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April 1, 2019

Investigation  
Inv. Nos. 701-TA-620 and 731-TA-  
1445 (Preliminary)

**PUBLIC VERSION**

Business Proprietary Information removed from  
brackets on brief pages 9-11 and the responses to the  
Staff Questions

**VIA ELECTRONIC FILING**

The Honorable Lisa R. Barton  
Secretary to the Commission  
U.S. International Trade Commission  
500 E Street, SW, Room 112  
Washington, DC 20436

**Re:    Wooden Cabinets and Vanities from China, 701-TA-620 and 731-TA-1445 (Prelim):  
      *Post-Conference Brief***

Dear Secretary Barton:


On behalf of the attached list of companies, foreign producers and/or exporters of the subject merchandise, we hereby submit our Post-Conference Brief in the above-referenced proceeding.

We respectfully request that the International Trade Commission treat the information contained in brackets “[ ]” as proprietary information, releasable only under administrative protective order.

# HUSCH BLACKWELL

Please contact us if you have any questions regarding this submission, or require any additional information.

Respectfully submitted,



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Jeffrey S. Neeley  
Stephen W. Brophy

**PUBLIC CERTIFICATE OF SERVICE**

**Wooden Cabinets and Vanities from China  
USITC Inv. No. 701-TA-620 and 731-TA-1445  
Preliminary**

I, Jeffrey S. Neeley, hereby certify that a copy of this submission was served in accordance with the Public Service List established by the U.S. International Trade Commission on March 22, 2019. Service was made on the following parties on April 1, 2019.

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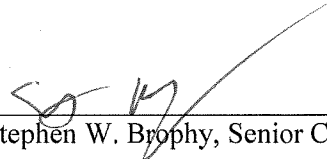
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**Attorney Certification of Accuracy, Completeness, and Confidentiality**

I, Stephen W. Brophy, counsel to China National Forest Products Industry Association and certain of its members, foreign producers and exporters of the subject merchandise, hereby certify that (1) I have read the attached submission, and (2) the information contained in this submission is accurate and complete to the best of my knowledge and belief, and (3) the confidential information contained in this submission is not available in substantial form to the public.

Dated: April 1, 2019



  
Stephen W. Brophy, Senior Counsel

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Subscribed and sworn to before me on this the 1<sup>st</sup> day of April, 2019:

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Wooden Cabinets and Vanities from China

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Inv. Nos.: 701-TA-620  
(Preliminary)

**PUBLIC VERSION**

Confidential Business Information  
removed from brackets on Brief  
pages 9-11 and the responses to the  
Staff Questions

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**POST-CONFERENCE BRIEF  
ON BEHALF OF  
CHINA NATIONAL FOREST PRODUCTS INDUSTRY ASSOCIATION AND CERTAIN  
OF ITS MEMBERS**

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April 1, 2019

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## I. INTRODUCTION

This post-conference brief is submitted on behalf of the China National Forest Products Industry Association and certain of its members<sup>1</sup> (“Chinese producers”) in accordance with the notice published in the Federal Register on March 12, 2019 (84 Fed. Reg. 8890) and in opposition to the antidumping and countervailing duty petition filed against hardwood plywood from China. As discussed below, the Commission should reach a negative preliminary determination in this investigation.

Petitioner has presented the Commission with a fatally flawed case based on data that have been manipulated to exaggerate subject import market penetration, create underselling where none exists, and make the domestic industry appear to be operating at low capacity utilization. A review of the record evidence, however, establishes that subject imports serve a small market niche in which they do not compete with the domestic industry. Subject imports are ready to assemble flat packs that are available in limited product variations and sold from inventory with very short lead times that generally are not suitable for large scale projects. By contrast, the domestic industry overwhelmingly sells a made to order product with many variations and long lead times that generally supplies large projects. Given this attenuation of competition, subject imports cannot be a cause of material injury to the domestic industry.

Nor is there any evidence that Chinese producers are moving up market as petitioner alleged at the Staff Conference. Chinese producers have done everything possible to cooperate with the Commission in a short period of time, including the submission of numerous questionnaire responses and testifying and answering questions at the Staff Conference. In the imminent future, Chinese producers will remain concentrated on the growing Chinese home

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<sup>1</sup> See Attachment.

market and their business model is to continue to export primarily RTA flat packs to the United States where they serve a market niche not served by the domestic industry.

Based on the record developed by the Commission, it should render a negative preliminary determination in this investigation.

## II. ARGUMENT

### A. **The Commission Should Find That Kitchen Cabinets and Bathroom Vanities are Separate Domestic Like Products and Find Two Domestic Industries**

Based on the data available to the Commission in this preliminary phase, the arguments that we have made regarding the absence of a causal link regarding subject imports and the condition of the U.S. industry have given Petitioners their best shot and assumed arguendo one domestic like product. However, if this case were to return to the Commission for a final determination we believe that the facts, discussed below, warrant the Commission's gathering information on separate like products, including kitchen cabinets and vanities.

