

# **Wood Mouldings and Millwork Products from Brazil and China**

**Inv. Nos. 701-TA-636 and 731-TA-1469-1470 (P)**

January 29, 2020

## **Presentation of the Domestic Industry**

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# Introduction

- There is a reasonable indication that imports of wood mouldings and millwork products from Brazil and China are materially injuring, and threaten further material injury to, the domestic industry
- Subject imports increased by nearly 50% during the POI, reaching about 406 million board feet valued at \$550 million in 2018
- U.S. demand is growing, but imports from Brazil and China are taking market share at the direct expense of the domestic industry
- Subject imports consistently undersell domestic products
- The domestic industry's sales and financial performance has declined significantly



# AD and CVD Petitions

- Petitioners represent a substantial majority of the domestic industry
- The antidumping petition alleges dumping margins of more than 85% for Brazil and from 181% to 359% for China
- The countervailing duty petition identifies more than 35 subsidy programs that have benefitted the Chinese wood mouldings and millwork industry



# Scope

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



# Scope

- The merchandise subject to this investigation consists of
  - wood, LVL, bamboo, or a combination of wood and composite materials that is continuously shaped throughout its length (with the exception of any endwork/dados),
  - profiled wood having a repetitive design in relief,
  - similar milled wood architectural accessories, such as rosettes and plinth blocks, and
  - finger-jointed or edge-glued moulding or millwork blanks (whether or not resawn)
  - The scope includes continuously shaped wood in the forms of dowels, building components such as interior paneling and jamb parts, and door components such as rails and stiles



# Scope

- The covered products may be solid wood, laminated, finger-jointed, edge-glued, face-glued, or otherwise joined in the production or remanufacturing process and are covered by the scope whether imported raw, coated (e.g., gesso, polymer, or plastic), primed, painted, stained, wrapped (paper or vinyl overlay), any combination of the aforementioned surface coatings, treated, or which incorporate rot-resistant elements (whether wood or composite)



# Scope

- Excluded from the scope of this investigation are
  - exterior fencing, exterior decking and exterior siding products (including solid wood siding, non-wood siding (e.g., composite or cement), and shingles) that are not LVL or finger jointed;
  - finished and unfinished doors;
  - flooring;
  - parts of stair steps (including newel posts, balusters, easing, gooseneck, risers, treads and rail fittings); and
  - picture frame components three feet and under in individual lengths



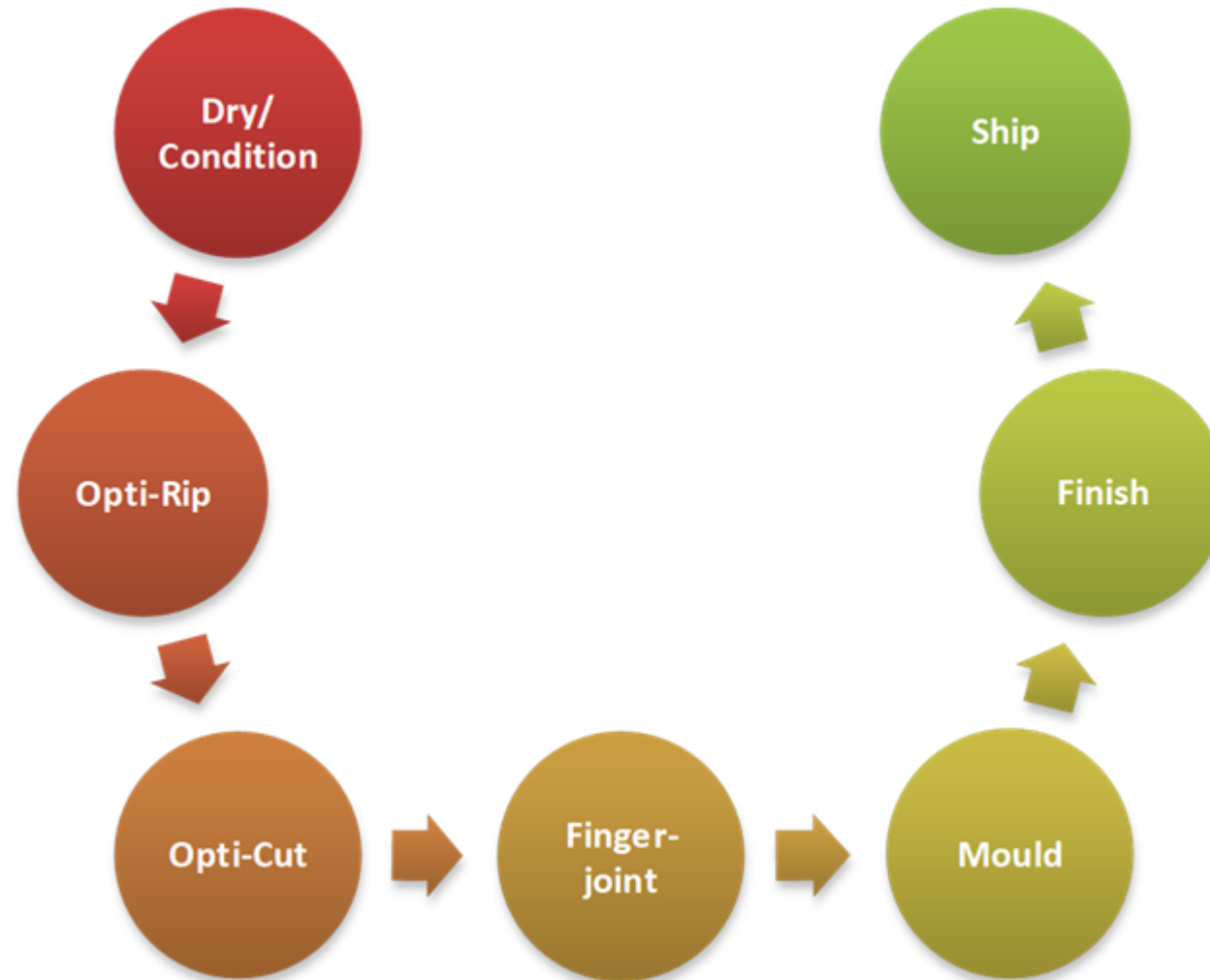
# Domestic Like Product

- There is a single domestic like product co-extensive with the scope:
  - Physical characteristics and uses
  - Interchangeability
  - Manufacturing facilities, production processes, and employees
  - Channels of distribution
  - Producer and customer perceptions
  - Price

