, p. 11.

<sup>7</sup> Furniture Retailers of America (FRA's) Response to the Notice of Institution, June 8, 2010, p. 9.

<sup>8</sup> Vineyard, Home Meridian, and Up Country's comments on the adequacy of substantive responses filed by parties, February 19, 2010, p. 2.

<sup>9</sup> U.S. producer American of Martinsville participated in the original investigation, but did not submit a U.S. producers' questionnaire for this review. The company closed in April 2010 and filed for bankruptcy a month later. According to the AFMC's response to the notice of institution, December 31, 2009, Attachment 11, American of Martinsville's 2008 production capacity was \*\*\* pieces, production was \*\*\* pieces, U.S. commercial shipments and net sales were \*\*\* pieces (\$\*\*\*); its operating income was \$\*\*\*.

**Table III-4**  
**Wooden bedroom furniture: U.S. capacity, production, and capacity utilization, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
Capacity ( <i>pieces</i> )	14,018,999	14,050,004	13,640,803	12,918,768	11,894,272	11,079,849
Production ( <i>pieces</i> )	10,248,027	10,100,968	9,746,303	8,417,946	7,491,611	6,467,592
Capacity utilization ( <i>percent</i> )	73.1	71.9	71.4	65.2	63.0	58.4

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

### Constraints on Capacity

The Commission asked domestic producers to report the constraints on their capacity to produce wooden bedroom furniture. Nineteen producers reported that finishing and/or assembly was a constraint on capacity. The second-largest constraint, reported by 14 producers, was machinery and equipment capacity. Other constraints mentioned by producers were environmental air quality permits, plant size and storage space, and raw material and labor availability.

Twenty-nine firms reported that they are able to switch production between wooden bedroom furniture and other products. Those other products include other wooden case goods, such as dining room furniture, office furniture, and occasional tables. Firms indicated that there would be minimal costs and time involved in switching production to or from wooden bedroom furniture.

Thirty-seven firms reported producing or anticipate producing other products on the same equipment and machinery as in the production of wooden bedroom furniture and using the same production and related workers. In 2009, companies that produced other products on the same equipment as wooden bedroom furniture reported producing 11.5 million pieces of other wooden furniture and 1,900 pieces of other products.

### U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of wooden bedroom furniture are presented in table III-5. The quantity of U.S. producers' U.S. shipments of wooden bedroom furniture declined in each year from 2004 to 2009, and by 37 percent over the entire period. The value of U.S. producers' U.S. shipments also decreased in each year from 2004 to 2009, and by 50 percent over the entire period. The most pronounced declines were in 2007, 2008, and 2009.

U.S. producers were asked to report the approximate percentages of their U.S. shipments in 2009 by type. Thirty-seven producers reported that all of their U.S. shipments in 2009 were solid wood or solid wood veneer<sup>10</sup> wooden bedroom furniture, while seven producers reported that all of their U.S. shipments in 2009 were non-solid wood or non-solid wood veneer<sup>11</sup> wooden bedroom furniture. Three producers reported U.S. shipments of both types in 2009.

<sup>10</sup> 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.

<sup>11</sup> 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.



**Table III-5**  
**Wooden bedroom furniture: U.S. producers' shipments, by types, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Quantity (pieces)</b>						
Commercial shipments	9,991,552	9,894,554	9,472,294	8,203,662	7,176,044	6,279,780
Internal consumption	3,710	4,590	5,609	3,039	4,272	13,165
Transfers to related firms	63,723	54,985	52,294	53,710	56,209	49,679
U.S. shipments	10,058,985	9,954,129	9,530,197	8,260,411	7,236,525	6,342,624
Export shipments	195,765	193,452	248,418	268,402	306,634	244,217
Total shipments	10,254,750	10,147,581	9,778,615	8,528,813	7,543,159	6,586,841
<b>Value (1,000 dollars)</b>						
Commercial shipments	1,465,278	1,390,029	1,221,620	1,030,136	874,787	724,674
Internal consumption	296	298	370	251	386	2,511
Transfers to related firms	25,234	25,265	22,097	20,559	22,283	20,600
U.S. shipments	1,490,808	1,415,592	1,244,087	1,050,946	897,456	747,785
Export shipments	24,636	26,898	28,361	33,507	36,109	27,076
Total shipments	1,515,444	1,442,490	1,272,448	1,084,453	933,565	774,861
<b>Unit value (per piece)</b>						
Commercial shipments	\$146.65	\$140.48	\$128.97	\$125.57	\$121.90	\$115.40
Internal consumption	79.78	64.92	65.97	82.59	90.36	190.73
Transfers to related firms	396.00	459.49	422.55	382.78	396.43	414.66
U.S. shipments	148.21	142.21	130.54	127.23	124.02	117.90
Export shipments	125.84	139.04	114.17	124.84	117.76	110.87
Total shipments	147.78	142.15	130.13	127.15	123.76	117.64
<b>Share of quantity (percent)</b>						
Commercial shipments	97.4	97.5	96.9	96.2	95.1	95.3
Internal consumption	( <sup>1</sup> )	( <sup>1</sup> )	0.1	( <sup>1</sup> )	0.1	0.2
Transfers to related firms	0.6	0.5	0.5	0.6	0.7	0.8
U.S. shipments	98.1	98.1	97.5	96.9	95.9	96.3
Export shipments	1.9	1.9	2.5	3.1	4.1	3.7
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Less than 0.05 percent.						
Note.—Because of rounding, figures may not add to the totals shown.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## U.S. PRODUCERS' INVENTORIES

Table III-6 presents U.S. producers' end-of-period inventories for wooden bedroom furniture.<sup>12</sup> It shows that inventories declined by 8.8 percent from 2004 to 2009. The ratio of inventories to total shipments increased by 6.2 percentage points over the period. The 2004-09 ratios are also slightly higher than during the original investigation where the ratios of inventories to total shipments ranged from 12.8 to 14.0 percent between 2001 and 2003. U.S. producer Vaughan-Bassett indicated that everything it produces goes to inventory and that it carries tens of millions of dollars in inventory,<sup>13</sup> typically over \*\*\*.<sup>14</sup> Stanley and Sandberg also produce for inventory.<sup>15</sup>

**Table III-6**  
**Wooden bedroom furniture: U.S. producers' end-of-period inventories, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
Inventories ( <i>pieces</i> )	1,522,078	1,474,669	1,607,029	1,494,364	1,498,950	1,387,600
Ratio to production ( <i>percent</i> )	14.9	14.6	16.5	17.8	20.0	21.5
Ratio to U.S. shipments ( <i>percent</i> )	15.1	14.8	16.9	18.1	20.7	21.9
Ratio to total shipments ( <i>percent</i> )	14.8	14.5	16.4	17.5	19.9	21.1
Note.—Ratios are calculated using data from producers that provided both inventory data and production or U.S. shipment data.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## U.S. PRODUCERS' IMPORTS

U.S. producers' imports of wooden bedroom furniture are presented in tables III-7, III-8, and III-9. Twenty U.S. producers reported directly importing wooden bedroom furniture from subject Chinese sources. U.S. producers' imports (based on value) accounted for 20 percent of U.S. imports of the subject merchandise from China in 2009, up from 18 percent in 2004.<sup>16</sup> During the original investigation, 26 U.S. producers reported directly importing wooden bedroom furniture from China, and accounted for 33 percent of subject imports.<sup>17</sup>

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<sup>12</sup> Data obtained from U.S. producers concerning inventories, production, and shipments do not reconcile; several producers provided various reasons on why their data do not reconcile.

<sup>13</sup> Hearing transcript, p. 117 (W. Bassett).

<sup>14</sup> \*\*\*.

<sup>15</sup> Hearing transcript, p. 117 (Prillaman and Sandberg).

<sup>16</sup> In 2009, AFMC members' direct imports and purchases of subject merchandise accounted for \*\*\* percent of total subject imports. AFMC's posthearing brief, Answers to Questions from the Commission, p. 3.

<sup>17</sup> The data collected during the original investigation were based on a different data set of U.S. producers than the set collected during this review. See *Wooden Bedroom Furniture from China*, Inv. No. 731-TA-1058 (Final), USITC Publication 3743 (December 2004), p. IV-9.

Nineteen U.S. producers reported directly importing wooden bedroom furniture from Vietnam. U.S. producers' imports from Vietnam (based on value) accounted for 26 percent of U.S. imports of wooden bedroom furniture from Vietnam in 2009, up from 3 percent in 2004.<sup>18</sup>

**Table III-7**

**Wooden bedroom furniture: U.S. producers' direct imports, by source, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Value (\$1,000)</b>						
Imports from:						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China, total	316,391	358,204	390,541	362,982	314,268	158,713
Vietnam	6,153	49,326	98,090	186,118	235,563	214,546
All other countries	160,113	144,188	114,833	101,026	100,249	90,001
Total direct imports	482,657	551,718	603,464	650,125	650,081	463,259
Imports from:						
China (subject)	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***
China, total	65.6	64.9	64.7	55.8	48.3	34.3
Vietnam	1.3	8.9	16.3	28.6	36.2	46.3
All other countries	33.2	26.1	19.0	15.5	15.4	19.4
Total direct imports	100.0	100.0	100.0	100.0	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.						

<sup>18</sup> In 2009, AFMC members' direct imports and purchases from Vietnam accounted for \*\*\* percent of total wooden bedroom furniture imports from Vietnam. AFMC's posthearing brief, Answers to Questions from the Commission, p. 4.

**Table III-8**

**Wooden bedroom furniture: U.S. producers' direct imports of the subject merchandise from China, U.S. producers' U.S. shipments, and ratios of U.S. producers' direct imports from China to total imports from China and to U.S. producers' U.S. shipments, 2004-09**

\*   \*   \*   \*   \*   \*   \*

**Table III-9**

**Wooden bedroom furniture: U.S. producers' direct imports from Vietnam, U.S. producers' U.S. shipments, and ratios of U.S. producers' direct imports from Vietnam to total imports from Vietnam and to U.S. producers' U.S. shipments, 2004-09**

\*   \*   \*   \*   \*   \*   \*

### U.S. PRODUCERS' PURCHASES

Information on U.S. producers' purchases of domestically produced and imported wooden bedroom furniture (other than direct imports) are presented in tables III-10 and III-11. Five producers (\*\*\*) purchased subject merchandise from China during 2004-09.

**Table III-10**

**Wooden bedroom furniture: U.S. producers' purchases, by source, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Value (\$1,000)</b>						
Purchases of imports from:						
China <sup>1</sup>	4,263	2,929	10,203	21,796	59,309	26,491
Vietnam	43	33	2,324	25,583	85,896	37,083
All other countries	7,545	5,547	1,885	4,269	4,403	3,061
Subtotal, imported	11,851	8,509	14,411	51,648	149,609	66,634
Purchases from domestic producers	22,636	19,751	19,220	20,812	16,596	22,928
Purchases from other domestic sources	994	850	869	705	502	445
Subtotal, domestic purchases	23,630	20,601	20,089	21,517	17,098	23,373
Total	35,481	29,110	34,500	73,165	166,707	90,007

Table continued on next page.

**Table III-10–Continued**  
**Wooden bedroom furniture: U.S. producers’ purchases, by source, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Share of total purchases (percent)</b>						
Purchases of imports from:						
China <sup>1</sup>	12.0	10.1	29.6	29.8	35.6	29.4
Vietnam	0.1	0.1	6.7	35.0	51.5	41.2
All other countries	21.3	19.1	5.5	5.8	2.6	3.4
Subtotal, imported	33.4	29.2	41.8	70.6	89.7	74.0
Purchases from domestic producers	63.8	67.8	55.7	28.4	10.0	25.5
Purchases from other domestic sources	2.8	2.9	2.5	1.0	0.3	0.5
Subtotal, domestic purchases	66.6	70.8	58.2	29.4	10.3	26.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> May include purchases of nonsubject imports of wooden bedroom furniture from China.						
Source: Compiled from data submitted in response to Commission questionnaires.						

**Table III-11**  
**Wooden bedroom furniture: U.S. producers’ purchases of imports from China, U.S. shipments, and ratio of purchases of subject imports to the firms’ U.S. shipments, by firm, 2004-09**

\* \* \* \* \*

### U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers (“PRWs”) engaged in the production of wooden bedroom furniture, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this review are presented in table III-12. Employment, in terms of both PRWs and hours worked, decreased between 2004 and 2009 by 55 percent and 53 percent respectively. Hourly wages increased in each year between 2004 and 2008, then declined in 2009 to a level only 3.8 percent above the level in 2004. Productivity, however, increased by 35 percent between 2004 and 2009.

**Table III-12****Wooden bedroom furniture: U.S. producers' employment-related data, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
Production and related workers (PRWs)	20,155	18,740	15,669	13,342	11,062	9,062
Hours worked by PRWs ( <i>1,000 hours</i> )	39,882	36,015	30,565	26,624	22,684	18,617
Hours worked per PRW	1,979	1,922	1,951	1,996	2,051	2,054
Wages paid to PRWs ( <i>1,000 dollars</i> )	486,788	442,471	384,867	342,588	299,002	235,871
Hourly wages	\$12.21	\$12.29	\$12.59	\$12.87	\$13.18	\$12.67
Productivity ( <i>pieces produced per 1,000 hours</i> )	257.0	280.5	318.9	316.0	330.3	347.4
Unit labor costs ( <i>per piece</i> )	\$47.50	\$43.80	\$39.47	\$40.72	\$39.91	\$36.47

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

Workers at four firms, \*\*\*, are represented by a union at their U.S. production facilities. Since 2004, 18 firms<sup>19</sup> or their workers reportedly applied for Trade Adjustment Assistance certification directly related to imports of wooden bedroom furniture from China.

## FINANCIAL CONDITION OF U.S. PRODUCERS

### Background

Forty-eight U.S. producers provided usable financial data on their operations on wooden bedroom furniture during the period examined.<sup>20</sup> Three of the producers also reported internal consumption<sup>21</sup> and eight producers reported transfers to related firms.<sup>22</sup> However, combined internal consumption (\*\*\*) percent of the combined net sales value in 2009) and related company transfers (2.36 percent of the combined net sales value in 2009) were less than 2.7 percent of the combined companies' net sales quantity and value in each of the years 2004-09 (percentages were even lower in the years 2004-08) and thus are not presented separately.

The questionnaire data of Stanley were verified with its company records at its corporate facilities. The verification adjustments were incorporated into this report.<sup>23</sup> The financial data of Stanley were changed to \*\*\*. The adjustments for Stanley resulted in \*\*\*.

<sup>19</sup> Those firms are \*\*\*.

<sup>20</sup> An additional nine U.S. producers, \*\*\*, submitted questionnaire responses. However, their responses were not used because they either contained no financial data or were significantly incomplete. The producers with fiscal year ends other than Dec. 31 are \*\*\*. In summary, 27 producers reported their financial data on a calendar year basis and 21 producers reported financial data on a fiscal year basis.

<sup>21</sup> Firms reporting internal consumption were \*\*\*.

<sup>22</sup> Firms reporting transfers to related firms were \*\*\*.

<sup>23</sup> \*\*\*.

## Operations on Wooden Bedroom Furniture

The combined results of U.S. producers' manufacturing operations on wooden bedroom furniture are presented in table III-13. Based on the table, the quantity sold and the net sales value decreased in every year, contributing to an overall decline in the operating income, from almost \$64 million in 2004 to an operating loss of over \$23 million in 2009, although the annual operating income/losses fluctuated over the period. The ratio of operating income to net sales (operating income margin) also decreased from 4.2 percent in 2004 to a negative (3.1) percent in 2009. Total costs decreased in each year (except 2007 in terms of per-unit total cost). All measures of income decreased from period to period (except in 2005 and 2008), and were all substantially lower in 2009 compared to 2004. Operating income decreased by 137 percent, and the operating income ratio fell by 7.3 percentage points between 2004 and 2009.

An analysis of unit financial data is not presented because there are no reliable uniform measures of quantity, and even if sales quantities were reliable, this analysis would not be useful because of the large product mix. Therefore, no per-unit sales, COGS, and SG&A expenses are presented.<sup>24</sup> A variance analysis is also 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 and cost and sales quantity data available.

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<sup>24</sup> Selected per-unit sales, cost, and operating income (loss) data of the producers on their operations are not presented in this section since value is 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, and there is no uniform measure of quantity); 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, especially the types of bedroom furniture collections, play a major role in the fluctuations of per-unit sales value and cost, unlike industries in which fluctuations in financial results reflect changes in the unit selling prices and costs for virtually the same products. Therefore, unit selling price and cost data are not presented in this section.

Table III-13

## Wooden bedroom furniture: Results of operations of U.S. producers, fiscal years 2004-09

Item	Fiscal year					
	2004	2005	2006	2007	2008	2009
	<b>Quantity (pieces)</b>					
Net sales <sup>1</sup>	10,342,272	10,229,348	9,786,782	8,560,684	7,507,918	6,498,395
	<b>Value (\$1,000)</b>					
Net sales <sup>1</sup>	1,526,945	1,455,871	1,274,309	1,097,469	940,985	774,626
COGS	1,224,373	1,150,836	1,030,197	922,101	799,947	665,675
Gross profit	302,572	305,035	244,112	175,368	141,038	108,951
SG&A expenses	238,645	220,142	198,507	199,865	157,187	132,605
Operating income (loss)	63,927	84,893	45,605	(24,497)	(16,149)	(23,654)
Interest expense	6,326	7,093	11,001	10,973	9,062	7,227
Other expense	12,371	17,934	4,753	21,604	10,790	8,237
CDSOA funds received	0	70	13,625	27,622	31,880	26,135
Other income	4,739	5,324	5,023	9,715	14,721	8,131
Net income (loss)	49,969	65,260	48,499	(19,737)	10,600	(4,852)
Depreciation/amortization	34,836	30,887	27,340	24,545	20,578	19,077
Cash flow	84,805	96,147	75,839	4,808	31,178	14,225
	<b>Ratio to net sales (percent)</b>					
COGS	80.2	79.0	80.8	84.0	85.0	85.9
Gross profit	19.8	21.0	19.2	16.0	15.0	14.1
SG&A expenses	15.6	15.1	15.6	18.2	16.7	17.1
Operating income (loss)	4.2	5.8	3.6	(2.2)	(1.7)	(3.1)
	<b>Number of firms reporting</b>					
Operating losses	20	22	20	25	31	27
Data	45	45	47	45	45	44
<sup>1</sup> The combined internal consumption and transfers were less than 2.7 percent of the combined companies' net sales values in all periods and, therefore, are not shown separately.						
Source: Compiled from data submitted in response to Commission questionnaires.						



Table III-14 presents selected financial data on a company-by-company basis for net sales values, operating income/(loss), and the ratio of operating income/(loss) to net sales value. These data are dominated by \*\*\* producers: \*\*\*. Together, these \*\*\* producers accounted for more than \*\*\* of total net sales values in every period and \*\*\* of the aggregate operating income during the period examined. \*\*\* reported operating income for the entire period.