According to the statute, the domestic like product means a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to investigation. 19 U.S.C. § 1677(10). Section 771 (7)(4) of the Act defines the domestic 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>2</sup>

The Commission makes a like product determination based on the unique facts of each case. *Nippon Steel Corp. v. United States*, 19 CIT 450,455 (1995) (citing *Asociacion Colombiana de Expmiadores de Flores v. United States*, 693 F. Supp. 1165, 1169 (Ct. Int'l Trade 1988)).

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<sup>2</sup> 19 U.S.C. § 1677(4)(A).



However, it generally considers the following factors: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perception of the products; and (6) price.<sup>3</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.<sup>4</sup> Also, the Commission looks for clear dividing lines among possible like products and disregards minor variations.

In the present case and based on an analysis of the Commission's five factors, there are clear dividing lines between kitchen cabinets and bathroom vanities. Simple common sense also supports the fact that these are different products that have different uses and that are not generally interchangeable.

### **(1) Physical characteristics and uses**

Kitchen cabinets and bathroom vanities have different physical characteristics and uses. Although some may be sometimes superficially similar in that they can sometimes both resemble a cabinet, bathroom vanities are generally produced to different dimensions and have different designs than kitchen cabinets. For instance, kitchen base cabinets are 24 inches deep, while vanities are 21 inches deep to accommodate the smaller size of bathrooms. Kitchen cabinets are designed for and used in a kitchen, while vanities are designed for and used in a bathroom. Moreover, Petitioners have swept vanity products, that are plainly furniture, into this case even though those products do not even superficially resemble cabinets.

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<sup>3</sup> See *Aluminum Foil from China*, Inv. Nos. 701-TA-570, 731-TA-1346, USITC Pub. 4684 at 5, n. 11 (May 2017) (Preliminary).

<sup>4</sup> *l-Hydroxyethylidene-1, 1-Diphosphonic Acid (HEDP) from China*, Inv. No. 701-TA-558 and 731-TA-1316 (Preliminary), USITC Pub. 4612 at 8 (May 2016).

**(2) Interchangeability**

Kitchen cabinets and bathroom vanities are not interchangeable. Consumers almost never would install a vanity in their kitchen or install a kitchen cabinet in their bathroom. In most cases, the size of bathrooms would not allow room for a base kitchen cabinet to be used in place of a vanity. Due to its smaller dimensions, a vanity would not be used in a kitchen even as a replacement for the base cabinet, particularly considering the fact that a vanity would not have sufficient storage space and could not accommodate a kitchen sized sink.

**(3) Channels of distribution**

Even to the extent that kitchen cabinets and bathroom vanities share similar channels of distribution, this fact alone should not be determinative of the Commission's like product decision. An end-user or distributor purchasing a bathroom vanity is purchasing it for a different intended end-use than when the same end-user or distributor purchases a kitchen cabinet.

**(4) Common manufacturing facilities, production processes and production employees**

While petitioner witnesses testified that they produce kitchen cabinets and bathroom vanities in the same factories using the same equipment and the same employees<sup>5</sup>, this fact alone is not determinative of the Commission's decision. As described in the petition, the production process essentially involves cutting wood to shape, drilling, notching, punching and otherwise processing, painting, staining and coating.<sup>6</sup> In other words, this is essentially the same process used to produce all kinds of wood products, including all kinds of wood furniture. If this factor is to be determinative of the like product definition in this case, then the definition of the like

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<sup>5</sup> Transcript of the Staff Conference (TR) at page 92.

<sup>6</sup> Petition, Volume I at pages 12-14.

product should be expanded to include all types of wood furniture, which are produced by other domestic producers using essentially the same types of facilities, production processes and employees.

**(5) Customer and producer perception of the products**

As argued above, customers and producers perceive kitchen cabinets and bathroom vanities differently and use and market them differently. A kitchen cabinet is marketed for use in a kitchen and is used or installed in a kitchen by the customer. A bathroom vanity is marketed for use in a bathroom and is used or installed in a bathroom by the customer.

**(6) Price**

The Commission's record is incomplete with respect to the difference in price between kitchen cabinets and bathroom vanities. The Commission should collect more information should this investigation proceed to the final phase. However, our understanding is that on a per unit basis the price of vanities is significantly higher than the price of kitchen cabinets.

This case appears to be one where vanities were brought into the case almost as an afterthought. It is likely that Petitioners knew that they could not make out a case of material injury to the U.S. industry on vanities alone under any conditions, and thus have sought to combine the vanities with the kitchen cabinets in the hope of increasing their chances of trade relief on vanities.