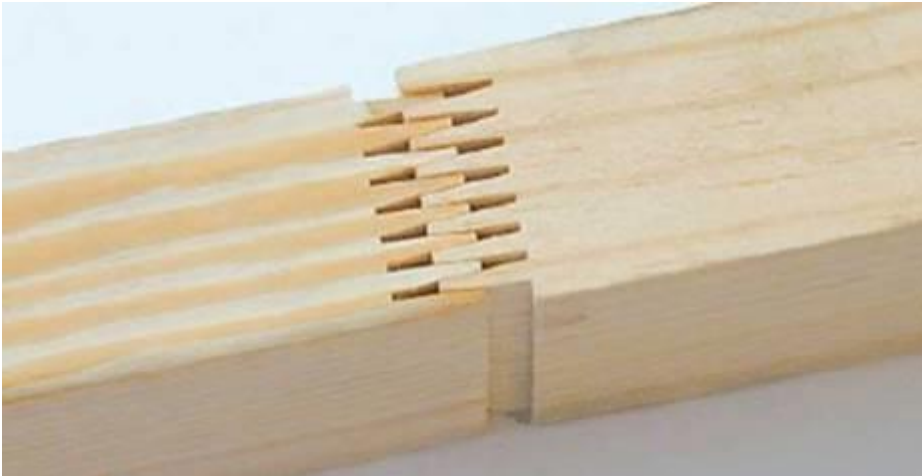




# Domestic Like Product



# Domestic Like Product



Fingerjoint



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Home / Building Materials / Moulding & Millwork

## Moulding & Millwork

### Moulding Types

Crown Moulding  
Cove Moulding  
Inside Corner Block  
Baseboard  
Casing  
Brick Mould  
Door Jamb  
Door & Window  
Chair Rail & Trim  
Panel  
Chair Rail Backer  
Shoe & Quarter Round  
Shoe Base  
Quarter Round  
Corner & Block  
General Purpose  
Picture Frame & Niche

### Features & Materials

Exterior Moulding  
Moisture Resistant Moulding  
Prefinished Moulding  
Flexible Moulding  
MDF Moulding  
PVC Moulding  
Wood Moulding

### Accents

Brackets & Braces  
Dowels  
Faux Wood Beams  
Corbels  
Columns & Accessories  
Fireplace Mantels  
Newel Posts  
Appliques  
Ceiling Medallions

### Interior Stair Parts

Handrails  
Stair Treads & Risers  
Stair Balusters  
Stair Partitions



Moulding Styles

Features & Materials

Accents

Interior Stair Parts

## Moulding Styles [Shop All](#)



**Crown Moulding**

Gives a finished look where the walls and ceiling meet; also called cornice moulding.



**Baseboard**

Installed at the lower portion of the walls, along a finished floor; also called wall base.



**Door & Window**

Also called casing, the trim that surrounds interior doors and windows.



**Chair Rail & Wall Trim**

Usually installed 1/3 of the way above the floor; often used with wainscoting.



**Shoe & Quarter Round**

Narrow (shoe) and slightly wider (quarter round) moulding used along base trim.



**Corner & Block**

Blocks, usually square, used instead of mitering where two longer pieces meet.



**General Purpose**

Wood trim used to provide visual detail to interior or exterior structures.



**Pictures Frame & Niche**

Decorative, narrow moulding to help support hardware for picture and art hanging.



# Brazilian and Chinese Imports Compete Directly with U.S. Product

- There is a single continuum of wood mouldings and millwork products
  - Brazilian, Chinese, and domestic producers make and sell the same product configurations to the same customers
- Brazilian and Chinese imports consistently undersell the domestic product
- Brazilian and Chinese producers have taken substantial market share from the U.S. industry
  - The loss in the domestic industry's market share has cost it over \$82 million in documented lost sales since 2016