Twenty U.S. producers reported that they received settlement agreement funds from Chinese producers/exporters and/or U.S. importers of the subject merchandise.<sup>25</sup> The reported net values of settlement agreement funds received were \$0.3 million in 2006, \$3.4 million in 2007, \$4.4 million in 2008, and \$5.2 million in 2009. One producer, \*\*\*, recorded and reported the funds received as net sales revenues, while another producer, \*\*\*, recorded and reported the funds received as part of its general and administrative (“G&A”) expenses as a reduction to total legal expenses.<sup>26</sup> The remaining eighteen producers recorded and reported these funds received as other income and two of them (\*\*\*) reported these funds as part of Continued Dumping and Subsidy Offset Act (“CDSOA”) funds.

\*\*\*<sup>27</sup> \*\*\*<sup>28</sup> \*\*\*<sup>29</sup> \*\*\*<sup>30</sup>

Other companies reported nonrecurring charges<sup>31</sup> and these charges were mainly asset impairment losses, restructuring costs, severance costs/expenses related to plant closings/shutdowns, and inventory and goodwill write-offs.<sup>32</sup>

**Table III-14**  
**Wooden bedroom furniture: Results of operations of U.S. producers, by firm, fiscal years 2004-09**

\* \* \* \* \*

<sup>25</sup> They are \*\*\*.

<sup>26</sup> E-mail, supplemental responses from \*\*\*, August 2, 2010.

<sup>27</sup> E-mails, supplemental responses from \*\*\*, August 2, 9, and 11, 2010.

<sup>28</sup> E-mail, supplemental responses from \*\*\*, August 5, 2010.

<sup>29</sup> E-mail, supplemental responses from \*\*\*, July 28, 2010.

<sup>30</sup> E-mail, supplemental responses from \*\*\*, August 11, 2010.

<sup>31</sup> Some U.S. producers experienced substantial operating losses in 2007-09 due partly to plant closing costs/restructuring charges which resulted from plant shutdowns/closings. These additional expenses were reflected either in COGS as labor costs and other factory overhead, as SG&A expenses, or as other expenses, and effectively increased COGS and SG&A expenses for the periods. Restructuring charges and impairment losses on long-lived assets to be held and used shall be reported as components of income from continuing operations, according to GAAP (Statement of Financial Accounting Standards (SFAS) No. 144, “Accounting for the impairment or disposal of long-lived assets”), with appropriate footnote disclosure. These charges and losses could have many components, such as severance-related costs and write-down of certain fixed assets and inventories which are usually recorded in cost of sales and/or SG&A, or as separate items above the operating income line. The results of operations of a component that has been disposed of or is classified as held for sale may be reported in discontinued operations if the operations of the component have been eliminated from the ongoing operations of the entity as a result of the disposal and the entity will have no significant continuing involvement in the operations of the component after the disposal transaction (SFAS No. 144, para. 42). Furthermore, SFAS No. 146, “Accounting for costs associated with exit or disposal activities,” para. 18 states that “Costs associated with an exit or disposal activity that does not involve a discontinued operation shall be included in income from continuing operations before income taxes...Costs associated with an exit or disposal activity that involves a discontinued operation shall be included in the results of discontinued operations.”

<sup>32</sup> \*\*\*.

## Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development ("R&D") expenses are shown in table III-15. Capital expenditures decreased from 2004 to 2005 and increased substantially in 2006 due mainly to the expenditures of \*\*\*. Capital expenditures decreased continuously thereafter. \*\*\* accounted for the majority of the industry's capital expenditures. R&D expenses fluctuated between 2004 and 2007, and then decreased between 2007 and 2009. \*\*\*,<sup>33</sup> \*\*\*,<sup>34</sup> \*\*\*,<sup>35</sup> \*\*\*,<sup>36</sup> and \*\*\*,<sup>37</sup> had considerable amounts of R&D expenses at one time or another. Capital expenditures, by firm, are presented in table III-16 and some details of the major capital expenditures of certain producers are also described in the footnotes to the table. The majority of the U.S. producers reported capital expenditures while 29 producers reported R&D expenses.

**Table III-15**

**Wooden bedroom furniture: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2004-09**

Item	Fiscal year					
	2004	2005	2006	2007	2008	2009
	Value (\$1,000)					
Capital expenditures: <sup>1</sup>	23,045	22,538	34,251	18,462	15,579	9,581
R&D expenses: <sup>2</sup>	6,942	6,052	7,581	7,195	4,604	3,730
<sup>1</sup> Forty-two producers reported capital expenditures. <sup>2</sup> Twenty-nine producers reported R&D expenses.						
Source: Compiled from data submitted in response to Commission questionnaires.						

**Table III-16**

**Wooden bedroom furniture: Capital expenditures by U.S. producers, by firms, fiscal years 2004-09**

\* \* \* \* \*

### Assets and Return on Investment

U.S. producers were requested to provide data on their assets used in the production and sales of wooden bedroom furniture during the period examined to assess their return on investments ("ROI"). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sale of wooden bedroom furniture. Data on the U.S. producers' total assets and their ROI are presented in table III-17.

While total assets utilized by the U.S. producers in their wooden bedroom furniture operations decreased continuously from 2004 to 2009, due mainly to decreased balances of accounts receivable and

<sup>33</sup> \*\*\*, August 2, 2010.

<sup>34</sup> \*\*\*, August 18 and 17, 2010.

<sup>35</sup> \*\*\*.

<sup>36</sup> \*\*\*, August 11, 2010.

<sup>37</sup> \*\*\*.

inventories which resulted from lower production and sales, as well as some plant closings/shutdowns, the U.S. producers' operating income also decreased considerably during the same period. ROI increased from 6.1 percent of total assets in 2004 to 9.0 percent in 2005, and then decreased in every year thereafter (except 2008 when the operating loss was somewhat lower than in 2007) to a negative (4.4) percent in 2009. The trend of ROI over the period was the same as the trend of the operating loss margin to net sales in table III-13 over the same period.

The value of total assets decreased steadily and substantially between 2004 and 2009 as the original cost ("OC") and net book value ("NBV") of property, plant, and equipment ("PPE") also decreased over the same period. \*\*\*.<sup>38</sup> L. & J.G. Stickley's \*\*\*.<sup>39</sup> \*\*\*.<sup>40</sup> \*\*\*.<sup>41</sup> \*\*\*.<sup>42</sup>

**Table III-15**  
**Wooden bedroom furniture: Value of assets and return on investment of U.S. producers, fiscal years 2004-09**

Item	At end of fiscal year					
	2004	2005	2006	2007	2008	2009
<b>Value of assets:</b>	<b>Value (\$1,000)</b>					
1. Current assets:						
A. Cash and equivalents	54,908	69,821	72,171	91,751	86,879	74,174
B. Trade receivables (net)	216,374	199,512	176,380	140,403	103,278	87,506
C. Inventories	413,232	356,185	325,486	275,912	208,446	159,033
D. All other current	22,403	19,919	31,004	27,904	21,263	32,951
Total current	706,917	645,437	605,041	535,970	419,866	353,664
2. Non-current assets:						
A. Productive facilities <sup>1</sup>	806,166	790,681	698,971	612,452	604,576	550,097
B. Productive facilities (net) <sup>2</sup>	288,139	258,632	240,756	209,566	187,425	165,650
C. Other non-current	46,337	35,589	65,297	20,846	18,580	16,549
Total non-current	334,476	294,221	306,053	230,412	206,005	182,199
<b>Total assets</b>	<b>1,041,393</b>	<b>939,658</b>	<b>911,094</b>	<b>766,382</b>	<b>625,871</b>	<b>535,863</b>
	<b>Value (\$1,000)</b>					
<b>Operating income (loss)</b>	63,927	84,893	45,605	(24,497)	(16,149)	(23,654)
	<b>Ratio of operating income to total assets (percent)</b>					
<b>Return on investment</b>	6.1	9.0	5.0	(3.2)	(2.6)	(4.4)
<sup>1</sup> Original cost of property, plant, and equipment (PPE). <sup>2</sup> Net book value of PPE (original cost less accumulated depreciation).						
Source: Compiled from data submitted in response to Commission questionnaires.						

<sup>38</sup> E-mails, supplemental responses from \*\*\*, August 18 and 17, 2010.

<sup>39</sup> E-mail, supplemental responses from \*\*\*, August 9, 2010.

<sup>40</sup> E-mail, supplemental responses from \*\*\*, August 9, 2010.

<sup>41</sup> E-mail, supplemental responses from \*\*\*, July 27, 2010.

<sup>42</sup> E-mail, supplemental responses from \*\*\*, August 11, 2010.



## **PART IV: U.S. IMPORTS, THE INDUSTRIES IN CHINA AND VIETNAM, AND THE GLOBAL MARKET**

### **U.S. IMPORTS**

#### **Overview**

The Commission issued questionnaires to 148 firms believed to have imported wooden bedroom furniture between 2004 and 2009 as well as to all (163) U.S. producers of wooden bedroom furniture. One hundred four firms<sup>1</sup> provided data and information in response to the questionnaires, while 21 firms indicated that they had not imported wooden bedroom furniture during the period for which data were collected.<sup>2</sup> U.S. import data are based on official Commerce statistics for imports of wooden bedroom furniture and on proprietary Customs data.<sup>3</sup> Firms responding to the Commission's questionnaire accounted for \*\*\* percent of the subject U.S. imports of wooden bedroom furniture from China and for \*\*\* percent of U.S. imports of wooden bedroom furniture from other sources in 2009.<sup>4</sup>

#### **Imports from Subject and Nonsubject Countries**

Table IV-1 presents data for U.S. imports of wooden bedroom furniture from China and all other sources. Imports of wooden bedroom furniture from subject Chinese sources increased somewhat from 2004 to 2006, then decreased from \$\*\*\* in 2006 to \$\*\*\* in 2009, or by \*\*\* percent. Imports from Vietnam have increased markedly, increasing by 341 percent since 2004, and capturing nearly 32 percent of the share of all imports in 2009. Other leading sources of nonsubject imports in 2009 were Malaysia (10 percent of total imports) and Indonesia (8 percent of total imports).

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<sup>1</sup> Of the 104 responding U.S. importers, usable questionnaire data were received from 98 importers.

<sup>2</sup> Fifty questionnaires were returned as undeliverable by Fedex, and 136 firms did not respond to the Commission's questionnaire. Large importers that failed to respond include \*\*\*. \*\*\* importer questionnaire was returned by FedEx as undeliverable.

<sup>3</sup> Official import statistics presented for wooden bedroom furniture are collected under two HTS statistical reporting numbers: 9403.50.9040 (wooden beds of a kind used in the bedroom) and 9403.50.9080 (wooden furniture of a kind used in the bedroom not elsewhere classified). The scope mentions four HTS subheadings and statistical reporting numbers; however, most of the subject imports enter under 9403.50.9040 and 9403.50.9080. The third number, HTS subheading 9403.90.70, contains, among other items, certain metal furniture parts and certain unfinished furniture parts made of wood products. The fourth number, HTS subheading 7009.92.50, is a residual or "basket" category for larger, framed glass mirrors. It contains, among other items, framed glass mirrors of a kind used in the bedroom. To the extent that subject imports enter under the latter subheadings, import data may be slightly understated. U.S. Customs and Border Protection (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.

<sup>4</sup> Coverage was calculated using the value of subject U.S. imports from China reported by responding U.S. importers in 2009 (\$308.815 million from China and \$1.097 billion from nonsubject sources) compared to the value from proprietary Customs data (\$\*\*\* from China and \$\*\*\* from nonsubject sources).

**Table IV-1**  
**Wooden bedroom furniture: U.S. imports, by sources, 2004-09**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Value (1,000 dollars)<sup>1</sup></b>						
China (subject)	***	***	***	***	***	***
Nonsubject:						
China (nonsubject)	***	***	***	***	***	***
Vietnam	190,393	462,805	587,387	813,931	952,537	839,136
All other sources	1,489,002	1,592,766	1,391,358	1,208,461	1,094,591	1,062,414
Subtotal, nonsubject	***	***	***	***	***	***
Total	3,185,475	3,764,811	3,794,948	3,613,016	3,196,269	2,655,854
<b>Share of value (percent)</b>						
China (subject)	***	***	***	***	***	***
Nonsubject:						
China (nonsubject)	***	***	***	***	***	***
Vietnam	6.0	12.3	15.5	22.5	29.8	31.6
All other sources	46.7	42.3	36.7	33.4	34.2	40.0
Subtotal, nonsubject	***	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Landed, duty-paid. Note.—Because of rounding, figures may not add to the totals shown. Source: Compiled from official Commerce statistics 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<sup>5</sup> but not for other wooden bedroom furniture. Therefore, value and unit values can only be presented for wooden beds.

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<sup>5</sup> 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.

**Table IV-2**  
**Wooden beds: U.S. imports, by sources, 2004-09<sup>1</sup>**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Quantity (pieces)</b>						
China <sup>2</sup>	3,128,129	3,516,084	3,841,124	3,630,694	2,786,546	2,191,856
Nonsubject:						
Vietnam	549,639	1,476,722	1,961,666	2,605,941	3,182,400	2,946,097
All other sources	3,836,133	4,472,984	3,986,051	3,475,198	3,321,960	3,403,804
Subtotal, nonsubject	4,385,772	5,949,706	5,947,717	6,081,139	6,504,360	6,349,901
Total	7,513,901	9,465,790	9,788,841	9,711,833	9,290,906	8,541,757
<b>Value (1,000 dollars)<sup>3</sup></b>						
China <sup>2</sup>	480,462	539,464	581,552	547,162	418,095	288,142
Nonsubject:						
Vietnam	71,121	177,768	211,061	290,574	357,797	327,729
All other sources	428,062	517,330	457,876	425,935	405,376	374,462
Subtotal, nonsubject	499,182	695,098	668,937	716,509	763,172	702,190
Total	979,645	1,234,562	1,250,489	1,263,670	1,181,267	990,332
<b>Unit value (per piece)</b>						
China <sup>2</sup>	\$153.59	\$153.43	\$151.40	\$150.70	\$150.04	\$131.46
Nonsubject:						
Vietnam	129.40	120.38	107.59	111.50	112.43	111.24
All other sources	111.59	115.66	114.87	122.56	122.03	110.01
Subtotal, nonsubject	113.82	116.83	112.47	117.82	117.33	110.58
Total	130.38	130.42	127.75	130.12	127.14	115.94
<p><sup>1</sup> Official import statistics for beds, as classified under HTS statistical reporting number 9403.50.9040 (wooden beds of a kind used in the bedroom). 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.</p> <p><sup>2</sup> Includes imports produced and exported by nonsubject firms Lacquer Craft and Markor Tianjin.</p> <p><sup>3</sup> Landed, duty-paid.</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from official Commerce statistics.</p>						

### U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2009

The Commission requested importers to indicate whether they imported or arranged for the importation of wooden bedroom furniture from China for delivery after December 31, 2009. Seventy importers responded that they have imported or arranged for the imports of wooden bedroom furniture

from China<sup>6</sup> after December 31, 2009. Data on U.S. importers' actual and arranged imports in 2010 are presented in the following tabulation.<sup>7</sup>

Item	2010				
	Jan.-Mar.	Apr.-Jun.	July-Sept.	Oct.-Dec.	Total
Quantity ( <i>pieces</i> )	1,478,500	1,649,066	684,330	342,951	4,154,847
Value (\$1,000)	123,234	141,678	91,319	52,150	408,381

### U.S. IMPORTERS' INVENTORIES

Table IV-3 presents data for inventories of U.S. imports of wooden bedroom furniture from China and all other sources held in the United States.<sup>8</sup> No Chinese producer reported maintaining any inventories of wooden bedroom furniture in the United States since 2004.

### ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

There are no known antidumping duty investigations or determinations on wooden bedroom furniture in any other country.

**Table IV-3**  
**Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports, by source, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Imports from China (subject):</b>						
Inventories ( <i>pieces</i> )	1,341,429	1,529,915	1,675,197	1,474,293	1,323,861	1,100,214
Ratio to U.S. imports <sup>1</sup>	37.1	27.7	29.3	25.9	30.3	37.8
Ratio to U.S. shipments of imports <sup>1</sup>	36.9	29.0	29.0	25.8	29.4	37.9
<b>Imports from China (nonsubject):</b>						
Inventories ( <i>pieces</i> )	***	***	***	***	***	***
Ratio to U.S. imports <sup>1</sup>	***	***	***	***	***	***
Ratio to U.S. shipments of imports <sup>1</sup>	***	***	***	***	***	***

Table continued on next page.

<sup>6</sup> May include imports from nonsubject Chinese sources.

<sup>7</sup> Data in the tabulation are based on usable questionnaire data from 64 U.S. importers.

<sup>8</sup> Data obtained from U.S. importers concerning inventories, imports, and shipments do not reconcile; several importers provided various reasons on why their data do not reconcile.



**Table IV-3--Continued**  
**Wooden bedroom furniture: U.S. importers' end-of-period inventories of imports, by source, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Imports from Vietnam:</b>						
Inventories ( <i>pieces</i> )	247,868	378,427	676,594	848,123	1,037,252	1,004,780
Ratio to U.S. imports <sup>1</sup>	31.9	20.5	24.4	19.2	20.3	18.4
Ratio to U.S. shipments of imports <sup>1</sup>	38.6	26.8	31.2	22.8	24.5	22.5
<b>Imports from all other sources:</b>						
Inventories ( <i>pieces</i> )	***	***	***	***	***	***
Ratio to U.S. imports <sup>1</sup>	***	***	***	***	***	***
Ratio to U.S. shipments of imports <sup>1</sup>	***	***	***	***	***	***
<b>Imports from all sources:</b>						
Inventories ( <i>pieces</i> )	2,128,540	2,589,899	3,165,785	3,159,227	3,181,817	2,845,065
Ratio to U.S. imports <sup>1</sup>	25.7	21.5	24.8	21.7	23.3	21.7
Ratio to U.S. shipments of imports <sup>1</sup>	26.4	22.8	25.4	22.8	25.1	24.1
<sup>1</sup> In percent.						
Note.—Ratios are calculated using data from importers that provided both inventory information and import and/or import shipment information.						
Source: Compiled from data submitted in response to Commission questionnaires.						

## THE INDUSTRY IN CHINA

### Overview

At the time of the Commission's original investigation, usable questionnaire responses were received from 154 firms estimated to account for approximately 62 percent of Chinese exports of the subject merchandise to the United States in 2003. The responding Chinese producers<sup>9</sup> reported shipments of 8.6 million pieces of wooden bedroom furniture, of which 6.6 million, or 77 percent, were exported to the United States.

<sup>9</sup> These did not include nonsubject Chinese producers Lacquer Craft or Markor Tianjin.

## Wooden Bedroom Furniture Operations

In this review, the Commission submitted foreign producer questionnaires to 176 Chinese firms<sup>10</sup> believed to produce and/or export wooden bedroom furniture. Questionnaire responses were received from 36 Chinese producers (35 questionnaires contained usable data) that are believed to account for \*\*\* percent of Chinese exports of wooden bedroom furniture to the United States in 2009.<sup>11 12</sup> 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 less than one percent to 80 percent.