**B. Chinese Producers Joins in the Post-Conference Brief of ACCI**

Chinese producers hereby join in and incorporate by reference the arguments made by the Ad Hoc Coalition of Cabinet Importers in their post-conference brief.

### **C. The Domestic Industry Has Not Suffered Materially Injury By Reason of Subject Imports**

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.<sup>7</sup> In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.<sup>8</sup> In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, the Commission considers all relevant economic factors that bear on the state of the industry in the United States.<sup>9</sup> No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>10</sup>

In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.<sup>11</sup>

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<sup>7</sup> 19 U.S.C. §§ 1671b(a), 1673b(a)

<sup>8</sup> 19 U.S.C. § 1677(7)(B).

<sup>9</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>10</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>11</sup> *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003).

**1. There is Attenuated Competition between Subject Imports and the Domestic Like Product**

There is a significant attenuation of competition between the subject imports and the domestic industry which the Commission must take into consideration when determining whether subject import volumes are significant and whether those volumes could have caused material injury to the domestic industry. See *Steel Wire Rope From China and India*, Investigations Nos. 731-TA-868-869 (Final), USITC Publication 3406 (March 2001) (The Commission found that the volume of subject imports, given the attenuated competition between subject imports and the domestic like product, and any increase in that volume, were not significant).<sup>12</sup> The Commission has consistently recognized that causation is affected by the existence of attenuated competition between the domestic and subject imports, even if they are considered like products.<sup>13</sup>

As testified at the Staff Conference, subject imports consist almost entirely of Ready to Assemble (“RTA”) flat packs that are not offered by the domestic industry and do not compete for the same customers that buy domestic cabinets.

MR. GRAFF: First, imported cabinets do not compete in the same semi-custom and custom market segments that are dominated by U.S. producers. Second, even within the stock segment of the market, imported cabinets fulfill a niche demand. We as importers offer very limited options which allow us to deliver high-quality products with a consistent finish. Moreover, we maintain a large inventory to allow for quick delivery. By comparison, U.S. producers offer far more options in their stock product which requires far longer lead times as they hold little inventory, if any.<sup>14</sup>

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<sup>12</sup> See e.g., *Kosher Chicken from Canada*, Inv. No. 731-TA-1 062 (Preliminary) US ITC Pub. No. 3669 (January 2004); *Blast Furnace Coke From China and Japan*, Investigations Nos. 731-TA-951-952 (Preliminary) (Remand), USITC Pub No. 3619 (August 2003); *Certain Cold-Rolled Steel Products From Australia, India, Japan, Sweden, and Thailand*, Investigations Nos. 731-TA-965, 971-972,979, and 981 (Final), USITC Pub. No. 3536 (September 2002); *Pneumatic Directional Control Valves From Japan*, Investigation No. 731-TA-988 (Preliminary) US ITC Pub. 3491 (March 1, 2002); *Steel Wire Rope From China and India*, Investigations Nos. 731-T A-868-869 (Final), USITC Publication 3406 (March 2001).

<sup>13</sup> See *Certain Cold-Rolled Steel Products from Australia, India, Japan, Sweden, and Thailand*, Investigation Nos. 731-TA-965, 971-972, 979, and 981 (Final), USITC Pub. No. 3536, at 47 (September 2002); see also *Pneumatic Directional Control Valves from Japan*, Investigation No. 731-TA-988 (Preliminary), USITC Pub. No. 3491, at 15 (March 2002).

<sup>14</sup> TR at 126.

MR. WEINER: Importer RTA cabinets serve a market segment in which domestic manufacturers do not compete. In other words, a just-in-time, ready-to-assemble cabinet that can be inventoried and shipped to a customer in the same day that the order is placed is not currently manufactured in the United States.<sup>15</sup>

In this case, the extent of the attenuation is so great, that the volume of subject imports cannot be considered significant and there can be no reasonable indication that any injury suffered by the domestic industry was by reason of subject imports.

2. **Petitioner Has Manipulated the Data to Create the Illusion of Underselling and Injury**

As explained at the Staff Conference, petitioner has attempted to manipulate the data in the preliminary investigation in order to exaggerate the level of import penetration, to minimize the domestic industry's capacity utilization, and to artificially create underselling.

a. **The Volume of Subject Imports is Not Significant**

Petitioner has understated the size of the U.S. market and overstated subject import market penetration through the selection of less recent and less accurate data sources. When the actual size of the U.S. market is used subject import penetration is in the single digits and, as explained in the post-conference brief of ACCI subject import gains in market share were not material.<sup>16</sup>

b. **There is No Evidence of Price Depression or Price Suppression**

Petitioner's selection of the pricing product definitions is unreasonable. None of the pricing products specify whether the product is assembled or unassembled at the time of

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<sup>15</sup> TR at 133.