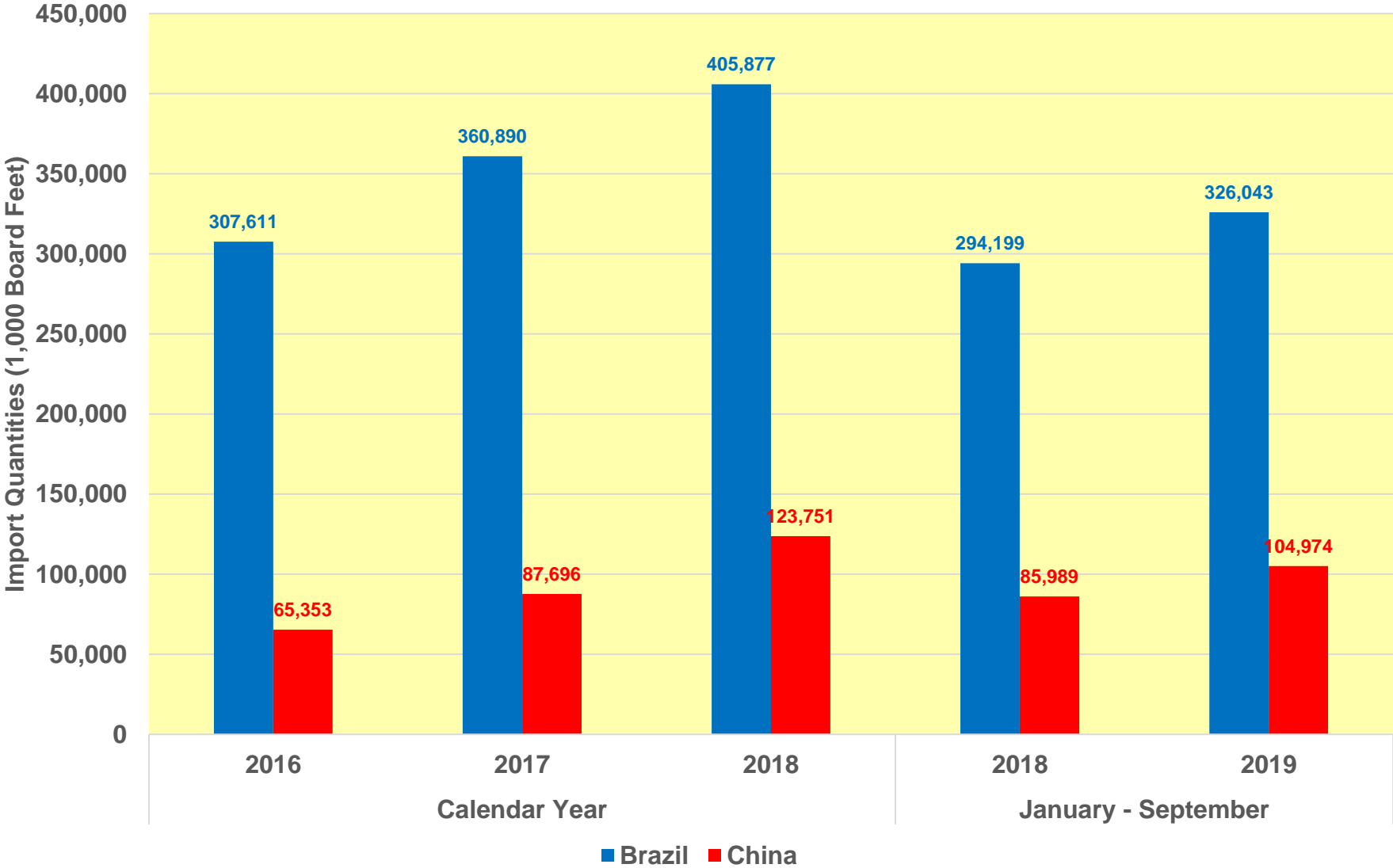


# The Domestic Industry Is Materially Injured

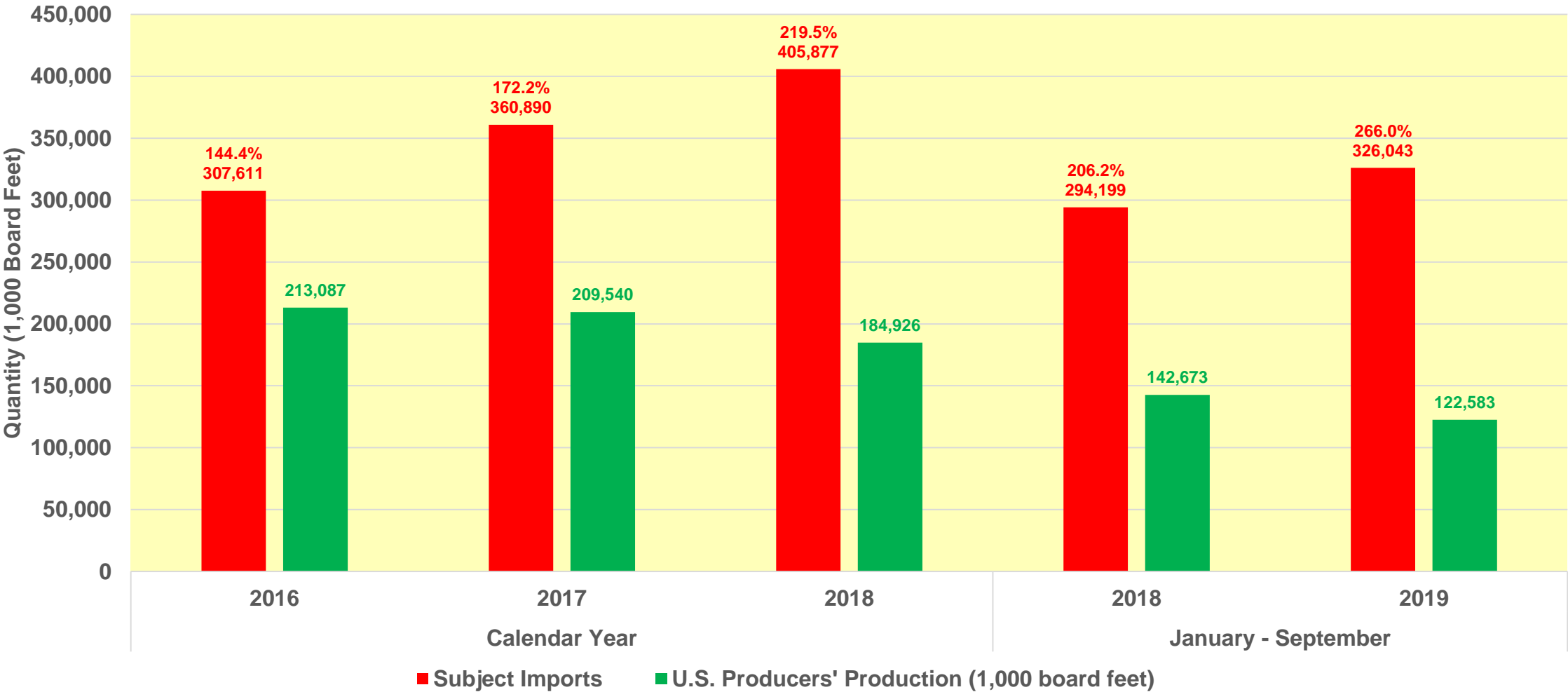
- The ITC must make an affirmative preliminary determination if it finds that there is a reasonable indication that imports are a cause of material injury
- The questionnaire responses and record information show that there is a reasonable indication of material injury in this case:
  - Rising import volumes
  - Increased import market share
  - Underselling and lost sales
  - Declining sales and financial performance for the domestic industry