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 2004. Seven producers reported plant openings, eight reported plant closings, five reported expansions, one reported an acquisition, and ten reported shutdown or production curtailments. Four producers reported moving their wooden bedroom furniture production to other countries since 2004. \*\*\* moved production to Malaysia and \*\*\* moved production to Thailand. \*\*\* reported moving all types of wooden furniture production, including wooden bedroom furniture, to Vietnam because the production cost in Vietnam is far lower than in China. \*\*\* also reported building a factory in Vietnam in 2006 because of lower production costs than in China.

Information on reported Chinese producers' production capacity, production, shipments, and inventories are presented in table IV-4.<sup>13</sup> The data show increases in capacity in each year from 2004 to 2006; capacity then declined in 2007-09, resulting in a 21 percent decrease over the 2004-09 period.<sup>14</sup> Thirty-two Chinese producers reported producing or anticipate producing other products using the same machinery and equipment or using the same production and related workers used to produce wooden bedroom furniture.

Production and total shipments also followed a similar pattern to reported capacity, declining in 2007 after a period of growth in each year since 2004. Production decreased by 24 percent over the period, and total shipments decreased by 22 percent. Inventories decreased from 2004 to 2009 by eight percent. The responding Chinese wooden bedroom furniture producers are highly export-oriented. In

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<sup>10</sup> The Commission attempted to submit foreign producer questionnaires to 274 Chinese firms via fax or e-mail; however, the Commission was unable to transmit the questionnaires to 98 of these firms due to busy or out-of-service fax numbers and/or undeliverable e-mail addresses.

<sup>11</sup> Coverage was calculated based on Dalian Huafeng's response that its exports to the United States (\*\*\* pieces) represented \*\*\* percent of total Chinese exports to the United States in 2009, and Guangdong Yihua's response that its exports to the United States (\*\*\* pieces) represented \*\*\* percent of total Chinese exports to the United States in 2009. According to Global Trade Atlas data, China exported 7,379,891 pieces of wooden bedroom furniture to the United States in 2009. The total pieces of wooden bedroom furniture exported to the United States, as reported by 35 Chinese questionnaire responses, totaled 1,690,066 in 2009.

<sup>12</sup> Responses did not include nonsubject Chinese producers Lacquer Craft or Markor Tianjin.

<sup>13</sup> In its prehearing brief, the GuangDong Furniture Association provided summary data of 55 Chinese producers for which questionnaire responses were not submitted to the Commission. Twenty-two foreign producers' questionnaires that were included in the summary data of 55 firms were subsequently submitted to the Commission. The quantity of 2009 production capacity of the remaining 33 firms is 1,850,073 pieces; the production is 1,539,357 pieces; and exports to the United States are 555,664 pieces.

<sup>14</sup> Petitioners contend that several of the large Chinese producers reported unreliable capacity and capacity utilization data because \*\*\*. Domestic interested parties' prehearing brief, p. 45-46. In addition, \*\*\* did not report capacity or capacity utilization data in 2004-06 because they were not available; its capacity utilization rate in 2007-09 was over 100 percent because it reported capacity without overtime labor. \*\*\* stated that it incurred significant overtime in 2007-09 and that it cannot easily add more overtime/capacity to produce wooden bedroom furniture.

2009, 84 percent of their total shipments were exports, and 72 percent of their total shipments were exports to the United States. Twenty-two producers reported that all of their exports to the United States in 2009 were solid wood or solid wood veneer<sup>15</sup> wooden bedroom furniture, while three foreign producers reported that all of their exports to the United States in 2009 were non-solid wood or non-solid wood veneer<sup>16</sup> wooden bedroom furniture. Six producers reported exports to the United States of both types in 2009.

**Table IV-4**  
**Wooden bedroom furniture: China's reported capacity, production, and shipments, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Quantity (pieces)</b>						
Capacity	3,371,222	4,006,421	4,663,799	4,418,259	3,601,271	2,675,300
Production	2,979,703	3,617,852	4,321,014	3,923,129	3,201,957	2,273,360
End-of-period inventories	399,168	396,535	397,403	413,211	422,293	366,050
Shipments:						
Internal consumption/transfers	7,061	7,967	6,624	6,819	7,156	6,553
Home market	273,525	306,634	511,098	375,139	467,593	378,634
Exports:						
United States	2,520,320	3,043,871	3,485,004	3,233,120	2,431,322	1,690,066
European Union	113,214	114,342	137,500	132,105	131,722	124,648
Asia	49,885	49,528	56,083	40,236	43,606	50,322
All other markets	40,718	111,319	132,303	115,430	138,856	84,583
Total exports	2,724,137	3,319,060	3,810,890	3,520,891	2,745,506	1,949,619
Total shipments	3,004,723	3,633,661	4,328,612	3,902,849	3,220,255	2,334,806
<b>Ratios and shares (percent)</b>						
Capacity utilization	88.4	90.3	92.7	88.8	88.9	85.0
Inventories/production	13.4	11.0	9.2	10.5	13.2	16.1
Inventories/shipments	13.3	10.9	9.2	10.6	13.1	15.7

Table continued on next page.

<sup>15</sup> 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.

<sup>16</sup> 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.

**Table IV-4--Continued****Wooden bedroom furniture: China's reported capacity, production, and shipments, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Ratios and shares (percent)</b>						
Share of total shipments:						
Internal consumption/transfers	0.2	0.2	0.2	0.2	0.2	0.3
Home market	9.1	8.4	11.8	9.6	14.5	16.2
Exports:						
United States	83.9	83.8	80.5	82.8	75.5	72.4
European Union	3.8	3.1	3.2	3.4	4.1	5.3
Asia	1.7	1.4	1.3	1.0	1.4	2.2
All other markets	1.4	3.1	3.1	3.0	4.3	3.6
Total exports	90.7	91.3	88.0	90.2	85.3	83.5
Source: Compiled from data submitted in response to Commission questionnaires.						

Chinese producers' reported production capacity, production and capacity utilization for other wooden furniture produced on the same equipment as wooden bedroom furniture is listed in table IV-5.

**Table IV-5****Other wooden furniture produced on the same equipment as wooden bedroom furniture: China's reported capacity, production, and capacity utilization, 2004-09**

Item	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Quantity (pieces)</b>						
Capacity	5,731,559	5,672,018	7,944,105	7,577,213	5,219,672	3,758,845
Production	5,374,820	5,454,522	7,287,847	7,102,648	4,533,191	2,994,741
Capacity utilization (percent)	93.8	96.2	91.7	93.7	86.8	79.7
Source: Compiled from data submitted in response to Commission questionnaires.						

The Commission asked Chinese producers to report the constraints on their capacity to produce wooden bedroom furniture. The largest constraint on capacity was related to labor, including the availability of skilled labor, rising labor costs, and limits under China's labor laws. In addition, several producers cited an insufficient supply of electrical power and the appreciation of China's currency as top constraints on capacity. Other reported constraints on capacity were similar to those reported by U.S. producers, including machinery and equipment, finishing and/or assembly, plant size, and raw material availability and cost increases.

Twenty-seven Chinese producers reported that they are able to switch production between wooden bedroom furniture and other products. Most producers indicated minimal cost and time involved

with switching production. Three producers indicated that it would take significant time and cost, ranging from \$500,000 to \$1 million, and between 15 days and three months. In 2009, Chinese producers reported the capacity to produce 6 million<sup>17</sup> pieces of other wooden furniture, and exported 1.9 million pieces of other wooden furniture to the United States.

### Top Chinese Exporters and Applicable Antidumping Duty (Cash Deposit) Rates

Table IV-6 presents the largest Chinese exporters to the United States from 2004-09 and the antidumping duty rates applicable to each exporter.

**Table IV-6**  
**Wooden bedroom furniture: Largest Chinese exporters and applicable duty rates, 2004-09**

\* \* \* \* \*

### CHINA'S WOODEN FURNITURE INDUSTRY

Most of the public-source information acquired by Commission staff about China's furniture industry encompasses all types of wooden furniture and is not specific to the wooden *bedroom* furniture industry.<sup>18</sup> According to the \*\*\* report,<sup>19</sup> \*\*\*.<sup>20</sup> Exports are forecast to account for \*\*\* percent of industry revenue in 2010, \*\*\*. The strong export performance is mainly the result of \*\*\*; the top five producers<sup>21</sup> hold a combined market share of \*\*\* percent of total industry revenue in 2010. It estimates that there are expected to be over \*\*\* enterprises operating in the wooden furniture industry in 2010.

### THE INDUSTRY IN VIETNAM

There are about 1,500 medium to large furniture manufacturers in Vietnam, with about 250 of them being foreign direct investments.<sup>22</sup> The Vietnam furniture industry is export-oriented, with 65 percent of total production being exported.<sup>23</sup> U.S. imports of wooden bedroom furniture from Vietnam rose from \$190 million to \$839 million during 2004-09, surpassing U.S. imports from China, which fell from \$1.5 billion to \$754 million. By contrast, in the EU market, China became the top non-EU supplier, passing Brazil, as EU imports from China more than tripled during 2004-09, from \$103 million to \$374 million. Meanwhile, EU imports from Vietnam grew from \$31 million to \$68 million, with Vietnam

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<sup>17</sup> Total capacity to produce other wooden furniture differs from the other wooden furniture capacity reported in table IV-5 because this figure includes reported capacity for all other wooden furniture, regardless of whether it can be produced on the same equipment as wooden bedroom furniture.

<sup>18</sup> China exported \$6.5 billion of all types of wooden furniture in 2009 (IBISWorld Wood Furniture Manufacturing in China report summary, <http://www.ibisworld.com.cn/industry/default.aspx?indid=230>, retrieved on August 31, 2010) and \$2.1 billion of wooden bedroom furniture (Global Trade Atlas, HS subheading 9403.50).

<sup>19</sup> \*\*\*.

<sup>20</sup> Wood furniture manufacturing is makes up \*\*\* of the Chinese furniture sector at \*\*\* percent.

<sup>21</sup> \*\*\*.

<sup>22</sup> George Tsai, Chairman of Fairmont Designs, estimated that there are 180 factories in Vietnam, and identified ten factories that were producing wooden bedroom furniture in China in 2004 that have since moved to Vietnam to set up factories. He stated that the Vietnamese government does not allow companies to ship old equipment from China to Vietnam, so the firms must build new facilities. Hearing transcript, p. 235 (Tsai).

<sup>23</sup> "Vietnam. The Furniture Industry", found at <http://www.worldfurnitureonline.com/showPage.php?template=reports&id=2676>, retrieved on October 18, 2010.

ranking as the fourth-leading non-EU supplier to the EU market in 2009, trailing China, Brazil, and Malaysia.

The top exporters of wooden bedroom furniture from Vietnam to the United States are listed in the following tabulation:

\* \* \* \* \*

\*\*\* is headquartered in Malaysia \*\*\*.<sup>24</sup> \*\*\* Malaysian \*\*\*.<sup>25</sup> \*\*\* Chinese producers/exporters headquartered in Taiwan<sup>26</sup> \*\*\*. \*\*\*, a Taiwanese company, \*\*\*.<sup>27</sup> \*\*\*.<sup>28</sup> \*\*\*.<sup>29</sup> \*\*\*.

## GLOBAL MARKET

### Production Capacity and Import Competition

Chinese producers were asked to describe their home market. Many described a competitive market with thousands of producers (although some are small and only sell “down the street”<sup>30</sup>). For example, \*\*\* stated that there are over 50,000 furniture producers in China, with about 60 percent producing wooden furniture and 40 percent producing non-wooden furniture. It added that no one producer accounted for more than one percent of total Chinese sales. \*\*\* stated that there are over 3,000 “American style” furniture producers in China. It described smaller factories as having invested less in machinery and equipment, allowing lower prices than the larger producers, but also producing lower-quality product. Twenty-five Chinese producers stated that they do not face import competition in the Chinese market (with four explaining that they do not sell in the Chinese market) while four stated they did, citing imports from the United States, Indonesia, Italy, Germany, Malaysia, and Vietnam. \*\*\* added that the Chinese market does have some imported European brands.

Chinese producers were also asked about the effect of Vietnamese product on world markets. Multiple Chinese producers described Vietnamese product as being lower-priced and sometimes lower quality, but a challenge to Chinese product due to lower Vietnamese labor costs. \*\*\* stated that Vietnamese producers generally produce lower quality product than it produces. Eleven Chinese producers attributed Vietnamese product being sold at lower prices than Chinese product in world markets to lower material and labor costs in Vietnam. \*\*\* described Vietnamese product prices as lower than prices for product from China, Indonesia, and Malaysia. However, three Chinese producers stated that their firms were not affected by exports of wooden bedroom furniture from Vietnam, and \*\*\* described Vietnamese product as not having a presence internationally except in the U.S. market.

Regarding competition with product from other countries, \*\*\* described European firms including IKEA as major competitors to Chinese producers in the area of panel-based contemporary furniture. It elaborated that IKEA produces such product in both Asia and Europe, and exports product to the East Coast of the United States from Europe, from where it does not face any duty order. It added that it expected increased demand for Chinese-produced panel-based wooden bedroom furniture in the Chinese home market for cost and service reasons (with the concept of self-assembly still not commonly

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<sup>24</sup> \*\*\*.

<sup>25</sup> \*\*\*.

<sup>26</sup> \*\*\*.

<sup>27</sup> \*\*\*.

<sup>28</sup> \*\*\*.

<sup>29</sup> \*\*\*.

<sup>30</sup> See questionnaire response of \*\*\*.

accepted in China). It stated that the VDMA (German Woodworking Machinery Association) has reported a continued increase in exports to China of furniture-making machines, despite the economic downturn since 2008. It added that while European producers continue to be strong in the area of panel furniture production, in areas requiring more manual work (e.g., flat panels with veneer overlays), Asian manufacturers are making inroads into European markets.

### Consumption

Importers City Furniture and Fairmont described the Chinese furniture market as consisting of a large segment that buys flat-pack, ready-to-assemble furniture and a growing upper-middle-class market that buy American-style furniture at much higher (than U.S.) retail prices (due to high retail mark-ups).<sup>31</sup>

More broadly, U.S. producers, importers, and purchasers were asked how demand outside the United States had changed since January 1, 2004. While most producers did not follow demand trends outside the United States, three firms stated that it had decreased, one stated that it had increased (due to economic growth in the developing world), ten stated that it had fluctuated (due to macroeconomic trends), and six stated that it had stayed the same. \*\*\* said that while it had heard that Chinese demand had risen, Chinese production had risen even faster.

Eight U.S. producers anticipated that foreign demand would increase, six anticipated no change in foreign demand, and nine anticipated fluctuating foreign demand. Factors cited included worldwide economic conditions (with producers having different predictions of future growth) and the expansion of the middle class in developing countries.

Although many importers expressed a lack of information about markets outside the United States, seven saw foreign demand as having increased, 16 saw foreign demand as having fluctuated, 10 saw foreign demand as having decreased, and 14 saw no change. These importers generally saw international conditions as similar to U.S. economic conditions, though \*\*\* saw foreign fluctuations as less severe than U.S. fluctuations.

Eighteen importers anticipated that foreign demand would fluctuate, 16 saw it increasing, and 19 predicted no change. Importers offered different predictions for European recovery with \*\*\* anticipating growth while \*\*\* expecting little European growth. \*\*\* anticipated more demand growth in the developing world than in the developed world, and \*\*\* foresaw increased demand from China.

Twenty-two Chinese producers stated that demand for wooden bedroom furniture in the Chinese market had increased since 2004, and 24 Chinese producers anticipated a continued increase, citing rising wages and standards of living. Three Chinese producers stated that Chinese demand had fluctuated, and one of those three focuses on the hospitality market. Three Chinese producers reported no change in Chinese demand, and three did not anticipate any change in Chinese demand.

Chinese producers' responses diverged more over third-country markets (beyond the United States and China), with 8 stating that third-country demand had increased, 10 stating that it had fluctuated, 1 stating that it had decreased, and 11 stating that it had not changed since 2004. Ten Chinese producers anticipated that third-country demand would increase, 10 anticipated that it would fluctuate, and 10 anticipated no change.

U.S. purchasers generally expressed little knowledge of foreign demand changes since 2004. Among those that did, seven reported fluctuating foreign demand, five reported no change, three reported an increase, and one reported a decrease. Some purchasers stated their belief that foreign demand follows the same global economic trends as does U.S. demand. \*\*\* indicated that domestic Chinese consumption has risen. \*\*\* stated that for hospitality furniture, demand rose faster, fell faster, and is recovering faster in the Asia Pacific region and the Middle East than in the United States.

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<sup>31</sup> Hearing transcript, pp. 217-218, 263-264 (K. Koenig and Tsai).

Nine purchasers anticipated an increase in foreign demand for wooden bedroom furniture, nine anticipated no change, and six anticipated fluctuating foreign demand. Purchasers often expected foreign demand to follow international economic trends, and several expected more growth in Chinese consumption.

### Exports

Table IV-7 presents world exports of wooden bedroom furniture from 2004 to 2009.<sup>32</sup> Global exports of wooden bedroom furniture grew by 29 percent during 2004-09, from \$3.5 billion to \$4.5 billion. China was the leading world supplier of wooden bedroom furniture in each year during 2004-09. China's exports rose by 82 percent during the period, from \$1.2 billion to \$2.1 billion. Its share of total world exports increased from 33 percent to 47 percent. Exports from Malaysia, the third-leading supplier after the EU, more than doubled, increasing from \$170 million to \$386 million. Its share of total exports expanded from 5 percent to 9 percent. Countries with the sharpest declines in world market share during 2004-09 were Canada (from 11 percent to 2 percent) and Brazil (from 9 percent to 5 percent).

**Table IV-7**  
**Wooden bedroom furniture: World exports, 2004-09**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<i>Value (million dollars)</i>						
China	1,152	1,423	1,835	2,121	2,185	2,098
EU 27 (external trade)	738	691	747	929	1,075	830
Malaysia	170	210	269	278	396	386
Brazil	307	311	288	288	290	234
United States	105	126	128	148	188	172
Indonesia	135	162	191	184	195	160
Turkey	35	45	59	85	125	143
Canada	395	363	295	225	156	111
All other	454	539	523	740	534	367
Total exports	3,492	3,870	4,335	4,999	5,143	4,501
Source: Compiled from Global Trade Atlas, HS 9403.50 "Bedroom Furniture, Wooden, Nes." Retrieved September 10, 2010.						

<sup>32</sup> Vietnam does not report its exports to the United Nations or to the Global Trade Atlas and therefore is not listed as a leading exporter of wooden bedroom furniture in table IV-7. However, in examining imports reported by the United States and the EU, it is evident that Vietnam is likely the world's second-leading exporter of wooden bedroom furniture.



