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MEMORANDUM TO: The File

THROUGH: Kabir Archuletta *KA*
Program Manager, Office V
Enforcement & Compliance

FROM: Nicolas Mayora *NM*
International Trade Analyst, Office V
Enforcement & Compliance

RE: Administrative Review of Certain Hardwood Plywood Products from
the People’s Republic of China: Final Surrogate Value
Memorandum

SUMMARY

The Department of Commerce (Commerce) is conducting an administrative review of certain hardwood plywood products from the People’s Republic of China (China). This memorandum provides additional details for the final results of the antidumping duty administrative review for the period June 23, 2018, through December 31, 2018. For further discussion regarding the changes for these final results, *see* the Issues and Decision Memorandum.¹

CHANGES SINCE THE PRELIMINARY DETERMINATION

Based on review of the record and comments received from interested parties, Commerce made the following changes to the *Preliminary Results*, as discussed below: 1) we adjusted the calculation of the surrogate financial ratios; 2) we revised the SV for formaldehyde; and 3) we changed the SV for labor.

I. Surrogate Financial Ratios

¹ See Memorandum, “Issues and Decision Memorandum for the Final Results of the Antidumping Duty Administrative Review of Certain Hardwood Plywood Products from the People’s Republic of China” dated concurrently with this memorandum (Issues and Decision Memorandum).



In the *Preliminary Results*², we preliminarily calculated financial ratios using the financial statements of four Malaysian producers: Focus, Fu Yee, Megamas, and Ta Ann.³ For these final results, consistent with Comment 3 of the IDM, we have calculated the surrogate financial ratios based on the financial statements for Focus, Fu Yee, and Ta Ann.⁴

After reexamining Ta Ann's financial statements, there are certain depreciation expenses for factories/building/quarters and plant/machinery⁵ that we conclude should be classified as manufacturing overhead for purposes of the antidumping analysis, and we have accordingly made appropriate adjustments to account for them in the overhead calculation.⁶ We also noted there was a clerical error in the transcription of the values from Note 20 of Ta Ann's financial statements, and we have corrected that as they are shown in the financial statements.⁷

II. Surrogate Value for Formaldehyde

Consistent with Comment 5B of the IDM, we find it reasonable to value Chengen's formaldehyde input using the average of HTS subheading 2912.11.10 and 2912.11.90 because we are unable to determine whether Chengen's input is properly classified under the subheading for formalin, or under the only other subheading for formaldehyde. The surrogate value is 8.01 Malaysian ringgit /kilogram.⁸

III. Surrogate Value for Labor

Consistent with Comment 5C of the IDM, we find that "Trading Economics – Malaysia" is the preferable source for valuing Chengen's labor FOPs for these final results, and it is appropriate to assume 24 working days/month, based on Commerce's practice.⁹

² See *Certain Hardwood Plywood Products from the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review; 2017-2018*, 85 FR 7270 (February 7, 2020) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).

³ See *Preliminary Results* PDM at 29-30.

⁴ See Attachment 10.

⁵ See Chengen Final SV Submission, dated January 2, 2020, at Exhibit SV2-8 (Note 3, Property, plant and equipment)

⁶ See Attachment 11.

⁷ *Id.*; See Chengen Final SV Submission, at Exhibit SV2-8 (Note 20, Results from operating activities)

⁸ See Attachments 1 and 3f.

⁹ See Attachment 9.

Attachment List
Contained in the accompanying electronic file

Attachment 1:	Summary Spreadsheet
Attachment 2:	Significant Production
Attachment 3a-f:	GTA Data
Attachment 4:	Scrap SV
Attachment 5:	Water
Attachment 6:	Electricity
Attachment 7:	Natural Gas – Steam
Attachment 8:	Movement Expenses
Attachment 9:	Labor
Attachment 10:	Financial Ratios
Attachment 11:	Ta Ann's Ratios