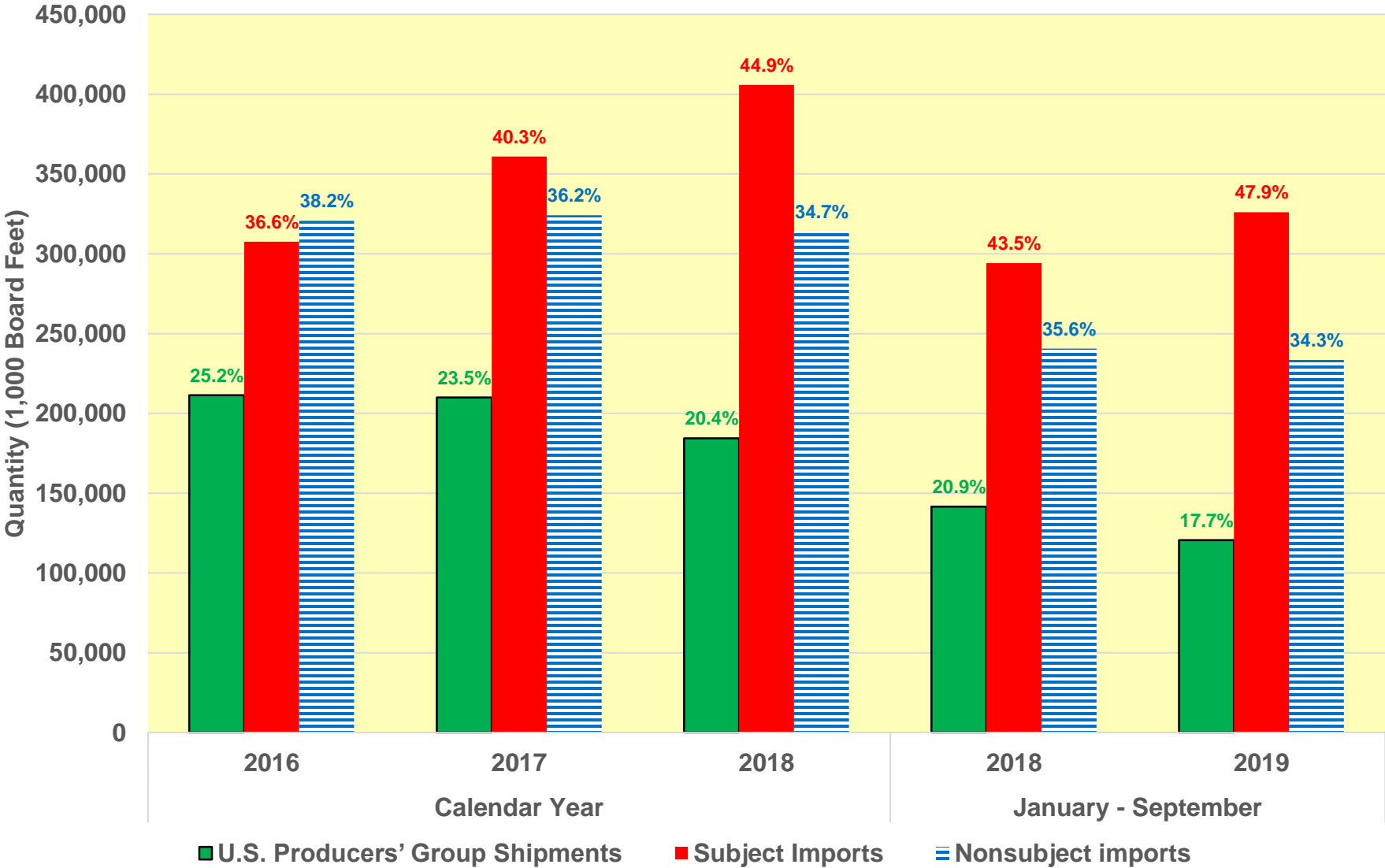
Subject Imports From Brazil and China Have Each Increased During The POI



The Subject Imports Have Increased Absolutely And Relative To U.S. Production:  
Volumes And As A Percent Of U.S. Production

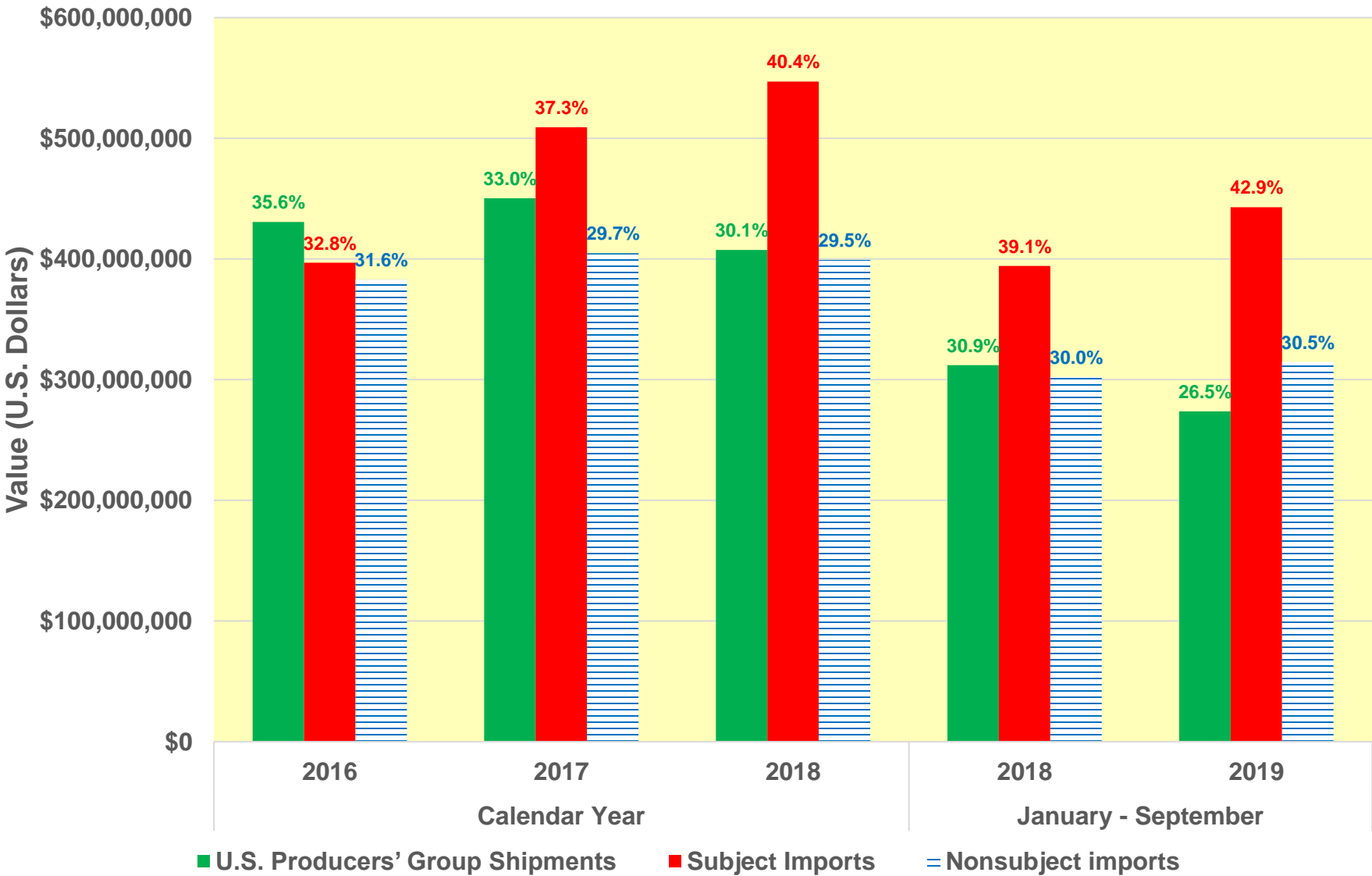


The Subject Imports Have Increased Throughout The POI  
Capturing Market Share And Taking Volumes From U.S. Producers