The AFMC's prehearing brief (p. 51 and exh. 33) indicates that the Chinese Government increased the value added tax ("VAT") export rebate on most furniture, including wooden bedroom furniture, from 9 percent to 11 percent effective November 1, 2008; to 13 percent effective December 1, 2008; and to 15 percent effective June 1, 2009.<sup>33</sup>

### Imports

Table IV-8 presents world imports of wooden bedroom furniture from 2004 to 2009. Global imports of wooden bedroom furniture increased by 10 percent during 2004-09, from \$4.5 billion to \$5.0 billion. The United States was the leading importing nation each year during 2004-09. Despite peaking at \$3.2 billion in 2006, U.S. imports declined by 14 percent during 2004-09, from \$2.7 billion to \$2.3 billion. By contrast, imports of wooden bedroom furniture by the rest of the world grew by 47 percent during 2004-09, from \$1.8 billion to \$2.7 billion. The U.S. share of total imports declined from 60 percent in 2004 to 47 percent. EU imports more than doubled during 2004-09, from \$450 million to \$908 million, with the EU increasing its share of world imports from 10 percent to 18 percent during the period.

**Table IV-8**  
**Wooden bedroom furniture: World imports, 2004-09**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<i>Value (million dollars)</i>						
United States	2,723	3,162	3,213	3,071	2,707	2,329
EU 27 (external trade)	450	523	640	871	1,007	908
Canada	188	228	284	304	327	287
Switzerland	189	196	208	251	256	232
Australia	91	116	145	183	206	189
Japan	142	153	162	160	171	164
Russia	53	58	81	104	133	107
Hong Kong	89	90	79	78	75	74
Korea	30	46	71	89	90	65
China	11	14	17	41	56	48
Norway	30	33	37	50	55	48

Table continued on next page.

<sup>33</sup> *Circular of the MOF and the SAT Regarding Increasing Export Rebates on Certain Commodities*, CaiShui {2008} No. 138 (October 21, 2008); *Circular of the MOF and the SAT Regarding Increasing Export Rebates on Labor-Intensive Products*, CaiShui {2008} No. 144 (November 7, 2008); and *Circular of the MOF and the SAT Regarding Further Increasing Export Rebates on Certain Commodities*, CaiShui {2009} No. 88 (June 3, 2009), p. 51 and exh. 33 of the AFMC's prehearing brief.

**Table IV-8--Continued**  
**Wooden bedroom furniture: World imports, 2004-09**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<i>Value (million dollars)</i>						
Kazakhstan	17	21	37	58	54	46
All other	514	645	705	969	923	487
Total imports	4,528	5,287	5,680	6,227	6,060	4,983
Source: Compiled from Global Trade Atlas, HS 9403.50 "Bedroom Furniture, Wooden, Nes." Retrieved September 10, 2010.						

### Prices

Producers and importers were asked to compare market prices of wooden bedroom furniture in the United States and in non-U.S. markets. Most producers had no knowledge of pricing in other countries. \*\*\* reported that prices in the United States and other developed countries were similar. However, \*\*\* reported that a solid pine loft or bunk bed cost \$999 in Canada but \$799 in the United States. Similarly, only 17 importers had any knowledge of U.S. and foreign market pricing. \*\*\* described Asian product (especially Chinese, Malaysian, and Vietnamese product) as less expensive than U.S. product. However, \*\*\* described prices in U.S. and non-U.S. markets as similar. \*\*\* stated that non-U.S. prices, especially in the Middle East, are generally higher than U.S. prices, in part because order sizes are smaller. \*\*\* distinguished high-end product, which it said was usually higher-priced in the United States, and low-end product, which it said was usually lower-priced in the United States because of imports from Italy, Brazil, Malaysia, and Vietnam. However, \*\*\* stated that high-end hotel wooden bedroom furniture is higher-priced outside the United States than in the United States. Additionally, \*\*\* stated that Canadian prices are 20 percent higher than U.S. prices due to currency issues.

Among Chinese producers, three stated that wooden bedroom furniture prices for product sold in China are lower than the prices of product sold in the United States, with one stating that transportation costs explained the difference. Four Chinese producers described prices in China as higher than U.S. prices. \*\*\* stated that its f.o.b. China prices are the same for product sold anywhere in the world. Many other Chinese producers stated that comparisons were difficult either because they had no Chinese sales or because the products sold in different national markets were not comparable. Seven Chinese producers stated that their prices were the same for U.S. and other non-Chinese markets.

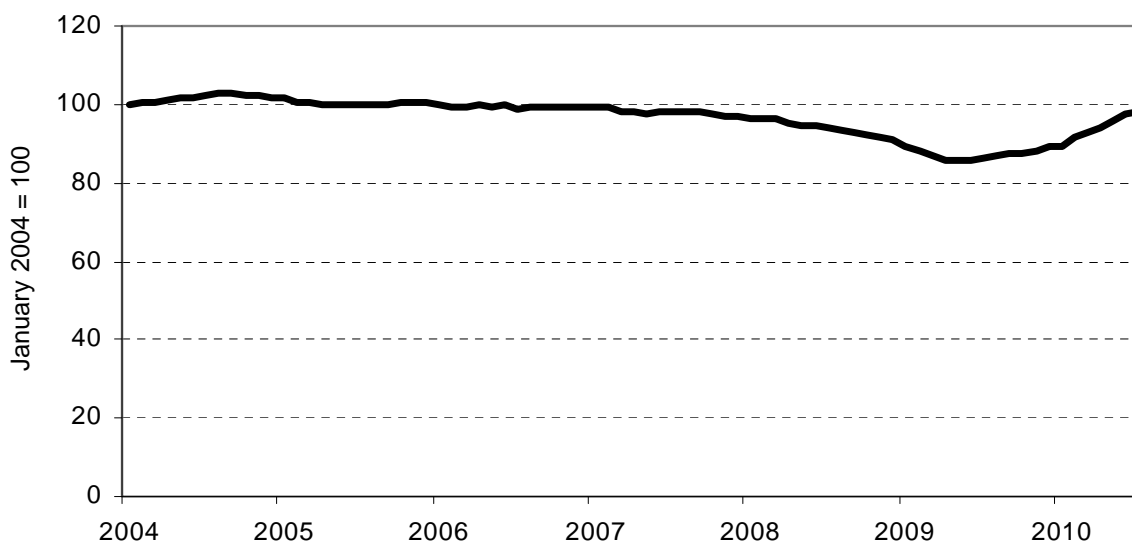
## PART V: PRICING AND RELATED INFORMATION

### FACTORS AFFECTING PRICES

#### Raw Material Costs

Raw materials accounted for between 45.6 and 50.6 percent of U.S. producers' costs of goods sold during 2004-09, and thus are an important consideration in the price of wooden bedroom furniture. \*\*\* described hardwood solids and veneers as accounting for 90 percent of its total material costs, hardware and mirrors accounting for 10 percent, and finishing materials for 1 percent. The producer price index for hardwood lumber is provided in figure V-1. Hardwood lumber prices were stable from 2004 to early 2008, fell about 14 percent from 2004 levels in 2009, and have since returned to 2004 levels.

**Figure V-1**  
**Producer price index for hardwood lumber**



Source: Bureau of Labor Statistics.

When asked to assess the effect of changes in the prices of raw materials on their prices of wooden bedroom furniture, U.S. producers<sup>1</sup> gave a wide variety of answers. Some<sup>2</sup> reported that raw material costs had been relatively constant (or fluctuated mildly), others reported that raw material costs had risen somewhat (with varied opinions over whether costs could be passed on to consumers or whether import pricing prevented such pass-throughs),<sup>3</sup> and others reported that foreign (especially Chinese) demand for wood had placed pressure on raw material prices.<sup>4</sup> Several companies (including \*\*\*) stated

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<sup>1</sup> Numerous firms submitted a combination of producers', importers', purchasers', and/or foreign producers' questionnaires, or submitted questionnaires for firms that were related to each other. These overlaps are summarized in appendix G. Staff has included all questionnaire responses.

<sup>2</sup> For example, \*\*\*.

<sup>3</sup> Examples include \*\*\*.

<sup>4</sup> Examples include \*\*\*.

that lumber prices had recently begun to rise, sometimes also noting after a fall in 2008 or 2009. Additionally, some companies (including \*\*\*) pointed out that finish prices had risen due to the price of petroleum while lumber prices had remained more stable.<sup>5</sup>

Among importers, 52 reported that raw material prices had increased (or would increase) from a little to a significant amount, with \*\*\* reporting that it discontinued selling wooden bedroom furniture in 2008 due to increased raw material costs and the antidumping duty order. Most who reported the timing of the increases described the increases as concentrated in more recent years, i.e., after 2007. Twelve importers reported no change in raw material costs, though two of those (\*\*\*) stated that while lumber prices had not increased, prices of other inputs had increased. On the other hand, the importers that did report increased lumber costs attributed the increased costs to insufficient supply and U.S. regulations (such as the Lacey Act). Some importers reported that they had passed on increased raw materials costs to customers while others reported having absorbed the costs.<sup>6</sup>

At least 26 Chinese producers reported increased raw materials prices affecting their selling prices or sales volumes of wooden bedroom furniture, generally citing upward price pressure from increased raw material prices. For example, \*\*\* reported that they had raised their selling prices (for \*\*\*) due to raw material price increases in 2008 and 2009. \*\*\* had also raised selling prices, but added that because raw materials are imported, and that price increases were uniform internationally, the increases had no effect on its competitiveness. \*\*\* stated that their quoted prices for wooden bedroom furniture usually depend on the price of raw material at the time, but added that increased raw material prices would decrease profits. However, seven Chinese producers reported that the prices of raw materials had not affected their firm's selling prices of wooden bedroom furniture much since 2004. Reasons cited included little change in wood prices, improvements in material use counteracting wood price increases, and the inability to pass along price increases.

### **Transportation Costs to the U.S. Market**

Transportation costs for wooden bedroom furniture from China to the U.S. market fell from 20.3 percent of customs value in 2006 to 14.4 percent in 2009, while falling from 24.8 percent to 17.2 percent for product from Vietnam over the same period.<sup>7</sup>

As discussed in Part II, importers and foreign producers reported increasing difficulty in securing container space on U.S.-bound vessels. Additionally, difficulty in securing container space (for all

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<sup>5</sup> Among companies listing specific increase amounts, \*\*\* said that it had passed on two price increases since 2004, one of 3 percent and one of 5 percent. \*\*\* said that, because raw material costs had increased by 25 percent since 2004, it had increased prices by 20 percent. \*\*\* described anticipating raw material price increases of 20 percent that would lead to increased product costs of 7.5 percent. \*\*\* described a 10-percent change in lumber prices as leading to a one percent change in wooden bedroom furniture pricing. \*\*\* stated that it had seen raw material prices increase \*\*\* percent over the last two years, but had not increased prices between \*\*\*, when it planned a 5-percent increase that would not cover its cost increases.

<sup>6</sup> Among companies listing specific increase amounts, \*\*\* reported cost increases of 22 percent, \*\*\* reported increases of 15 percent, \*\*\* stated that increased raw material costs had increased its sales prices by about 3 percent, \*\*\* reported cost increases of 2 to 10 percent leading to sales price increases of 5 percent, \*\*\* reported raw materials price increases of 20 percent leading to sales price increases of 15 percent, \*\*\* reported a raw material price increase of 10 percent that had not yet led to sales price increases, and \*\*\* reported a 20-percent raw materials price increase.

<sup>7</sup> Staff compared customs and c.i.f. values for HTS statistical reporting numbers 9403.50.9040 and 9403.50.9080.

products) has been reported recently in the media.<sup>8</sup> It is possible that the difficulty in securing container space was primarily in 2010, and after what the *New York Times* describes as shipping prices moving from “a five-year low” for Hong Kong-to-Los Angeles shipping rates in July 2009 to a “five-year high” in July 2010.

### **U.S. Inland Transportation Costs**

U.S. producers reported that U.S. inland transportation costs generally ranged from 4 to 16 percent of the cost of wooden bedroom furniture, while importers reported that transportation costs generally ranged from 3 to 20 percent. Thirty-nine U.S. producers and 56 responding importers also reported arranging transportation to their customers’ locations (while 12 producers and 41 importers reported that the purchaser arranges transportation).<sup>9</sup>

### **Exchange Rates**

China’s currency appreciated 21 percent against the dollar over January 2004-December 2009, with most of the appreciation occurring in 2007 and 2008; the yuan-dollar rate was unchanged before mid-2005 and after 2008. The nominal values of China’s and Vietnam’s currency are presented in appendix I.

## **PRICING PRACTICES**

### **Pricing Methods**

Forty-six producers and 59 importers reported that they determined prices using set price lists, while 5 producers and 14 importers reported using transaction-by-transaction negotiations (sometimes based on price lists). Eleven importers reported using multiple methods, and importers that were also large retailers (such as \*\*\*) reported using \*\*\*.

Producers sold mostly using spot sales, with 47 producers selling at least 90 percent of their wooden bedroom furniture as spot sales.<sup>10</sup> Similarly, 67 importers sold at least 85 percent of their product as spot sales. However, 20 importers had at least 70 percent of their sales as short-term contracts, and 5 had at least 75 percent of their sales as long-term contracts. Importers reported a wide variety of short- and long-term contracts, including contracts that fixed price, quantity, or both price and quantity, and of different durations from several weeks to two years.

Twenty-six Chinese producers reported that at least 90 percent of their sales were spot sales, while four reported that all of their sales were under short-term contracts. These short-term contracts

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<sup>8</sup> See, for example, “Retailers Pay More to Get Cargo (No Guarantee),” *New York Times*, July 25, 2010.

<sup>9</sup> Two producers and four importers answered that both they and their purchasers arrange transportation. Thirty-four importers reported arranging sales from their storage facility, while 54 reported arranging sales from their point of importation.

<sup>10</sup> Additionally, three producers sold 30 to 50 percent spot and the rest under contracts. \*\*\* reported that all of their sales were under short-term (three to six month) contracts that fixed price and quantity. \*\*\* had \*\*\* percent of its sales under long-term contracts that fixed price. “Short-term” contracts are contracts of up to and including 12 months; “long-term” contracts are contracts of more than 12 months.

were generally for two to three months, did not allow renegotiation, did not have a meet-or-release provision, and fixed price but not quantity (except for one firm).<sup>11</sup>

For 44 purchasers, purchases involve negotiations with the supplier, but for 17, they do not. Negotiations cover price, quality, availability, shipping costs, features, and payment terms. Sometimes competing prices may be quoted, or relative positions compared to other suppliers' prices. However, several purchasers also indicated that they do not quote competing prices.

Thirty purchasers reported contacting between two and three suppliers before making a purchase, with 5 contacting only one and 14 contacting more than three, even up to as many as 50 to 100. Seven purchasers reported competing with their suppliers for sales, while 31 stated that they did not. Of the seven that did, most reported that their customer base was either hotels or that the supplier that they competed with was retailer \*\*\*. \*\*\* stated that U.S. producers from which it has purchased in the past increasingly act as retailers.

Forty-one purchasers stated that they do not vary their purchases from a given supplier due to price. \*\*\* elaborated that it requires all suppliers to fix prices, and then discontinues any merchandise with raised prices. However, 19 purchasers stated that they did vary purchases based on price. \*\*\* stated that its purchase agreements fix price, but that a variance of more than five percent in raw material costs will lead to negotiation of a new purchase agreement. \*\*\* stated that it varies purchases all the time, but \*\*\* responded that they vary purchases only during seasonal marketing periods. \*\*\* stated that purchases vary by price, but typically not within a year of the initial receipt.

Eleven purchasers purchase monthly or quarterly, 23 purchase weekly, 19 purchase daily, and 8 purchase as needed. Fifty-nine purchasers do not expect their pattern to change in the next two years, while \*\*\* did, anticipating more business as the economy improves.

## **Pieces and Suites**

When U.S. producers and importers were asked if they generally sell wooden bedroom furniture as suites or as pieces, 16 producers and 42 importers indicated that they generally sold wooden bedroom furniture as pieces. Twelve producers and 29 importers generally sold wooden bedroom furniture as suites. Five producers and 14 importers generally sold both suites and pieces. Several producers and importers noted that even if they sell their product in suites to retailers and distributors, consumers may buy as pieces.

Producers and importers were asked to estimate the percentage of their firm's sales of wooden bedroom furniture in 2009 that was made as separate pieces or as suites. Eighteen producers and 59 importers reported that 70 percent or more of their sales were made as pieces, while 22 producers and 38 importers responded that 65 percent or more of their sales were made as suites. Another three producers and three importers split their sales evenly between pieces and suites. Producer \*\*\* reported that the piece sale has slowly eclipsed the suite sale over the last six to eight years as the consumer is purchasing only necessities. Importer \*\*\* stated that it was probably selling more headboards and nightstands now than in 2004. No other producers or importers reported any changes since 2004, although several noted that retailers may sell pieces to their customers, but tend to buy suites.

Producers and importers were asked whether, if they sell wooden bedroom furniture as a suite, all the pieces of their suites are produced in the same country. Thirty-three producers answered Yes, and eleven answered No. Those that answered No imported different pieces, including smaller dressers, beds, and mirrors. Sixty-eight importers answered Yes, while 21 answered No, with some stating that they imported beds, mirrors, and/or baby bedrooms from China to supplement domestic products.

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<sup>11</sup> Additionally, \*\*\* reported long-term contracts that fixed price, allowed renegotiation, and had one-year durations, and \*\*\* reported long-term contracts that fixed price and quantity, allowed renegotiation, and had one-year durations.

Purchasers were also asked whether, if they purchase wooden bedroom furniture as a suite, all the pieces of their suites are produced in the same country. Twenty-five purchasers answered Yes, and 20 answered No. Some of those that answered No did so because they purchase by piece. \*\*\* reported that their only purchases of blended (imported and domestic) suites occur when they purchase from U.S. manufacturers that import beds and/or mirrors to combine with domestically-produced pieces. \*\*\* reported that their purchases of blended suites were 16 percent or less of their total purchases.

Producers were asked what percentage of bedrooms that their firms sold was produced in the United States in 2004 and 2009, and on a piece or suite basis. Four producers (\*\*\*) showed a reduced share of U.S. production in their 2009 sales from their 2004 sales. Twelve producers reported that an unchanged majority (usually 100 percent) of their sales were on a piece basis in 2004 and in 2009. Three reported a 50-percent piece basis and 50-percent suite basis in 2004 and 2009. Nine answered that an unchanged majority of their sales was negotiated on a suite basis in 2004 and 2009. Additionally, \*\*\* increased its share of sales on a suite basis.

Twenty-two purchasers reported generally purchasing wooden bedroom furniture as pieces, and 31 reported generally purchasing as suites. Whether generally purchasing as pieces or suites, most purchasers reported making at least 90 percent of their purchases in only one way (rather than both) in 2009. Similarly, 22 purchasers reported selling their wooden bedroom furniture as pieces, 31 reported selling their product as suites, and two reported selling an equal percentage of product as suites and as pieces. Most firms that reported selling as suites or pieces reported selling at least 70 percent in that way.

