



**MEMORANDUM**

***CONFIDENTIAL***  
***ATTORNEY WORK PRODUCT***

**TO:** American Manufacturers of Multilayered Wood Flooring  
**FROM:** Timothy C. Brightbill  
**DATE:** November 24, 2020  
**RE:** Final Results in 2017 Countervailing Duty Administrative Review

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On November 23, 2020, the U.S. Department of Commerce (Commerce) issued its final results in the 2017 administrative review of the countervailing duty (CVD) order on multilayered wood flooring from China.

- Baroque Timber Industries (Zhongshan) Co., Ltd. (Baroque Timber)<sup>1</sup> – 14.09%
- Jiangsu Guyu International Trading Co., Ltd. (Jiangsu Guyu)<sup>2</sup> – 122.92%
- All other non-examined companies under review – 20.75%

Most Chinese producers and exporters will be subject to the 20.75% rate for non-examined respondents. Each of these rates represent significant increases to the current cash deposit rates, which were previously around 3% for all Chinese companies.

Entries of subject flooring made during 2017 will be liquidated and assessed at these new CVD rates. Typically, one week after Commerce releases its final results it will publish those results in the *Federal Register*. Commerce has indicated that within 15 days of publishing its final results in this review, it will instruct U.S. Customs and Border Protection (CBP) to begin liquidating entries of subject merchandise made during the period of review, *i.e.*, calendar year 2017. At that time, Chinese producers and exporters will be required to pay duties to account for the difference between the cash deposit rate at which they entered this merchandise (likely 3% or lower) and the final 2017 subsidy rate calculated by Commerce.

As soon Commerce publishes its final results, the agency will also instruct CBP to begin collecting cash deposits on imports of subject flooring entered from that point forward at the rates calculated in this review. However, the ultimate duty liability for any entries may be

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<sup>1</sup> The subsidy rate for Baroque Timber also applies to its cross-owned affiliates: Riverside Plywood Corp. and Suzhou Times Flooring Co., Ltd.

<sup>2</sup> The subsidy rate for Jiangsu Guyu also applies to its cross-owned affiliates: Jiangsu Shengyu Flooring Co., Ltd., Siyang County Shunyang Wood Co., Ltd., and Shanghai Woyuan Industrial Co., Ltd.

changed in a future administrative review. For example, if one of the non-examined companies imports subject merchandise in December 2020, it will be required to pay a cash deposit rate of 20.75%. If Commerce conducts a review of entries made during 2020, then that company will be liable to pay for any increase in the ultimate subsidy rate calculated in that review.

In addition to the mandatory respondents and their cross-owned affiliates, for which individual CVD rates were calculated, 157 Chinese producers and exporters are subject to the 20.75% calculated for non-examined companies. These companies are listed in the final results that will be published in the *Federal Register* (an unpublished version of those results, listing these companies is attached to the accompanying email).

Commerce also rescinded this administrative review for 10 Chinese producers and exporters that filed timely certifications that they did not ship subject flooring during the period of review. These companies are: Anhui Boya Bamboo Ltd., Anhui Yaolong Bamboo and Wood Products Co. Ltd., Armstrong Wood products (Kunshan) Co. Ltd., Changzhou Hawd Flooring Co. Ltd., Dalian Shengyu Science and Technology Development Co. Ltd., Hunchun Forest Wolf Wooden Industry Co. Ltd., Jiashan On-Line Lumber Co. Ltd., Kingman Floors Co. Ltd., Yingyi-Nature (Kunshan) Wood Industry Co. Ltd., and Zhejiang Shiyu Timber Co Ltd. As a result, these companies will not be subject to the 20.75% cash deposit rate going forward but, instead, will be required to pay their previous cash deposit rates on any future entries.

Commerce has released its disclosure documentation regarding its final results. Parties have the opportunity to review Commerce's final calculations and to submit comments alleging any ministerial errors in those calculations by November 30, 2020. We are reviewing Commerce's calculations but do not anticipate there to be significant ministerial errors.

The CVD rates calculated by Commerce in this review constitute significant increases to prior subsidy margins. These increases were driven by new subsidy allegations made during this review. We alleged new subsidy programs covering the provision of plywood, sawn wood, particleboard, and fiberboard to Chinese producers by the Chinese government for less-than-adequate remuneration (LTAR). These allegations directly led to a 10.58% increase in Baroque Timber's final subsidy margin and a 7.15% increase in Jiangsu Guyu's final rate. Further, the high margin calculated for Jiangsu Guyu is primarily the result of a 112.23% rate calculated for its receipt of veneers for LTAR. In response to our new allegations, Jiangsu Guyu submitted information regarding certain poplar sheets that it used in the production of plywood and subject flooring. We argued successfully for Commerce to treat those poplar sheets as veneers and to cover them under the veneers subsidy program that we alleged in the previous review.

Once Commerce publishes its final results in the *Federal Register*, respondents will have 30 days to appeal this determination to the U.S. Court of International Trade. We will monitor for any appeals, and we should be prepared to intervene in order to assist the Government in defending these good results.

Please let us know if you have any questions concerning these results. We would be happy to discuss these results as well our strategy in ongoing and future administrative reviews with you in more detail at your convenience.