The Subject Imports Have Increased Throughout The POI  
Capturing Market Share And Taking Sales From U.S. Producers

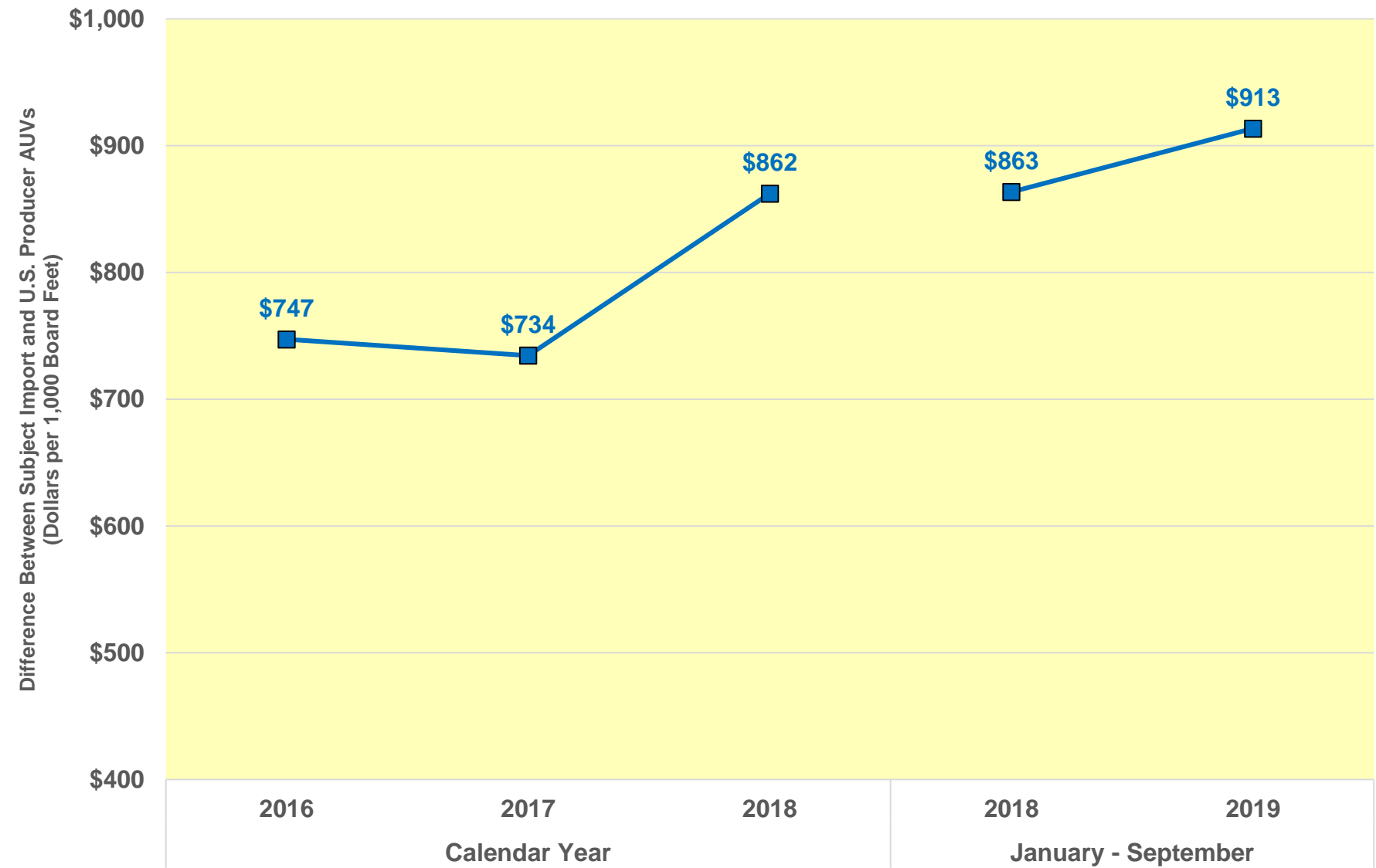


# Price Effects of Subject Imports

- Subject import AUVs are low and declining
- Record will likely show significant underselling