Producers and importers were asked if the prices that they charged for wooden bedroom furniture were generally negotiated on a piece-by-piece or suite basis. In comments on the question, multiple producers and importers expressed some confusion with the question, pointing out that negotiations might take place on a piece basis but that total suite cost was also a factor. In their direct answers, 24 producers and 63 importers stated that their prices were negotiated on a piece-by-piece basis while 8 producers and 11 importers stated that prices were negotiated on a suite basis. Six producers and 14 importers stated that prices were negotiated both on a piece-by-piece and suite basis. Importer \*\*\*, which supplies hotels, stated that it negotiates for an entire hotel project.

Among purchasers, 28 reported negotiating their purchase prices piece-by-piece, 19 reported negotiating by suite, and 8 reported negotiating both piece-by-piece and by suite. Two purchasers in the hospitality segment reported negotiating on a project basis, e.g., furnishing an entire hotel. For their selling prices, 26 reported negotiating prices piece-by-piece, 17 reported negotiating prices by suite, and 6 reported negotiating prices both piece-by-piece and by suite. \*\*\* commented that the price of the bed is the most important part of pricing wooden bedroom furniture in attracting a customer's attention.

Producers and importers were also asked to estimate the percentage of the value of their firm's sales of wooden bedroom furniture in 2009 that was based on prices that were negotiated on a piece basis and those that were based on a suite basis. Twenty-six producers and 63 importers answered that 70 percent or more were negotiated on a piece basis, while 16 producers and 25 importers answered that 70 percent or more were negotiated on a suite basis. Additionally, two producers and six importers had a 50-50 split between negotiating on piece and suite bases.

### **Sales Terms and Discounts**

Forty-three producers and 63 importers reported that typical sales terms for wooden bedroom furniture were net 30, with a few producers reporting slightly different time frames (e.g., net 15, net 60). Forty-three producers reported that prices were generally quoted on an f.o.b. factory or warehouse basis (although seven producers reported quoting on a delivered basis). All but three importers reported quoting on a f.o.b. warehouse or point-of-entry basis, while those three reported quoting on a delivered basis. Fifteen producers and 35 importers reported no discount policy, but 34 producers did offer discounts, usually based on quantity. Forty-four importers offered quantity discounts, and other importers offered promotional, seasonal, specific customer, on-time payment, floor space, and other discounts.

## Price Leaders

Purchasers were asked to identify industry price leaders and how they exhibited price leadership. The most frequently named price leaders were Ashley (named by 11 purchasers) and Lifestyle (named by 13 purchasers).<sup>12</sup> Lifestyle was generally described as leading prices down, and Ashley was described as leading through its large market share. However, two different purchasers described Ashley leading prices upward on different occasions in 2008 and 2010. Other price leaders mentioned included Trademaster, Stanley, Progressive, Thomasville, Legacy, Broyhill, Liberty, and Elements. \*\*\* described Rooms to Go as the price leader in the “good” tier, Macy’s as the price leader in the “better” tier, and Thomasville as the price leader in the “best” tier. In the hospitality segment, several purchasers named Kimball as the price leader. \*\*\*. Thirteen purchasers answered that there was no price leader or that they did not know.

## U.S. Prices

Purchasers were asked if the price of U.S.-produced wooden bedroom furniture had changed since 2004, and if so, how it had changed relative to the price of imports from China of wooden bedroom furniture. Four purchasers reported no change. Twenty-one purchasers reported that U.S. and Chinese prices had changed by the same amount. Sixteen reported that Chinese prices had risen more than U.S. prices, and five reported the opposite, i.e., that U.S. prices had risen more than Chinese prices. One reported that the answer varies depending on the Chinese producer.

## PRICE DATA

The Commission requested U.S. producers and importers<sup>13</sup> of wooden bedroom furniture to provide quarterly data for the total net quantity and value of wooden bedroom furniture that was shipped to unrelated customers in the U.S. market (sales data, f.o.b. U.S. point of shipment) and for imports of wooden bedroom furniture that were sold to final customers (direct import data, delivered basis). Data were requested for the period January 2004 to December 2009. The products for which pricing data were requested are presented in appendix J.

Twenty-five U.S. producers and 60 importers provided pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 5.3 percent of U.S. producers’ U.S. commercial shipments of wooden bedroom furniture in 2009, 5.6 percent of U.S. sales of subject imports from China in 2009, and 0.1 percent of U.S. direct imports from China in 2009.

Pricing data are presented in tables V-1 through V-26 and figure V-2. Table V-27 presents a summary of price movements during the period for which data were collected. In general, pricing data

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<sup>12</sup> Some purchasers named more than one price leader.

<sup>13</sup> Importers were asked to provide data for products sold to retailers and wholesalers (sales data) and for products that the importer itself planned to sell directly to consumers (direct import data).



contained a wide range of prices based on the supplying firm. For example, for producer data for product 1-A, \*\*\*,

Since the prehearing report, staff made several changes to the pricing data. Data from producers \*\*\*, not available at the writing of the prehearing report, were added. Data from importers \*\*\* were removed because \*\*\*.<sup>14</sup> Data for product \*\*\* were removed because \*\*\*. Data for product \*\*\* were removed because \*\*\*. Data for product \*\*\* were removed because \*\*\*.<sup>15</sup>

Additionally, in the U.S. producers' questionnaire (question II-9) and the importers' questionnaire (question II-13), producers and importers were asked what percent of the product they produced or imported was solid wood or solid wood veneer as opposed to being non-solid wood or non-solid wood veneer. The AFMC and respondents disagree over whether certain of the pricing product definitions would exclude a firm from providing any pricing data for these products if it had indicated that it produced or imported only non-solid wood or non-solid wood veneer wooden bedroom furniture.<sup>16</sup> Specifically, the AFMC stated that firms producing or importing only wooden bedroom furniture made with printed paper laminate over particle board (and thus producing or importing only nonsolid wood or nonsolid wood veneer) should not provide any pricing data for most of the pricing data. Staff solicited comments on the issue in the parties' briefs. The AFMC responded on pages 6-7 of section A of its prehearing brief, expressing that pricing data for firms producing or importing only non-solid wood or non-solid wood veneer wooden bedroom furniture should be excluded.

For purposes of the staff report, staff has excluded most pricing data (except for products 1-E, 2-E, 3-E, 4-D, and 4-E, the definitions of which make no reference to solid wood or solid wood veneers) 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.<sup>17</sup> These firms are U.S. producers \*\*\* and importers \*\*\*.<sup>18</sup> Staff has also placed a different set of pricing data that include all these firms' data on the confidential record.

**Table V-1**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-A and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-2**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-B and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

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<sup>14</sup> See importer questionnaires of \*\*\* and \*\*\*.

<sup>15</sup> \*\*\*. Pricing data that include these producers' data are available in the prehearing staff report.

<sup>16</sup> See staff conversations with \*\*\*.

<sup>17</sup> Counsel for AFMC alleged that some U.S. producers' data (including those of \*\*\*) was for product made with printed paper, not a wood veneer, over particle board, and thus did not meet the pricing product definitions. See staff telephone conversations with \*\*\*.

<sup>18</sup> Products \*\*\* are unaffected by the exclusion of these firms' data.

**Table V-3**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-C and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-4**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-D and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-5**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-E and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-6**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-F and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-7**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 1-G and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-8**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-A and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-9**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-B and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-10**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-C and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-11**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-D and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-12**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-E and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-13**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-F and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-14**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 2-G and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-15**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-A and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-16**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-B and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-17**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-C and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-18**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-D and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-19**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-E and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-20**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-F and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-21**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 3-G and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-22**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 4-A and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-23**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 4-B and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-24**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 4-C and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-25**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 4-D and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Table V-26**

**Wooden bedroom furniture: Weighted-average f.o.b. sales and delivered direct import prices and quantities of domestic and imported product 4-E and margins of underselling/(overselling), by quarters, January 2004-December 2009**

\* \* \* \* \*

**Figure V-2**

**Wooden bedroom furniture: Weighted-average f.o.b. prices and quantities of products 1-4, by country, January 2004-December 2009**

\* \* \* \* \*

**Table V-27**

**Wooden bedroom furniture: Summary of weighted-average f.o.b. sales and delivered direct import prices for products 1-4 from the United States and China**

\* \* \* \* \*

**Price Comparisons**

Table V-28 presents margins of underselling and overselling for 2004-09, and table V-29 presents margins of underselling and overselling for 2001-2004 (the original investigation).

**Table V-28**

**Wooden bedroom furniture: Instances of underselling/overselling, January 2004-December 2009**

	Underselling	Overselling
	Number of instances	Number of instances
China	496	121

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

**Table V-29**

**Wooden bedroom furniture: Instances of underselling/overselling, January 2001-June 2004**

	Underselling	Overselling
	Number of instances	Number of instances
China	112	0

Source: *Wooden Bedroom Furniture from China, Inv. No. 731-TA-1058 (Final)*, USITC Publication 3743, December 2004, p. V-14.



**APPENDIX A**

***FEDERAL REGISTER* NOTICES AND THE COMMISSION'S  
STATEMENT ON ADEQUACY**





**SUMMARY:** In accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”), the Department of Commerce (“the Department”) is automatically initiating a five-year review (“Sunset Review”) of the antidumping duty orders listed below. The International Trade Commission (“the Commission”) is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same orders.

**DATES:** *Effective Date:* December 1, 2009.

**FOR FURTHER INFORMATION CONTACT:** The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

**SUPPLEMENTARY INFORMATION:**

**Background**

The Department’s procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department’s conduct of Sunset Reviews is set forth in the Department’s Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-year (“Sunset”) Reviews of Antidumping and Countervailing Duty Orders: Policy Bulletin*, 63 FR 18871 (April 16, 1998).

**Initiation of Review**

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping duty orders:

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**Initiation of Five-Year (“Sunset”) Review**

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

DOC case No.	ITC case No.	Country	Product	Department contact
A–570–895 .....	731–TA–1070A .....	PRC .....	Certain Crepe Paper Products .....	Jennifer Moats (202) 482–5047
A–570–890 .....	731–TA–1058 .....	PRC .....	Wooden Bedroom Furniture .....	Jennifer Moats (202) 482–5047

**Filing Information**

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department’s regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department’s Internet Web site at the following address: <http://ia.ita.doc.gov/sunset/>. All submissions in these Sunset Reviews must be filed in accordance with the Department’s regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(c), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order (“APO”) immediately following publication in the **Federal Register** of this notice of initiation by

filing a notice of intent to participate. The Department’s regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

**Information Required From Interested Parties**

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department’s regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department’s regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after

the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department’s information requirements are distinct from the Commission’s information requirements. Please consult the Department’s regulations for information regarding the Department’s conduct of Sunset Reviews.<sup>1</sup> Please consult the Department’s regulations at 19 CFR Part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218(c).

<sup>1</sup> In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

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Dated: November 24, 2009.

**John M. Andersen,**

*Acting Deputy Assistant Secretary for  
Antidumping and Countervailing Duty  
Operations.*

[FR Doc. E9-28775 Filed 11-30-09; 8:45 am]

**BILLING CODE 3510-DS-P**

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**INTERNATIONAL TRADE  
COMMISSION****[Investigation No. 731-TA-1058 (Review)]****Wooden Bedroom Furniture From  
China****AGENCY:** United States International  
Trade Commission.**ACTION:** Institution of a five-year review  
concerning the antidumping duty order  
on wooden bedroom furniture from  
China.**SUMMARY:** The Commission hereby gives  
notice that it has instituted a review  
pursuant to section 751(c) of the Tariff  
Act of 1930 (19 U.S.C. 1675(c)) (the Act)  
to determine whether revocation of the  
antidumping duty order on wooden  
bedroom furniture from China would be  
likely to lead to continuation or  
recurrence of material injury. Pursuant  
to section 751(c)(2) of the Act, interested  
parties are requested to respond to this  
notice by submitting the information  
specified below to the Commission;<sup>1</sup> to

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<sup>1</sup>No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 10-5-208, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade

be assured of consideration, the deadline for responses is December 31, 2009. Comments on the adequacy of responses may be filed with the Commission by February 16, 2010. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207), as most recently amended at 74 FR 2847 (January 16, 2009).

**DATES:** *Effective Date:* December 1, 2009.**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.**SUPPLEMENTARY INFORMATION:**

*Background.* On January 4, 2005, the Department of Commerce issued an antidumping duty order on imports of wooden bedroom furniture from China (70 FR 329). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

*Definitions.* The following definitions apply to this review:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The *Subject Country* in this review is China.

(3) The *Domestic Like Product* is the domestically produced product or

products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. In its original determination, the Commission found one *Domestic Like Product* consisting of all wooden bedroom furniture, including both joinery and non-joinery forms. Wooden bedroom furniture is wooden furniture designed and manufactured for use in the bedroom. It includes such items of wooden furniture as beds, nightstands, chests, armoires, and dressers with mirrors.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the *Domestic Industry* as all domestic producers of wooden bedroom furniture.

(5) The *Order Date* is the date that the antidumping duty order under review became effective. In this review, the *Order Date* is January 4, 2005.

(6) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

*Participation in the review and public service list.* Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b)(19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was

developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.* Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

*Certification.* Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

*Written submissions.* Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is December 31, 2009. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is February 16, 2010. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's

rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

*Inability to provide requested information.* Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

*Information To Be Provided in Response to this Notice of Institution:* As used below, the term "firm" includes any related firms. Quantity data requested in this notice of institution are in terms of both pieces<sup>2</sup> and pounds and value data are in terms of U.S. dollars.

(1) The name and address of your firm or entity (including World Wide Web address) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product*, a U.S. union or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party

<sup>2</sup>Note that a bed, which is defined as a headboard, with or without any combination of related pieces such as a footboard, side rails, and canopy, is considered a single piece whether it contains one or more separate pieces. Bunk beds are considered two beds and therefore are considered two pieces.

(including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. § 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries since the *Order Date*.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2008, except as noted (report quantity data in terms of both pieces and pounds and report value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/ which are members of your association.

(a) Production (quantity in terms of both pieces and pounds) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production (on the basis of both pieces and pounds);

(b) Capacity (quantity in terms of both pieces and pounds) of your firm to produce the *Domestic Like Product* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

(c) the quantity (in terms of both pieces and pounds) and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s) and, if known, an estimate of the percentage of total U.S. commercial shipments of the *Domestic Like Product* accounted for by your firm's(s') U.S. commercial shipments (on the basis of pieces, pounds, and value);

(d) the quantity (in terms of both pieces and pounds) and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s); and

(e) the value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2008 (report quantity data in terms of both pieces and pounds and report value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity (in terms of both pieces and pounds) and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports (on the basis of pieces, pounds, and value);

(b) the quantity (in terms of both pieces and pounds) and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Country*; and

(c) the quantity (in terms of both pieces and pounds) and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Country*.

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2008 (report quantity data in terms of both pieces and pounds and report value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity in terms of both pieces and pounds) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in the *Subject Country* accounted for by your firm's(s') production (on the basis of both pieces and pounds);

(b) Capacity (quantity in terms of both pieces and pounds) of your firm to produce the *Subject Merchandise* in the *Subject Country* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) the quantity (in terms of both pieces and pounds) and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') exports (on the basis of pieces, pounds, and value).

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* since the *Order Date*, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other

products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

(13) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: November 24, 2009.

By order of the Commission.

**William R. Bishop,**

*Acting Secretary to the Commission.*

[FR Doc. E9-28641 Filed 11-30-09; 8:45 am]

**BILLING CODE 7020-02-P**

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-1058 (Review)]

**Wooden Bedroom Furniture From  
China**

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of Commission determination to conduct a full five-year review concerning the antidumping duty order on wooden bedroom furniture from China.

**SUMMARY:** The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the review will be established and announced at a later date. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* March 8, 2010.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On March 8, 2010, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (74 FR 62817, December 1, 2009) was adequate and the respondent interested party group

response was inadequate.<sup>1</sup> The Commission also found that other circumstances warranted conducting a full review. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: March 19, 2010.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

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**BILLING CODE 7020-02-P**

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<sup>1</sup> Commissioner Daniel R. Pearson and Commissioner Charlotte R. Lane found that the respondent interested party group response was adequate.



**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-570-890]

**Wooden Bedroom Furniture From the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order**

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

**DATES:** *Effective Date:* April 14, 2010.

**SUMMARY:** On December 1, 2009, the Department of Commerce ("Department") initiated a sunset review of the antidumping duty order on wooden bedroom furniture from the People's Republic of China ("PRC"). On the basis of a notice of intent to participate and an adequate substantive response from domestic interested parties, as well as a lack of response from respondent interested parties, the Department conducted an expedited (120-day) sunset review. As a result of the sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins likely to prevail if the order were revoked are included in the Final Results of Review section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Rebecca Pandolph or Howard Smith, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; Telephone: (202) 482-3627 or (202) 482-5193, respectively.

**SUPPLEMENTARY INFORMATION:**

**Background**

On December 1, 2009, the Department published the notice of initiation of the sunset review of the antidumping duty order on wooden bedroom furniture from the PRC pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). See *Initiation of Five-Year ("Sunset") Review*, 74 FR 62748 (December 1, 2009). On December 11, 2009, the Department received a notice of intent to participate from American Furniture Manufacturers Committee for Legal Trade (the "AFM Committee"); Vaughan-Bassett Furniture Company, Inc. ("Vaughan-Bassett"); Dubois Woods Products Inc. ("Dubois"); The Jasper Group d/b/a Klem Hospitality ("Klem"); Solid Comfort, Inc. ("Solid Comfort"); Cabinet Makers, Millmen and Industrial Carpenters Local 721 ("Local 721"); UBC Southern Council of Industrial Workers Local 2305 ("Local 2305"); and Teamsters, Chauffeurs, Warehousemen and Helpers Local 991 ("Local 991") within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. The AFM Committee, which includes Vaughan-Bassett, claimed interested party status under section 771(9)(E) of the Act as a trade or business association a majority of whose members manufacture, produce or wholesale a domestic like product. Dubois, Klem and Solid Comfort claimed interested party status under section 771(9)(C) of the Act as producers of the domestic like product. Local 721, Local 2305, and Local 991 claimed interested party status under section 771(9)(D) of the Act as a certified union or recognized union or group of workers which is representative of an industry engaged in the manufacture, production, or wholesale in the United States of a domestic like product.

On December 30, 2009, the Department received a substantive response from the AFM Committee, Vaughan-Bassett, Dubois, Klem, Solid Comfort, Local 721, Local 2305, and Local 991 within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. The Department did not receive a response from any respondent interested party to this proceeding. As a result, pursuant to

section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of the order.

**Scope of the Order**

The product covered by the order is wooden bedroom furniture. 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, 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,<sup>1</sup> highboys,<sup>2</sup> lowboys,<sup>3</sup> chests of drawers,<sup>4</sup> chests,<sup>5</sup> door chests,<sup>6</sup>

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> A lowboy is typically a short chest of drawers, not more than four feet high, normally set on short legs.

<sup>4</sup> A chest of drawers is typically a case containing drawers for storing clothing.

<sup>5</sup> 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.