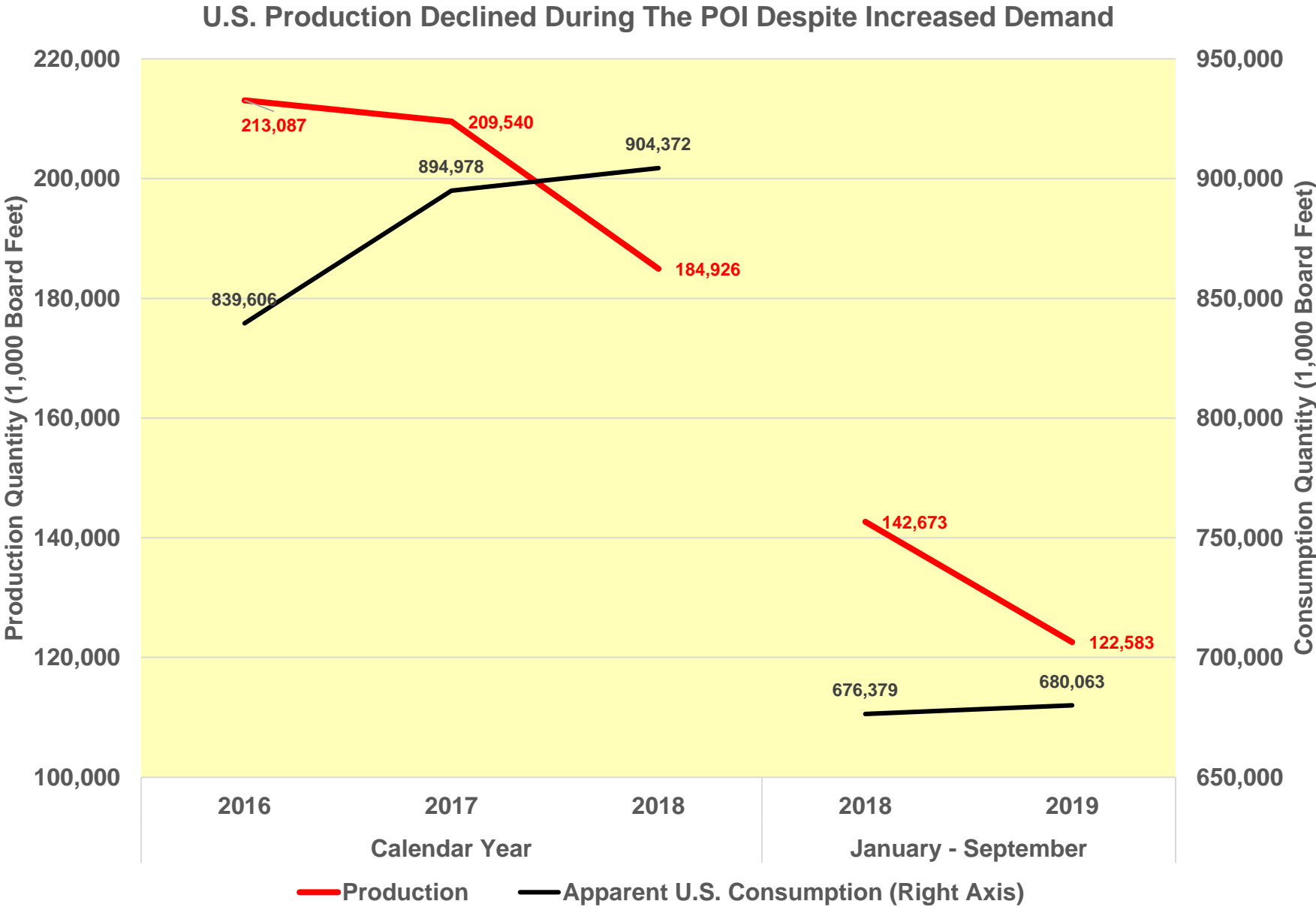
The Average Unit Values of Subject Imports From Brazil and China  
Are Falling Farther Below U.S. Producer Prices

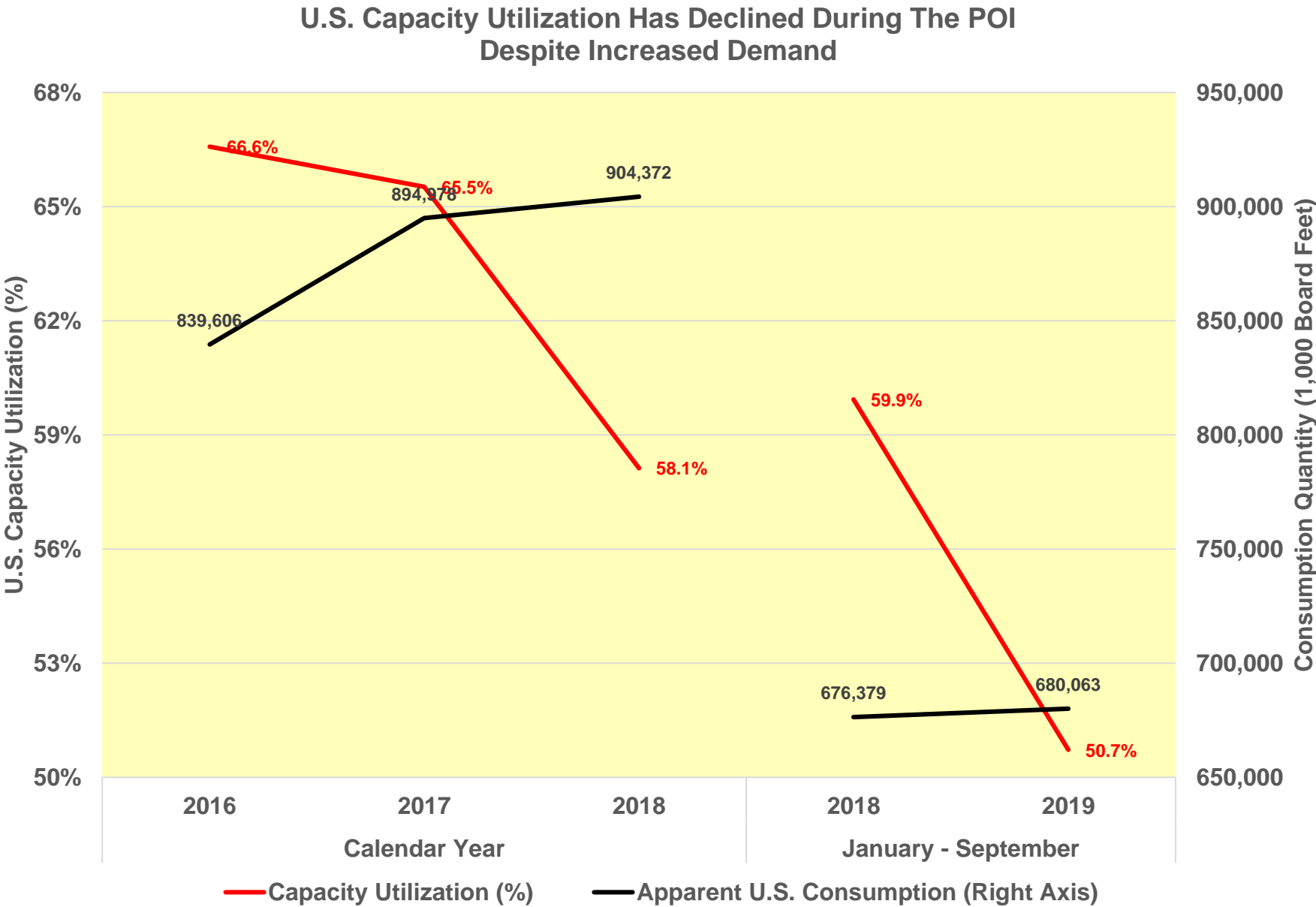


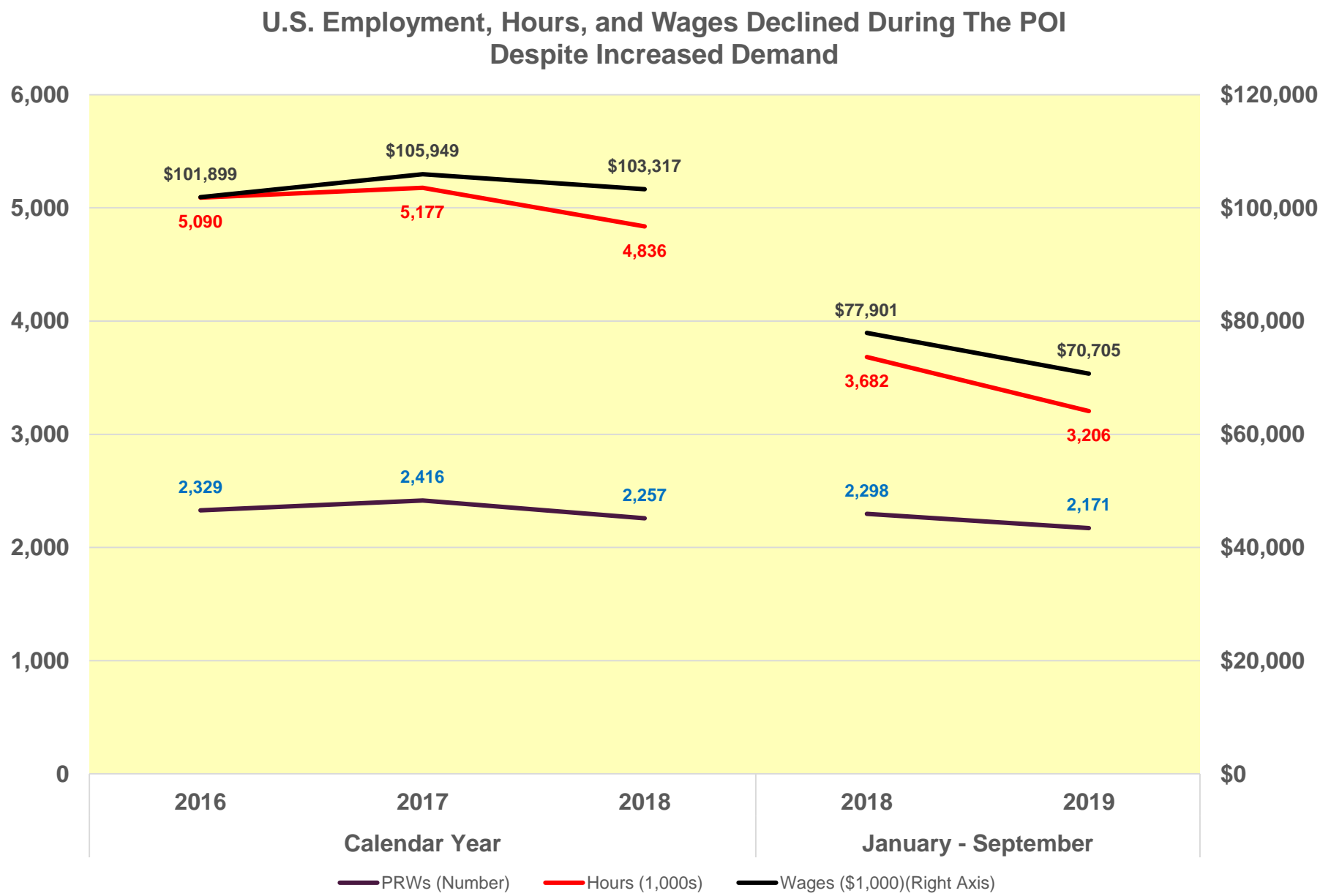
# Impact of Subject Imports

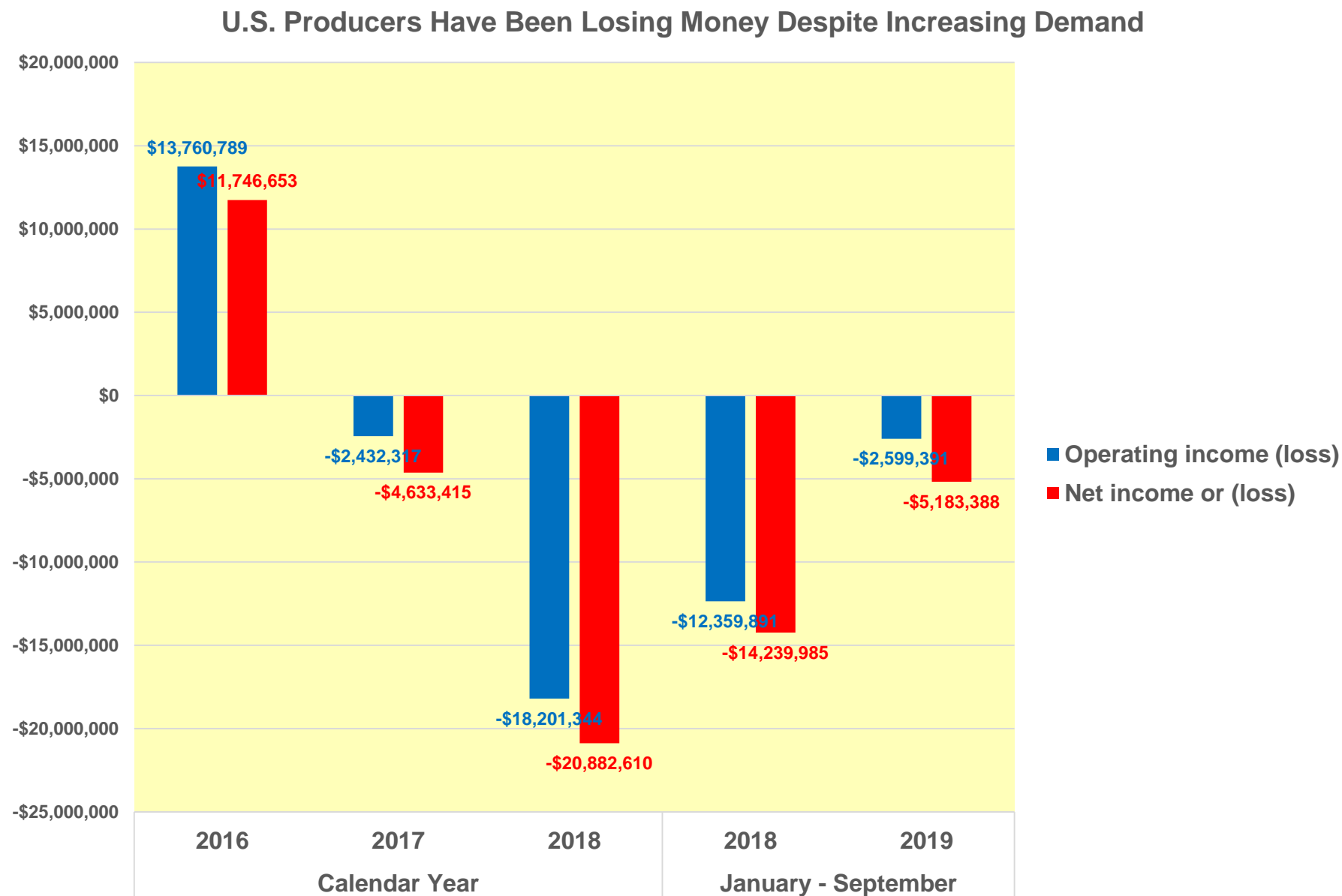
- Demand for wood mouldings and millwork products has increased by nearly 8% during the POI
- Despite strong demand, dumped and subsidized Brazilian and Chinese imports deprived the domestic industry of increased shipments
- The sales and financial performance of the industry has suffered
  - Production, employment, and capacity utilization has fallen
  - Operating and net profits are all down
  - U.S. producers have shuttered facilities, laid off employees, and gone bankrupt
- The harm is intensifying