<sup>6</sup> 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.

chiffoniers,<sup>7</sup> hutches,<sup>8</sup> and armoires;<sup>9</sup> (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;<sup>10</sup> (9) jewelry armories;<sup>11</sup> (10) cheval

<sup>7</sup> A chiffonier is typically a tall and narrow chest of drawers normally used for storing undergarments and lingerie, often with mirror(s) attached.

<sup>8</sup> A hutch is typically an open case of furniture with shelves that typically sits on another piece of furniture and provides storage for clothes.

<sup>9</sup> 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.

<sup>10</sup> 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 Customs' Headquarters' Ruling Letter 043859, dated May 17, 1976.

<sup>11</sup> Any armoire, cabinet or other accent item for the purpose of storing jewelry, not to exceed 24 in width, 18 in depth, and 49 in height, including a minimum of 5 lined drawers lined with felt or felt-like material, at least one side 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).

mirrors;<sup>12</sup> (11) certain metal parts;<sup>13</sup> (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<sup>14</sup> and (14) toy boxes.<sup>15</sup>

Imports of subject merchandise are classified under subheading 9403.50.9040 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 9403.50.9040 of the HTSUS as “parts of wood” and framed glass mirrors may also be entered under subheading 7009.92.5000 of the HTSUS as “glass mirrors \* \* \*

framed.” This 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.

**Analysis of Comments Received**

All issues raised in this review are addressed in the “Issues and Decision Memorandum” (“Decision Memorandum”) from John M. Andersen, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, which is dated concurrently with this notice, and hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping

and the magnitude of the margins likely to prevail if the order were revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit in room 1117 of the main Commerce building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

**Final Results of Review**

Pursuant to section 752(c) of the Act, we determine that revocation of the antidumping duty order on wooden bedroom furniture from the PRC would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Exporter/manufacturer	Margin (percent)
Dongguan Lung Dong Furniture Co., Ltd., or Dongguan Dong He Furniture Co., Ltd. ....	2.32
Rui Feng Woodwork Co., Ltd., or Rui Feng Lumber Development Co., Ltd. or Dorbest Limited .....	7.87
Lacquer Craft Mfg. Co., Ltd .....	(1)
Markor International Furniture (Tianjin) Manufacturing Company, Ltd. ....	0.83
Shing Mark Enterprise Co., Ltd., or Carven Industries Limited (BVI), or Carven I Industries Limited (HK), or Dongguan Zhenxin Furniture Co., Ltd., or Dongguan Yongpeng Furniture Co., Ltd .....	4.96
Starcorp Furniture (Shanghai) Co., Ltd., or Orin Furniture (Shanghai) Co., Ltd., or Shanghai Starcorp Furniture Co., Ltd .....	15.78
Alexandre International Corp., or Southern Art Development Ltd., or Alexandre Furniture (Shenzhen) Co., Ltd., or Southern Art Furniture Factory .....	7.24
Art Heritage International, Ltd., or Super Art Furniture Co., Ltd., or Artwork Metal & Plastic Co., Ltd., or Jibson Industries Ltd., or Always Loyal International .....	7.24
Billy Wood Industrial (Dong Guan) Co., Ltd., or Great Union Industrial (Dongguan) Co., Ltd., or Time Faith Ltd .....	7.24
Changshu HTC Import & Export Co., Ltd .....	7.24
Cheng Meng Furniture (PTE) Ltd., or China Cheng Meng Decoration & Furniture (Suzhou) Co., Ltd .....	7.24
Chuan Fa Furniture Factory .....	7.24
Classic Furniture Global Co., Ltd .....	7.24
Clearwise Co., Ltd .....	7.24
COE Ltd .....	7.24
Dalian Guangming Furniture Co., Ltd .....	7.24
Dalian Huafeng Furniture Co., Ltd .....	7.24
Decca Furniture Limited .....	7.24
Dongguan Cambridge Furniture Co., or Glory Oceanic Co., Ltd .....	7.24
Dongguan Chunsan Wood Products Co., Ltd., or Trendex Industries Ltd .....	7.24

<sup>12</sup> 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).

<sup>13</sup> 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 form. Such parts are usually classified under the Harmonized Tariff Schedule of the United States (“HTSUS”) subheading 9403.90.7000.

<sup>14</sup> 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).

<sup>15</sup> 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.

Exporter/manufacturer	Margin (percent)
Dongguan Creation Furniture Co., Ltd., or Creation Industries Co., Ltd	7.24
Dongguan Grand Style Furniture, or Hong Kong Da Zhi Furniture Co., Ltd	7.24
Dongguan Great Reputation Furniture Co., Ltd	7.24
Dongguan Hero Way Woodwork Co., Ltd., or Dongguan Da Zhong Woodwork Co., Ltd., or Hero Way Enterprises Ltd., or Well Earth International Ltd.	7.24
Dongguan Hung Sheng Artware Products Co., Ltd., or Coronal Enterprise Co., Ltd.	7.24
Dongguan Kin Feng Furniture Co., Ltd	7.24
Dongguan Kingstone Furniture Co., Ltd., or Kingstone Furniture Co., Ltd	7.24
Dongguan Liaobushangdun Huada Furniture Factory, or Great Rich (HK) Enterprise Co. Ltd	7.24
Dongguan Qingxi Xinyi Craft Furniture Factory (Joyce Art Factory)	7.24
Dongguan Singways Furniture Co., Ltd	7.24
Dongguan Sunrise Furniture Co., or Taicang Sunrise Wood Industry Co., Ltd., or Shanghai Sunrise Furniture Co., Ltd., or Fairmont Designs	7.24
Dongying Huanghekou Furniture Industry Co., Ltd	7.24
Dream Rooms Furniture (Shanghai) Co., Ltd	7.24
Eurosa (Kunshan) Co., Ltd., or Eurosa Furniture Co., (PTE) Ltd	7.24
Ever Spring Furniture Co. Ltd., or S.Y.C. Family Enterprise Co., Ltd	7.24
Fine Furniture (Shanghai) Ltd	7.24
Foshan Guanqiu Furniture Co., Ltd	7.24
Fujian Lianfu Forestry Co., Ltd., or Fujian Wonder Pacific Inc	7.24
Gaomi Yatai Wooden Ware Co., Ltd., or Team Prospect International Ltd., or Money Gain International Co	7.24
Garri Furniture (Dong Guan) Co., Ltd., or Molabile International, Inc., or Weei Geo Enterprise Co., Ltd	7.24
Green River Wood (Dongguan) Ltd	7.24
Guangming Group Wumahe Furniture Co., Ltd	7.24
Guangzhou Maria Yee Furnishings Ltd., Pyla HK, Ltd., and Maria Yee, Inc	7.24
Hainan Jong Bao Lumber Co., Ltd., or Jibbon Enterprise Co., Ltd	7.24
Hamilton & Spill Ltd	7.24
Hang Hai Woodcraft's Art Factory	7.24
Hualing Furniture (China) Co., Ltd., or Tony House Manufacture (China) Co., Ltd., or Buysell Investments Ltd., or Tony House Industries Co., Ltd	7.24
Jardine Enterprise, Ltd	7.24
Jiangmen Kinwai Furniture Decoration Co., Ltd	7.24
Jiangmen Kinwai International Furniture Co., Ltd	7.24
Jiangsu Weifu Group Fullhouse Furniture Manufacturing. Corp.	7.24
Jiangsu Yuexing Furniture Group Co., Ltd	7.24
Jiedong Lehouse Furniture Co., Ltd	7.24
King's Way Furniture Industries Co., Ltd., or Kingsyear Ltd	7.24
Kuan Lin Furniture (Dong Guan) Co., Ltd., or Kuan Lin Furniture Factory, or Kuan Lin Furniture Co., Ltd	7.24
Kunshan Lee Wood Product Co., Ltd	7.24
Kunshan Summit Furniture Co., Ltd	7.24
Langfang Tiancheng Furniture Co., Ltd	7.24
LeeFu Wood (Dongguan) Co., Ltd., or King Rich International, Ltd	7.24
Link Silver Ltd. (V.I.B.), or Forward Win Enterprises Co. Ltd., or Dongguan Haoshun Furniture Ltd	7.24
Locke Furniture Factory, or Kai Chan Furniture Co., Ltd., or Kai Chan (Hong Kong) Enterprise Ltd., or Taiwan Kai Chan Co., Ltd	7.24
Longrange Furniture Co., Ltd	7.24
Nanghai Baiyi Woodwork Co., Ltd	7.24
Nanghai Jiantai Woodwork Co., Ltd., or Fortune Glory Industrial Ltd. (H.K. Ltd)	7.24
Nantong Dongfang Orient Furniture Co., Ltd	7.24
Nantong Yushi Furniture Co., Ltd	7.24
Nathan International Ltd., or Nathan Rattan Factory	7.24
Orient International Holding Shanghai Foreign Trade Co., Ltd	7.24
Passwell Corporation, or Pleasant Wave Ltd	7.24
Perfect Line Furniture Co., Ltd	7.24
Prime Wood International Co., Ltd., or Prime Best International Co., Ltd., or Prime Best Factory, or Liang Huang (Jiaxing) Enterprise Co., Ltd	7.24
PuTian JingGong Furniture Co., Ltd	7.24
Qingdao Liangmu Co., Ltd	7.24
Restonic (Dongguan) Furniture Ltd., or Restonic Far East (Samoa) Ltd	7.24
RiZhao SanMu Woodworking Co., Ltd	7.24
Season Furniture Manufacturing Co., or Season Industrial Development Co	7.24
Sen Yeong International Co., Ltd., or Sheh Hau International Trading Ltd	7.24
Shanghai Jian Pu Export & Import Co., Ltd	7.24
Shanghai Maoji Imp and Exp Co., Ltd	7.24
Sheng Jing Wood Products (Beijing) Co., Ltd., or Telstar Enterprises Ltd	7.24
Shenyang Shining Dongxing Furniture Co., Ltd	7.24
Shenzhen Forest Furniture Co., Ltd	7.24
Shenzhen Jiafa High Grade Furniture Co., Ltd., or Golden Lion International Trading Ltd	7.24
Shenzhen New Fudu Furniture Co., Ltd	7.24
Shenzhen Wonderful Furniture Co., Ltd	7.24
Shenzhen Xiande Furniture Factory	7.24
Shenzhen Xingli Furniture Co., Ltd	7.24
Shun Feng Furniture Co., Ltd	7.24

Exporter/manufacturer	Margin (percent)
Songgang Jasonwood Furniture Factory, or Jasonwood Industrial Co., Ltd. S.A. ....	7.24
Starwood Furniture Manufacturing Co. Ltd .....	7.24
Starwood Industries Ltd .....	7.24
Strongson Furniture (Shenzhen) Co., Ltd., or Strongson Furniture Co., Ltd., or Strongson (HK) Co .....	7.24
Sunforce Furniture (Hui-Yang) Co., Ltd., or Sun Fung Wooden Factory, or Sun Fung Co., or Shin Feng Furniture Co., Ltd., or Stupendous International Co., Ltd .....	7.24
Superwood Co., Ltd., or Lianjiang Zongyu Art Products Co., Ltd .....	7.24
Tarzan Furniture Industries Ltd., or Samsu Industries Ltd .....	7.24
Teamway Furniture (Dong Guan) Ltd., or Brittomart Inc .....	7.24
Techniwood Industries Ltd., or Ningbo Furniture Industries Limited, or Ningbo Hengrun Furniture Co., Ltd .....	7.24
Tianjin Fortune Furniture Co., Ltd .....	7.24
Tianjin Master Home Furniture .....	7.24
Tianjin Phu Shing Woodwork Enterprise Co., Ltd .....	7.24
Tianjin Sande Fairwood Furniture Co., Ltd .....	7.24
Tube-Smith Enterprise (ZhangZhou) Co., Ltd., or Tube-Smith Enterprise (Haimen) Co., Ltd., or Billonworth Enterprises Ltd .....	7.24
Union Friend International Trade Co., Ltd .....	7.24
U-Rich Furniture (Zhangzhou) Co., Ltd., or U-Rich Furniture Ltd .....	7.24
Wanhengtong Nueevder (Furniture) Manufacture Co., Ltd., or Dongguan Wanengtong Industry Co., Ltd .....	7.24
Woodworth Wooden Industries (Dong Guan) Co., Ltd .....	7.24
Xiamen Yongquan Sci-Tech Development Co., Ltd .....	7.24
Jiangsu XiangSheng Bedtime Furniture Co., Ltd .....	7.24
Xingli Arts & Crafts Factory of Yangchun .....	7.24
Yangchun Hengli Co. Ltd .....	7.24
Yeh Brothers World Trade, Inc .....	7.24
Yichun Guangming Furniture Co., Ltd .....	7.24
Yida Co., Ltd., or Yitai Worldwide, Ltd., or Yili Co., Ltd., or Yetbuild Co., Ltd .....	7.24
Yihua Timber Industry Co., Ltd .....	7.24
Zhang Zhou Sanlong Wood Product Co., Ltd .....	7.24
Zhangjiagang Zheng Yan Decoration Co., Ltd .....	7.24
Zhangjiagang Daye Hotel Furniture Co., Ltd .....	7.24
Zhangzhou Guohui Industrial & Trade Co. Ltd .....	7.24
Zhanjiang Sunwin Arts & Crafts Co., Ltd .....	7.24
Zhong Shan Fullwin Furniture Co., Ltd .....	7.24
Zhongshan Fookyik Furniture Co., Ltd .....	7.24
Zhongshan Golden King Furniture Industrial Co., Ltd .....	7.24
Zhoushan For-Strong Wood Co., Ltd .....	7.24
PRC-Wide Rate .....	198.08

<sup>1</sup> Excluded.

This notice also serves as the only reminder to parties subject to administrative protective orders (“APO”) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with section 351.305 of the Department’s regulations. Timely notification of the return 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 which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: April 7, 2010.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 2010–8565 Filed 4–13–10; 8:45 am]

**BILLING CODE 3510-DS-P**



**INTERNATIONAL TRADE  
COMMISSION****[Investigation No. 731-TA-1058 (Review)]****Wooden Bedroom Furniture From  
China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of a full five-year review concerning the antidumping duty order on wooden bedroom furniture from China.**SUMMARY:** The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on wooden bedroom furniture from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).**DATES:** *Effective Date:* April 19, 2010.**FOR FURTHER INFORMATION CONTACT:** Amy Sherman (202-205-3289), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.**SUPPLEMENTARY INFORMATION:**  
*Background.*—On March 8, 2010, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act (75 FR 14469, March 25, 2010). The Commission found that the domestic interested party group response to its notice of institution (74 FR 62817, December 1, 2009) was adequate and that the respondent interested party group response wasinadequate.<sup>11</sup> The Commission also found that other circumstances warranted conducting a full review. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.*Participation in the review and public service list.*—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.*—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.*Staff report.*—The prehearing staff report in the review will be placed in the nonpublic record on September 15, 2010, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.*Hearing.*—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on October 5, 2010, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 28, 2010. A nonparty who has testimony

<sup>11</sup> Vice Chairman Daniel R. Pearson and Commissioner Charlotte R. Lane found that the respondent party group response was adequate.

that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on September 28, 2010, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

*Written submissions.*—Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is September 24, 2010. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is October 15, 2010; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before October 15, 2010. On November 10, 2010, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 16, 2010, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the

Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: April 20, 2010.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 2010-9537 Filed 4-23-10; 8:45 am]

**BILLING CODE 7020-02-P**



## EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

### *Wooden Bedroom Furniture from China* Inv. No. 731-TA-1058 (Review)

On March 8, 2010, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

The Commission received a response to the notice of institution from a group of U.S. producers of wooden bedroom furniture and three labor unions. This response was filed by the American Furniture Manufacturers Committee for Legal Trade (“AFMC”), an ad hoc association of 21 U.S. manufacturers of wooden bedroom furniture; Vaughan-Bassett Furniture Company, Inc.; Dubois Wood Products Inc.; The Jasper Group d/b/a Klem Hospitality; Solid Comfort, Inc.; and the following three unions: United Brotherhood of Carpenters and Joiners of America Cabinet Makers, Millmen, and Industrial Carpenters Local 721; United Brotherhood of Carpenters and Joiners of America Carpenters Industrial Council Local Union 2305; and Teamsters, Chauffeurs, Warehousemen and Helpers Union Local 991 (collectively the “Domestic Producers”). The Commission also received individual responses from Ashley Furniture Industries, Inc. and Furniture Traditions, domestic producers of wooden bedroom furniture. Ashley Furniture Industries, Inc. opposes the continuation of the order. The Commission determined that the individual responses of the entities named above (*i.e.*, AFMC, the three labor unions, and the individually-named producers) were adequate. Because the domestic interested parties that filed responses to the notice of institution collectively account for a substantial proportion of domestic production of wooden bedroom furniture, the Commission also determined that the domestic interested party group response was adequate.

The Commission received eight substantive responses from the following 16 respondent interested parties: Dalian Huafeng Furniture Group Co, Ltd.; Guangdong Yihua Timber Industry Co., Ltd. and New Classic Home Furnishings, Inc.; Kunshan Lee Wood Product Co., Ltd. and Kunshan Summit Furniture Co.; Ashley Furniture Industries, Inc. (Ashley is both a domestic producer and an importer); A-America, Inc.; Vineyard Furniture International; Home Meridian International; Up Country, Inc.; and the following six members of the Furniture Retailers of America (an ad hoc association of retailers and importers of wooden bedroom furniture): AICO/Amini Innovation, Corp., City Furniture, El Dorado Furniture Corporation, Haverty Furniture Companies, Inc., RC Willey Home Furnishings, and Rooms to Go. The Commission determined that the individual response of each respondent interested party was adequate. Because the respondent interested parties that responded to the notice of institution did not account for a substantial proportion of either imports or exports of the subject merchandise, the Commission determined that the respondent interested party group response was inadequate.<sup>1</sup>

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<sup>1</sup> Vice Chairman Daniel R. Pearson and Commissioner Charlotte R. Lane determined that the respondent interested party group response was adequate.

The Commission nonetheless voted to conduct 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.<sup>2</sup>

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).

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<sup>2</sup> Commissioner Pinkert finds the aggregate respondent group response to be inadequate. He determines, however, that a full review should proceed due to information on conditions of competition suggesting substantially increasing reliance on imports at the expense of U.S. production by a significant portion of the domestic industry.

**APPENDIX B**  
**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 (Review)  
**Date and Time:** October 5, 2010 - 9:30 a.m.

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

**CONGRESSIONAL WITNESSES:**

**The Honorable John D. Dingell, U.S. Representative, 15<sup>th</sup> District, Michigan**  
**The Honorable Rick Boucher, U.S. Representative, 9<sup>th</sup> District, Virginia**

**OPENING REMARKS:**

Petitioners (**Joseph W. Dorn**, King & Spalding LLP)  
Respondents (**William Silverman**, Drinker Biddle & Reath LLP)

**In Support of the Continuation of the Antidumping Duty Order:**

King & Spalding LLP  
Washington, DC  
on behalf of

American Furniture Manufacturers Committee for Legal Trade  
Vaughan-Bassett Furniture Co., Inc.