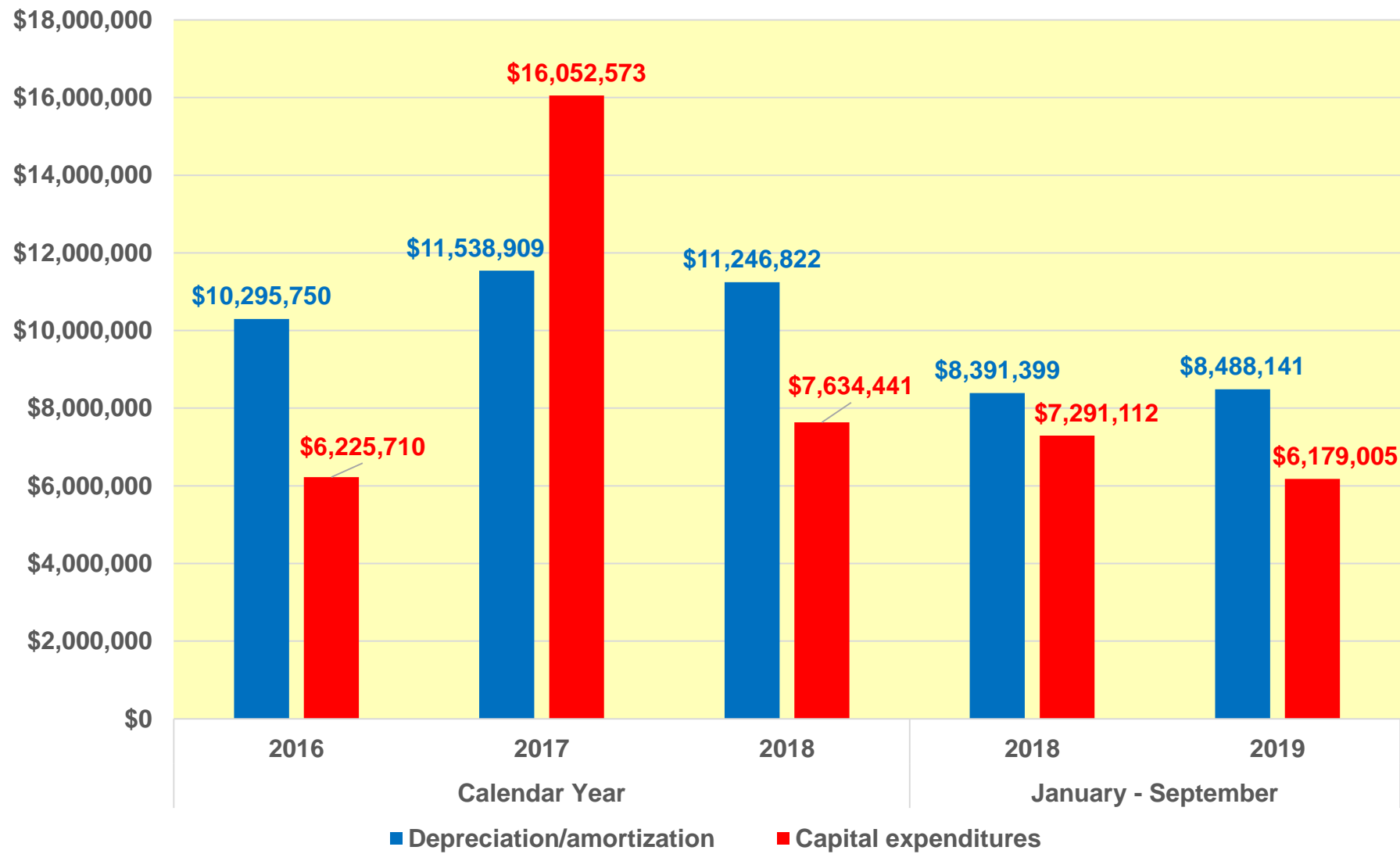








U.S. Producers Have Not Been Able To Invest Enough In Their Businesses  
Because of Poor Financial Performance



# Brazilian and Chinese Imports Threaten the Domestic Industry with Injury

- Declining profitability and loss of market share have rendered the domestic industry **vulnerable**
- The **subsidies** received by the Chinese wood mouldings and millwork industry encourage exports
- The Brazilian and Chinese industries have large amounts of available **capacity**, are adding capacity, and can expand production and increase exports to the United States
- Brazilian and Chinese imports **undersell** the domestic product consistently and by significant margins
- Competition with Brazilian and Chinese imports has harmed and discouraged **investments** in new equipment and technology by the domestic industry



# The Record Strongly Supports an Affirmative Preliminary Determination

- Reduced production
- Reduced capacity utilization
- Reduced production workers, hours worked, wages paid
- U.S. facilities closed and experienced prolonged shutdowns
- U.S. producers went out of business
- U.S. producers lost market share (at least 7.5 percentage points) to Brazilian and Chinese imports
- While demand increased:
  - Capacity utilization down
  - Operating profit down (and **negative**)
  - Net income down (and **negative**)
- Lost sales and lost revenue
- Expansions cancelled
- Returns on investments harmed



# Conclusion

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