- John D. Bassett, III**, Chairman, American Furniture Manufacturers Committee for Legal Trade *and* Chairman, Vaughan-Bassett Furniture Co., Inc.
- Wyatt Bassett**, Chief Executive Officer, Vaughan-Bassett Furniture Co., Inc.
- Glenn Prillaman**, President and CEO, Stanley Furniture Co., Inc.
- Reau Berry**, President, Johnston/TomBigbee Furniture Mfg. Co.
- John A. Sandberg**, President and CEO, Sandberg Furniture Manufacturing Co., Inc.
- Tim Copeland**, President and Co-Owner, T. Copeland and Sons, Inc.
- William G. Caperton, IV**, President, Tom Seely Furniture Co. (Caperton Furniture Works, LLC)
- Rosie Silvers**, Employee, Johnston/TomBigbee Furniture Mfg. Co. *and* Vice President, Carpenters Industrial Council Local 2305
- Dr. Kenneth Button**, Consultant, Economic Consulting Services LLC
- Jennifer Lutz**, Consultant, Economic Consulting Services LLC
- Michael G. Szustakowski**, Consultant, King & Spalding

**Joseph W. Dorn** )  
**J. Michael Taylor** ) – OF COUNSEL  
**Brian E. McGill** )

**In Opposition to the Continuation of the Antidumping Duty Order:**

Squire, Sanders & Dempsey L.L.P.  
Washington, DC  
on behalf of

GuangDong Furniture Association, Trade Committee

**George Tsai**, Chairman, Fairmont Designs  
**Leslie Thompson**, Co-Owner, Up Country, Inc.

**Dr. Peter Koenig** – OF COUNSEL

WilmerHale  
Washington, DC  
on behalf of

Guangdong Yihua Timber Industry Co., Ltd.  
New Classic Home Furnishings, Inc.

**John D. Greenwald** )  
**Patrick J. McLain** ) – OF COUNSEL

Mowry & Grimson, PLLC  
Washington, DC  
on behalf of

Ashley Furniture Industries, Inc.  
American Signature, Inc.  
Fine Furniture Design, LLC  
Hillsdale Furniture, LLC  
Home Meridian International  
Lifestyle Enterprise, Inc.  
RiversEdge Furniture Company  
TM International, LLC

**Kristin H. Mowry** )  
**Jeffrey S. Grimson** ) – OF COUNSEL  
**Jill A. Cramer** )

Drinker Biddle & Reath LLP  
Washington, DC  
on behalf of

The Furniture Retailers of America (“FRA”)

**Keith Koenig**, President, City Furniture *and* Chairman, FRA

**William Silverman** )  
**Richard P. Ferrin** ) – OF COUNSEL

**In Opposition to the Continuation of the Antidumping Duty Order:**—*Continued*

Perkins Coie  
Washington, DC  
on behalf of

Dalian Huafeng Furniture Group Co., Ltd.

**Michael P. House**                            )  
**Sabahat Chaudhary**                    ) — OF COUNSEL

**REBUTTAL/CLOSING REMARKS**

Petitioners (**Joseph W. Dorn**, King & Spalding LLP)  
Respondents (**John D. Greenwald**, WilmerHale)





**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**  
**Wooden bedroom furniture: Summary data concerning the U.S. market, 2004-09**

Item	Reported data						Period changes					
	2004	2005	2006	2007	2008	2009	2004-09	2004-05	2005-06	2006-07	2007-08	2008-09
U.S. consumption value:												
Amount	4,676,283	5,180,403	5,039,035	4,663,962	4,093,725	3,403,639	-27.2	10.8	-2.7	-7.4	-12.2	-16.9
Producers' share (1)	31.9	27.3	24.7	22.5	21.9	22.0	-9.9	-4.6	-2.6	-2.2	-0.6	0.0
Importers' share (1):												
China (subject)							*****					
China (nonsubject)							*****					
Vietnam	4.1	8.9	11.7	17.5	23.3	24.7	20.6	4.9	2.7	5.8	5.8	1.4
All other sources	31.8	30.7	27.6	25.9	26.7	31.2	-0.6	-1.1	-3.1	-1.7	0.8	4.5
Subtotal, nonsubject							*****					
Total imports	68.1	72.7	75.3	77.5	78.1	78.0	9.9	4.6	2.6	2.2	0.6	0.0
U.S. imports from:												
China (subject):												
Value							*****					
Ending inventory quantity	1,341,429	1,529,915	1,675,197	1,474,293	1,323,861	1,100,214	-18.0	14.1	9.5	-12.0	-10.2	-16.9
China (nonsubject):												
Value							*****					
Ending inventory quantity							*****					
Vietnam:												
Value	190,393	462,805	587,387	813,931	952,537	839,136	340.7	143.1	26.9	38.6	17.0	-11.9
Ending inventory quantity	247,868	378,427	676,594	848,123	1,037,252	1,004,780	305.4	52.7	78.8	25.4	22.3	-3.1
All other sources:												
Value	1,489,002	1,592,766	1,391,358	1,208,461	1,094,591	1,062,414	-28.6	7.0	-12.6	-13.1	-9.4	-2.9
Ending inventory quantity	382,596	499,680	567,622	649,936	649,613	599,360	56.7	30.6	13.6	14.5	0.0	-7.7
Subtotal, nonsubject:												
Value							*****					
Ending inventory quantity							*****					
All sources:												
Value	3,185,475	3,764,811	3,794,948	3,613,016	3,196,269	2,655,854	-16.6	18.2	0.8	-4.8	-11.5	-16.9
Ending inventory quantity	2,128,540	2,589,899	3,165,785	3,159,227	3,181,817	2,845,065	33.7	21.7	22.2	-0.2	0.7	-10.6
U.S. producers':												
Average capacity quantity	14,018,999	14,050,004	13,640,803	12,918,768	11,894,272	11,079,849	-21.0	0.2	-2.9	-5.3	-7.9	-6.8
Production quantity	10,248,027	10,100,968	9,746,303	8,417,946	7,491,611	6,467,592	-36.9	-1.4	-3.5	-13.6	-11.0	-13.7
Capacity utilization (1)	73.1	71.9	71.4	65.2	63.0	58.4	-14.7	-1.2	-0.4	-6.3	-2.2	-4.6
U.S. shipments:												
Quantity	10,058,985	9,954,129	9,530,197	8,260,411	7,236,525	6,342,624	-36.9	-1.0	-4.3	-13.3	-12.4	-12.4
Value	1,490,808	1,415,592	1,244,087	1,050,946	897,456	747,785	-49.8	-5.0	-12.1	-15.5	-14.6	-16.7
Unit value	\$148.21	\$142.21	\$130.54	\$127.23	\$124.02	\$117.90	-20.5	-4.0	-8.2	-2.5	-2.5	-4.9
Export shipments:												
Quantity	195,765	193,452	248,418	268,402	306,634	244,217	24.8	-1.2	28.4	8.0	14.2	-20.4
Value	24,636	26,898	28,361	33,507	36,109	27,076	9.9	9.2	5.4	18.1	7.8	-25.0
Unit value	\$125.84	\$139.04	\$114.17	\$124.84	\$117.76	\$110.87	-11.9	10.5	-17.9	9.3	-5.7	-5.9
Ending inventory quantity	1,522,078	1,474,669	1,607,029	1,494,364	1,498,950	1,387,600	-8.8	-3.1	9.0	-7.0	0.3	-7.4
Inventories/total shipments (1)	14.8	14.5	16.4	17.5	19.9	21.1	6.2	-0.3	1.9	1.1	2.4	1.2
Production workers	20,155	18,741	15,669	13,342	11,062	9,063	-55.0	-7.0	-16.4	-14.9	-17.1	-18.1
Hours worked (1,000s)	39,882	36,015	30,565	26,624	22,684	18,617	-53.3	-9.7	-15.1	-12.9	-14.8	-17.9
Wages paid (\$1,000s)	486,788	442,471	384,867	342,588	299,002	235,871	-51.5	-9.1	-13.0	-11.0	-12.7	-21.1
Hourly wages	\$12.21	\$12.29	\$12.59	\$12.87	\$13.18	\$12.67	3.8	0.7	2.5	2.2	2.4	-3.9
Productivity (pieces/1,000 hour)	257.0	280.5	318.9	316.0	330.3	347.4	35.2	9.1	13.7	-0.9	4.5	5.2
Unit labor costs	\$47.50	\$43.80	\$39.47	\$40.72	\$39.91	\$36.47	-23.2	-7.8	-9.9	3.2	-2.0	-8.6
Net sales:												
Quantity	10,342,272	10,229,348	9,786,782	8,560,684	7,507,918	6,498,395	-37.2	-1.1	-4.3	-12.5	-12.3	-13.4
Value	1,526,945	1,455,871	1,274,309	1,097,469	940,985	774,626	-49.3	-4.7	-12.5	-13.9	-14.3	-17.7
Unit value	\$147.64	\$142.32	\$130.21	\$128.20	\$125.33	\$119.20	-19.3	-3.6	-8.5	-1.5	-2.2	-4.9
Cost of goods sold (COGS)	1,224,373	1,150,836	1,030,197	922,101	799,947	665,675	-45.6	-6.0	-10.5	-10.5	-13.2	-16.8
Gross profit or (loss)	302,572	305,035	244,112	175,368	141,038	108,951	-64.0	0.8	-20.0	-28.2	-19.6	-22.8
SG&A expenses	238,645	220,142	198,507	199,865	157,187	132,605	-44.4	-7.8	-9.8	0.7	-21.4	-15.6
Operating income or (loss)	63,927	84,893	45,605	-24,497	-16,149	-23,654	(2)	32.8	-46.3	(2)	34.1	-46.5
Capital expenditures	23,045	22,538	34,251	18,462	15,579	9,581	-58.4	-2.2	52.0	-46.1	-15.6	-38.5
Unit COGS	\$118.39	\$112.50	\$105.26	\$107.71	\$106.55	\$102.44	-13.5	-5.0	-6.4	2.3	-1.1	-3.9
Unit SG&A expenses	\$23.07	\$21.52	\$20.28	\$23.35	\$20.94	\$20.41	-11.6	-6.7	-5.8	15.1	-10.3	-2.5
Unit operating income or (loss)	\$6.18	\$8.30	\$4.66	-\$2.86	-\$2.15	-\$3.64	(2)	34.3	-43.9	(2)	24.8	-69.2
COGS/sales (1)	80.2	79.0	80.8	84.0	85.0	85.9	5.8	-1.1	1.8	3.2	1.0	0.9
Operating income or (loss)/sales (1)	4.2	5.8	3.6	-2.2	-1.7	-3.1	-7.2	1.6	-2.3	-5.8	0.5	-1.3

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Undefined.

Note.--Financial data were reported by some firms on a fiscal year basis and thus are not comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official statistics of the U.S. Department of Commerce.



**APPENDIX D**

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



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. producers to describe any changes in the character of their operations or organizations relating to the production of wooden bedroom furniture in the future if the antidumping duty order on wooden bedroom furniture from China were to be revoked. (Question II-6.) The following are quotations from the responses of producers. *(The top 10 U.S. producers in 2009 by total U.S. shipment value are represented in bold.)*

\* \* \* \* \*

The Commission requested U.S. producers to describe the significance of the existing antidumping order covering imports of wooden bedroom furniture from China in terms of its effect on their 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. (Question II-21.) The following are quotations from the responses of producers. *(The top 10 U.S. producers in 2009 by total U.S. shipment value are represented in bold.)*

\* \* \* \* \*

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of wooden bedroom furniture in the future if the antidumping duty order on wooden bedroom furniture were revoked. (Question II-22.) The following are quotations from the responses of producers. *(The top 10 U.S. producers in 2009 by total U.S. shipment value are represented in bold.)*

\* \* \* \* \*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organizations relating to the importation of wooden bedroom furniture in the future. (Question II-3.) The following are quotations from the responses of U.S. importers. (The top 10 U.S. importers in 2009 by total U.S. import value from all sources are represented in bold.)**

\* \* \* \* \*

**The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organizations relating to the importation of wooden bedroom furniture in the future if the antidumping duty order were to be revoked. (Question II-4.) The following are quotations from the responses of U.S. importers. (The top 10 U.S. importers in 2009 by total U.S. import value from all sources are represented in bold.)**

\* \* \* \* \*

**The Commission requested U.S. importers to describe the significance of the existing antidumping duty order covering imports of wooden bedroom furniture from China in terms of its effect on their imports, U.S. shipments of imports, and inventories. (Question II-14.) The following are quotations from the responses of importers. (The top 10 U.S. importers in 2009 by total U.S. import value from all sources are represented in bold.)**

\* \* \* \* \*

**The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of wooden bedroom furniture in the future if the existing antidumping duty order was revoked. (Question II-15.) The following are quotations from the responses of importers. (The top 10 U.S. importers in 2009 by total U.S. import value from all sources are represented in bold.)**

\* \* \* \* \*



**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission asked U. S. purchasers to comment on the likely effect of any revocation of the antidumping duty order covering wooden bedroom furniture from China. They were asked to discuss the potential effects of revocation of the antidumping duty order in terms of (1) the future activities of their firm and (2) the U.S. market as a whole. (Question III-30.) Their responses are as follows. *(The top 10 purchasers are represented in bold.)*

\* \* \* \* \*

The Commission requested that purchasers identify and discuss any improvements/changes in the U.S. wooden bedroom furniture industry since January 1, 2004. (Question III-29 (a).) Their responses are as follows. *(The top 10 purchasers are represented in bold.)*

\* \* \* \* \*

The Commission requested that purchasers identify and discuss any improvements/changes they anticipate in the future U.S. wooden bedroom furniture industry. (Question III-29 (b).) Their responses are as follows. *(The top 10 purchasers are represented in bold.)*

\* \* \* \* \*

**CHINESE PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested foreign producers to describe any changes in the character of their operations or organizations relating to the production of wooden bedroom furniture in the future if the antidumping duty finding on wooden bedroom furniture from China were to be revoked. (Question II-4.) The following are quotations from the responses of foreign producers. *(The top 5 responding Chinese producers in 2009 by quantity produced are represented in bold.)*

\* \* \* \* \*

The Commission requested foreign producers to a) state the antidumping duty rate to which their exports have been subject since the order was imposed; and b) if the antidumping duty rate changed, explain how the change in rate affected their volume of imports to the United States. (Question II-14.) The following are quotations from the responses of foreign producers. *(The top 5 responding Chinese producers in 2009 by quantity produced are represented in bold.)*

\* \* \* \* \*

The Commission requested foreign producers to describe any anticipated changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of wooden bedroom furniture in the future if the antidumping duty order on wooden bedroom furniture were revoked. (Question II-15.) The following are quotations from the responses of foreign producers. *(The top 5 responding Chinese producers in 2009 by quantity produced are represented in bold.)*

\* \* \* \* \*

**APPENDIX E**  
**ADMINISTRATIVE REVIEW TABLES**



**Table E-1****Wooden bedroom furniture: Results of the first administrative review (06/24/2004 - 12/31/2005) of the antidumping duty order for China**

<b>Producer/exporter</b>	<b>Margin (percent)</b>
Ace Furniture & Crafts Ltd. (a.k.a. Deqing Ace Furniture and Crafts Limited)	35.78
Baigou Crafts Factory of Fengkai	35.78
Best King International Ltd.	35.78
Dailan Pretty Home Furniture	35.78
Decca Furniture Limited	35.78
Der Cheng Wooden Works of Factory	35.78
Dongguan Dihao Furniture Co., Ltd.	35.78
Dongguan Hua Ban Furniture Co., Ltd.	35.78
Dongguan Mingsheng Furniture Co., Ltd.	35.78
Dongguan New Technology Import & Export Co., Ltd.	35.78
Dongguan Sunpower Enterprise Co., Ltd.	35.78
Dongguan Yihaiwei Furniture Limited	35.78
Fine Furniture (Shanghai) Limited	1.97
Foshan Guanqiu Furniture Co., Ltd.	11.72
Fujian Lianfu Forestry Co., Ltd./ Fujian Wonder Pacific Inc. (Dare Group)	49.60
Furnmart Ltd.	35.78
Fuzhou Huan Mei Furniture Co., Ltd. (Dare Group)	49.60
Guangdong New Four Seas Furniture Manufacturing Ltd.	35.78
Guangzhou Lucky Furniture Co., Ltd.	35.78
Hong Yu Furniture (Shenzhen) Co., Ltd.	35.78
Hung Fai Wood Products Factory, Ltd.	35.78
Hwang Ho International Holdings Limited	35.78
Jiangsu Dare Furniture Co., Ltd. (Dare Group)	49.60
Kalanter (Hong Kong) Furniture Co. Limited	35.78
King Kei Furniture Factory, King Kei Trading Co., Ltd. and Jiu Ching Trading Co., Ltd.	35.78
King Wood Furniture Co., Ltd.	35.78
Kunwa Enterprise Co.	35.78

Table continued on next page.

**Table E-1--Continued****Wooden bedroom furniture: Results of the first administrative review (06/24/2004 - 12/31/2005) of the antidumping duty order for China**

Macau Youcheng Trading Co./Zhongshan Youcheng Wooden Arts & Crafts Co., Ltd.	35.78
Meikangchi Nantong Furniture Company Ltd.	35.78
Nantong Yangzi Furniture Co., Ltd.	35.78
Po Ying Industrial Co.	35.78
Profit Force Ltd.	35.78
Qingdao Beiyuan-Shengli Furniture Co., Ltd.	35.78
Qingdao Shenchang Wooden Co., Ltd.	35.78
Red Apple Trading Co., Ltd.	35.78
Shanghai Aosen Furniture Co., Ltd.	0.4
Shenyang Kunyu Wood Industry Co., Ltd.	35.78
Shenzhen Dafuhao Industrial Development Co., Ltd.	35.78
Shenzhen Shen Long Hang Industry Co., Ltd.	35.78
Sino Concord International Co., Ltd.	35.78
Starcorp Furniture Co., Ltd, or Starcorp Furniture (Shanghai) Co., Ltd., or Orin Furniture (Shanghai) Co., Ltd., or Shanghai Starcorp Furniture Co., Ltd., and Shanghai Xing Ding Furniture Industrial Co., Ltd. <sup>1</sup>	216.01
T.J. Maxx International Co., Ltd.	35.78
Tianjin First Wood Co., Ltd.	216.01
Top Art Furniture Factory/Sanxing Top Art Furniture/Ngai Kun Trading	35.78
Top Goal Development Co.	35.78
Transworld (Zhangzhou) Furniture Co., Ltd.	35.78
Wan Bao Chen Group Hong Kong Co., Ltd.	35.78
Winmost Enterprises Limited	35.78
Xilinmen Group Co., Ltd.	35.78
Yongxin Industrial (Holdings) Limited	35.78
Zhongshan Gainwell Furniture Co., Ltd.	35.78
PRC-Wide Rate	216.01
<sup>1</sup> Starcorp is not subject to the PRC-wide rate.	
Source: 72 FR 46957, 72 FR 62834, 72 FR 72674, and 74 FR 2055.	

**Table E-2****Wooden bedroom furniture: Results of the second administrative review (01/01/2006 - 12/31/2006) of the antidumping duty order for China**

<b>Producer/exporter</b>	<b>Margin (percent)</b>
BNBM Co., Ltd. (aka Beijing New Material Co., Ltd.)	32.23
Classic Furniture Global Co., Ltd.	32.23
Dalian Guangming Furniture Co., Ltd.	32.23
Decca Furniture Ltd., aka Decca	32.23
Dong Guan Golden Fortune Houseware Co., Ltd.	32.23
Dongguan Mingsheng Furniture Co., Ltd.	32.23
Dongguan Yihaiwei Furniture Limited	32.23
Fortune Furniture Ltd. and its affiliate, Dongguan Fortune Furniture Ltd.	32.23
Fujian Lianfu Forestry Co., Ltd. aka Fujian Wonder Pacific Inc. (Dare Group)	39.46
Fuzhou Huan Mei Furniture Co., Ltd. (Dare Group)	39.46
Gaomi Yatai Wooden Ware Co., Ltd., Team Prospect International Ltd., Money Gain International Co.	32.23
Guangming Group Wumahe Furniture Co., Ltd.	32.23
Inni Furniture	32.23
Jiangsu Dare Furniture Co., Ltd. (Dare Group)	39.46
Meikangchi (Nantong) Furniture Company Ltd.	32.23
Nanjing Nanmu Furniture Co., Ltd.	32.23
Po Ying Industrial Co.	32.23
Qingdao Beiyuan-Shengli Furniture Co., Ltd, Qingdao Beiyuan Industry Trading Co., Ltd.	32.23
Shenyang Kunyu Wood Industry Co., Ltd.	32.23
Shenzhen Tiancheng Furniture Co., Ltd., Winbuild Industrial Ltd., Red Apple Furniture Co., Ltd., and Red Apple Trading Co., Ltd.	32.23
Shenzhen Xingli Furniture Co., Ltd.	32.23
Teamway Furniture (Dong Guan) Co., Ltd., Brittomart Inc.	22.29
Tianjin First Wood Co., Ltd.	32.23
Union Friend International Trade Co., Ltd.	32.23
Winmost Enterprises Limited	32.23

Table continued on next page.

**Table E-2--Continued**

**Wooden bedroom furniture: Results of the second administrative review (01/01/2006 - 12/31/2006) of the antidumping duty order for China**

Winnie Overseas, Ltd.	32.23
Yangchen Hengli Co., Ltd.	32.23
Yichun Guangming Furniture Co., Ltd.	32.23
Zhong Cheng Furniture Co., Ltd.	32.23
PRC-Wide Rate	216.01
Source: 73 FR 49162, 74 FR 4916, and 74 FR 13417.	



**Table E-3****Wooden bedroom furniture: Results of the third administrative review (01/01/2007 - 12/31/2007) of the antidumping duty order for China**

<b>Producer/exporter</b>	<b>Margin (percent)</b>
Brother Furniture Manufacture Co., Ltd.	29.89
COE, Ltd.	29.89
Decca Furniture Limited	29.89
Dongguan Landmark Furniture Products, Ltd.	29.89
Dongguan Mingsheng Furniture Co., Ltd.	29.89
Dongguan Yihaiwei Furniture Limited	29.89
Fujian Lianfu Forestry Co., Ltd. aka Fujian Wonder Pacific Inc. (Dare Group)	29.89
Fuzhou Huan Mei Furniture Co., Ltd. (Dare Group)	29.89
Guangdong Yihua Timber Industry Co., Ltd. (a.k.a. Yihua Timber Industry Co., Ltd.)	29.89
Hwang Ho International Holdings Limited	29.89
Jiangsu Dare Furniture Co., Ltd. (Dare Group)	29.89
Meikangchi (Nantong) Furniture Co. Ltd.	29.89
Orient International Holding Shanghai Foreign Trading Co., Ltd.	216.01
Qingdao Shenchang Wooden Co., Ltd.	29.89
Shenzhen Shen Long Hang Industry Co., Ltd.	29.89
Transworld (Zhangzhou) Furniture Co., Ltd.	29.89
Winy Universal, Ltd., Zhongshan Winy Furniture Ltd., Winy Overseas, Ltd.	29.89
Xingli Arts & Crafts Factory of Yangchun	29.89
Zhongshan Gainwell Furniture Co., Ltd.	29.89
PRC-Wide Entity	216.01
Source: 74 FR 41374 and 74 FR 55810.	

**Table E-4****Wooden bedroom furniture: Results of the fourth administrative review (01/01/2008 - 12/31/2008) of the antidumping duty order for China**

<b>Producer/exporter</b>	<b>Margin (percent)</b>
Baigou Crafts Factory of Fengkai	43.23
COE Ltd.	43.23
Decca Furniture Ltd., aka Decca	43.23
Dongguan Landmark Furniture Products Ltd.	43.23
Dongguan Sunrise Furniture Co., Ltd., Taicang Sunrise Wood Industry Co., Ltd., Taicang Fairmount Designs Furniture Co., Ltd., and Meizhou Sunrise Furniture Co., Ltd.	43.23
Dongguan Yihaiwei Furniture Limited	43.23
Langfang Tiancheng Furniture Co., Ltd.	43.23
Longrange Furniture Co., Ltd.	43.23
Shun Feng Furniture Co., Ltd.	43.23
Tianjin Fortune Furniture Co., Ltd.	43.23
Transworld (Zhangzhou) Furniture Co. Ltd.	43.23
Winy Overseas, Ltd.	43.23
Zhongshan Gainwell Furniture Co. Ltd.	43.23
PRC-Wide Entity	216.01
Source: 75 FR 50992.	

**APPENDIX F**  
**SELECTED U.S. PRODUCER DATA**



**Table F-1**

**Wooden bedroom furniture: U.S. producers' production, total shipments and shares of production and shipments, by firm and by position taken with respect to continuation of the antidumping duty order, 2004-09**

\* \* \* \* \*

**Table F-2**

**Wooden bedroom furniture: U.S. producers' production, capacity and capacity utilization, by firm, 2004-09**

\* \* \* \* \*



**APPENDIX G**

**OVERLAPS AMONG QUESTIONNAIRE RESPONDENTS**





Numerous firms submitted a combination of producers', importers', purchasers', and/or foreign producers' questionnaires, or submitted questionnaires for firms that were related to each other. For purposes of the report in Parts II, IV, and V, staff has included all questionnaire responses, which may result in an overlap of answers by firms that completed more than one type of questionnaire response.

Overlaps identified among questionnaire respondents are summarized in table G-1.

**Table G-1**  
**Wooden bedroom furniture: Overlaps among questionnaire respondents**

\* \* \* \* \*



**APPENDIX H**

**HOUSING STARTS, NEW HOMES SOLD, AND CONSUMER SENTIMENT  
INDICES**



**Figure H-1**  
**Wooden bedroom furniture demand component: Housing starts index, seasonally adjusted, monthly, January 2004-August 2010**



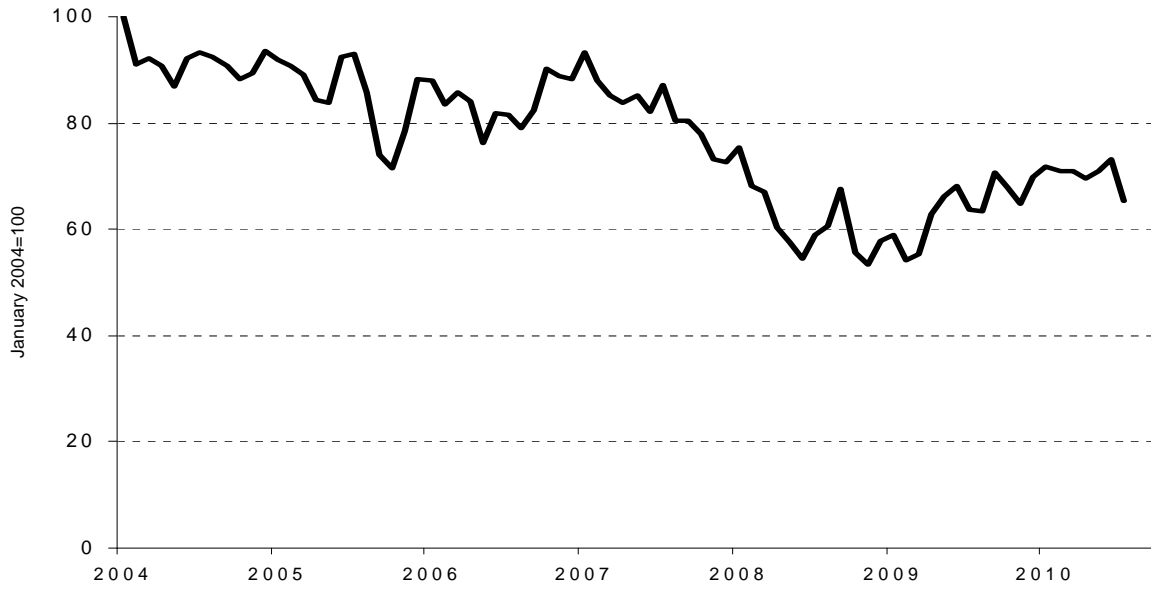
Source: U.S. Census Bureau ([http://www.census.gov/const/starts\\_cust.xls](http://www.census.gov/const/starts_cust.xls)) and staff calculations.

**Figure H-2**  
**Wooden bedroom furniture demand component: New homes sold index, monthly, January 2004-August 2010**



Source: U.S. Census Bureau ([http://www.census.gov/const/www/newressalesindex\\_excel.html](http://www.census.gov/const/www/newressalesindex_excel.html)) and staff calculations.

**Figure H-3**  
**Wooden bedroom furniture demand component: Consumer sentiment index, not seasonally adjusted, monthly, January 2004-September 2010**



Source: University of Michigan via St. Louis Federal Reserve (<http://research.stlouisfed.org/fred2>) and staff calculations.

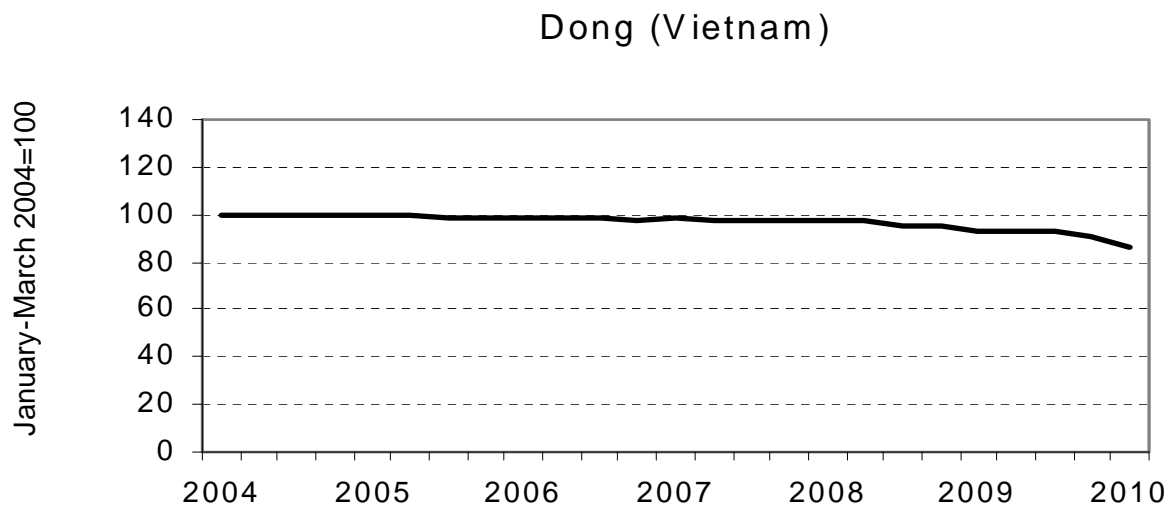
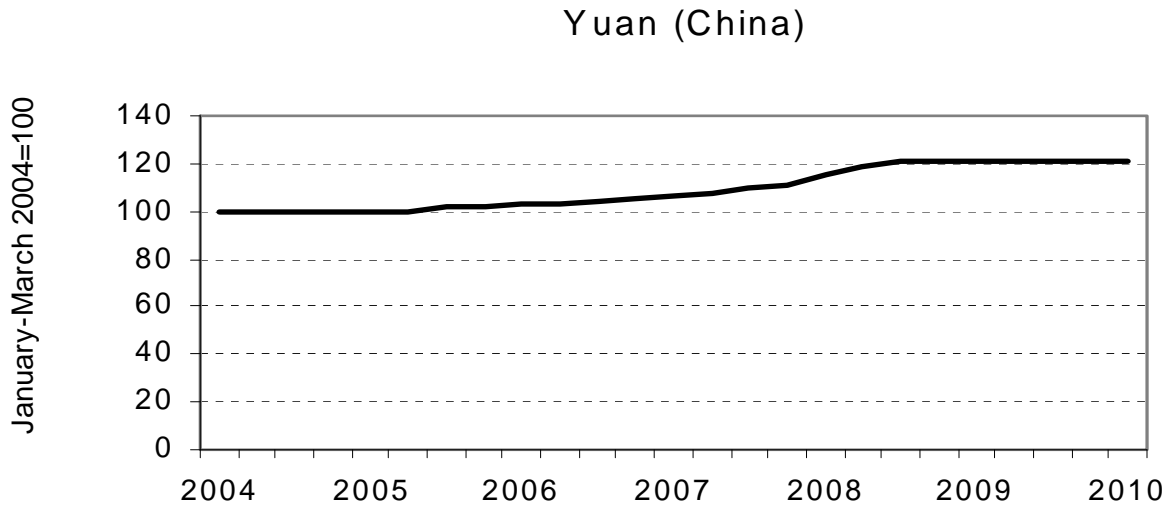
**APPENDIX I**  
**EXCHANGE RATES**





Table I-1

Exchange rates: Indices of the nominal exchange rates between the currencies of China and Vietnam and the U.S. dollar, by quarters, January 2004-March 2010



Source: International Financial Statistics.



**APPENDIX J**  
**PRICING PRODUCT DEFINITIONS**



Pricing products were requested for the following products:

**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):**<sup>1</sup>

- (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 veneers 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 175 pounds total (uncartoned and unpacked).

**Product 1-B.–Queen-size Louis Philippe Style Sleigh Bed (Wooden Side Rails; all solid hardwood Headboards and Footboards):**<sup>2</sup>

- (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 175 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 veneers 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.

**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 above Louis Phillippe Style Dressers:**

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

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<sup>1</sup> 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.

<sup>2</sup> 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.

**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 veneers 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: MISSION STYLE WOODEN BEDROOM FURNITURE SUITE**

**Product 2-A.-Queen-size Mission Style Slat Bed (with Wooden Side Rails; no all solid hardwood Headboards or Footboards):<sup>3</sup>**

- (1) Slat headboard, slat footboard, and wooden side rails;
- (2) Constructed of predominantly hardwood solids or hardwood solids and veneers over particle board or fiber board, no all solid hardwood headboards or footboards, side rails may be made of plywood;
- (3) Made for use with queen-size (5 feet) bedding, 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 175 pounds total (uncartoned and unpacked).

**Product 2-B.-Queen-size Mission Style Slat Bed (with Wooden Side Rails; all solid hardwood Headboards and Footboards):<sup>4</sup>**

- (1) Slat headboard, slat 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, 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 175 pounds total (uncartoned and unpacked).

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<sup>3</sup> 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.

<sup>4</sup> 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.

**Product 2-C.-Mission Style Dresser (8-10 drawers-no doors OR 6-8 drawers and 1 or 2 doors; no all solid hardwood Dressers):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiber board, no all solid hardwood dressers;
- (2) Height ranging from 36-47 inches and width ranging from 62-72 inches.

**Product 2-D.-Mission Style Dresser (8-10 drawers-no doors OR 6-8 drawers and 1 or 2 doors; 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 36-47 inches and width ranging from 62-72 inches.

**Product 2-E.-Mirrors Sold with Above Mission Style Dresser:**

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

**Product 2-F.-Mission Style Two and Three Drawer Nightstands (no Doors; no all solid hardwood Nightstands):**

- (1) Constructed of predominantly hardwood solids and veneers over particle board or fiber board, no all solid hardwood nightstands;
- (2) Height ranging from 22.5-30.0 inches.

**Product 2-G.-Mission Style Two and Three Drawer Nightstands (no Doors; all solid hardwood Nightstands):**

- (3) Constructed of all hardwood solids (although interior drawer parts and back panels need not be hardwood solids);
- (4) Height ranging from 22.5-30.0 inches.

**PRODUCT 3: WHITE COTTAGE STYLE WOODEN BEDROOM FURNITURE SUITE**

**Product 3-A.-Queen-size White Cottage Style Bed (Wooden Side Rails; no all solid hardwood Headboards or Footboards):<sup>5</sup>**

- (1) Panel headboard, panel footboard, and wooden side rails;
- (2) Constructed of hardwood solids and veneers 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).

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<sup>5</sup> 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.

**Product 3-B.–Queen-size White Cottage Style Bed (Wooden Side Rails; all solid hardwood Headboards and Footboards):**<sup>6</sup>

- (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 3-C.–White Cottage Style Dresser (no all solid hardwood Dressers):**

- (1) Constructed of predominantly hardwood solids and veneers 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 3-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 3-E.–Mirrors Sold with above White Cottage Style Dressers:**

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

**Product 3-F.–White Cottage Style One and Two Drawer Nightstands (no Doors; no all solid hardwood Nightstands):**

- (1) Constructed of predominantly hardwood solids and veneers 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 3-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.

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<sup>6</sup> 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.



**PRODUCT 4: TRADITIONAL CARVED STYLE WOODEN BEDROOM FURNITURE SUITE**

**Product 4-A.–Queen-size Traditional Carved Style Low Post Bed):**<sup>7</sup>

- (1) Carved post from 6 to 8 inches in diameter;
- (2) Carved crown molding and carved finials made of wood solids and veneers; and
- (3) Rails made of plywood and veneer made for use with queen style bedding.

**Product 4-B.–Queen-size Traditional Carved Style High Post Canopy Bed:**<sup>8</sup>

- (1) Carved post from 6 to 8 inches in diameter;
- (2) Carved crown molding and carved finials made of wood solids and veneers;
- (3) Canopy made of wood; and
- (4) Posts from 76 to 86 inches high.

**Product 4-C.– Traditional Carved Style Dresser (6-9 Drawers):**

- (1) 66 to 72 inches wide, 36 to 44 inches high; and
- (2) With carved pilasters and shaped fronts made of veneer, particle board, and wood solids.

**Product 4-D.– Mirrors sold with above Traditional Carved Style Dressers:**

- (1) Include all mirrors sold with above Traditional Carved Style dressers.

**Product 4-E.– Traditional Carved Style Three Drawer Nightstands:**

- (1) Carved pilasters and shaped fronts; and
- (2) 24 to 26 inches wide and 24 to 30 inches high.

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<sup>7</sup> 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.

<sup>8</sup> 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.