<sup>16</sup> TR at 140-147

shipment to the unrelated customer. As discussed at the Staff Conference, domestic cabinets will be shipped assembled, while subject imports would likely be shipped unassembled. The data collected by the Commission indicate that RTA flat packs accounted for [ ] percent of U.S. producers shipments as reported in the pricing data with the remaining [ ] percent being fully assembled.<sup>17</sup> By contrast, the vast majority of subject imports are flat packs.

Therefore, the domestic pricing data reflects the extra cost of assembly while the subject import pricing data does not. This is not an apples-to-apples comparison. If an apples-to-apples comparison were made, Chinese producers believe that it would demonstrate an absence of significant underselling. As testified at the Staff Conference, competition with the domestic industry is not based on price:

MR. GRAFF: In situations where we make offers in competition with U.S. manufacturers, it is the U.S. manufacturers that offer the lowest price. The customers then use that low price to pull down our offer. We try very hard to avoid those situations. Instead, we seek to compete by offering better quality, higher fill rates, and faster delivery.<sup>18</sup>

As testified at the Staff Conference, U.S. producers' prices increased over the period of investigation, which indicates no price depression.<sup>19</sup> A review of the pricing data collected by the Commission demonstrates that U.S. producer's prices increased for all six pricing products over the period of investigation even though subject imports apparently undersold the domestic like product in [ ] quarters.<sup>20</sup> Likewise, the data indicates no price suppression as the industry's cost-to-sales ratio was steady from 2016 to 2017 and increased only slightly in 2018.<sup>21</sup>

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<sup>17</sup> Table IV-2d of U.S. Producer Questionnaires.

<sup>18</sup> TR at 127.

<sup>19</sup> TR at 150.

<sup>20</sup> Table IV-2b of the U.S. Producer Questionnaires and Table III-2a of the U.S. Importer Questionnaires

<sup>21</sup> Id.

Even that slight increase in 2018 was not caused by subject imports but can be attributed to non-recurring items which also affected the industry's overall profitability in 2018.<sup>22</sup>

c. Subject Imports Did Not Negatively Impact the Domestic Industry

Petitioner has also understated the domestic industry's capacity utilization by assuming they could run two or even three shifts when they've only been running one shift throughout the POI.<sup>23</sup> This fails to acknowledge the labor constraints in the market as testified at the Staff Conference:

MR. WEINER: ...as the owner of four domestic manufacturers, the inability to find and retain skilled employees is a daily challenge and the largest hindrance to our growth.

It also ignores the questionnaire instructions which require a company to report "the level of production that your establishment(s) could reasonably have expected to attain during the specified periods. Assume normal operating conditions..."

Based on the questionnaires, U.S. commercial shipments increased from [

].<sup>24</sup> Production increased from [

].<sup>25</sup> The average number of PRWs increased from [

].<sup>26</sup> Capital expenditures also increased from [

], which is not an indicator of an industry suffering from unfair competition.<sup>27</sup>

Likewise, U.S. producers operating income to net sales ratio on wooden cabinets and vanities was [ ] even as subject imports increased.<sup>28</sup>

Although U.S. producers report a [ ], this coincides with a

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<sup>22</sup> Id.

<sup>23</sup> TR at 148.

<sup>24</sup> Table II-7 of the U.S. Producer Questionnaires.

<sup>25</sup> Id.

<sup>26</sup> Table II-12 of the U.S. Producer Questionnaires.

<sup>27</sup> Table III-13 of the U.S. Producer Questionnaires.

<sup>28</sup> Table III-9a of the U.S. Producer Questionnaires.



[ ] increase in nonrecurring items. Nonrecurring items above the operating income line increased to [ ].<sup>29</sup> None of these nonrecurring items, however, are related to subject imports, and cannot be considered an indicator of injury.

The unreasonable data provided by petitioners are not simply mistakes. The petitioning companies are very familiar with their own market, the studies available, their own realistic capacity and the fact that imports are shipped unassembled. These appear to be deliberate choices by the petitioner to exaggerate the level of competition between subject imports and the domestic like product and to create the illusion of underselling and injury.

When the correct data are considered, subject imports have a small market share consisting of RTA flat packs that do not compete with the domestic producers' cabinets. This is confirmed by the domestic industry's data, which do not demonstrate any negative impact caused by subject imports. In short, the data confirm what respondents have said: subject imports are not competing with the domestic industry and are not causing any material injury to the domestic industry. Nor do they pose any threat to the domestic industry.

**D. The Domestic Industry is Not Threatened with Material Injury by Reason of Subject Imports**

The statute provides that in determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors: (1) the nature of any countervailable subsidies involved, (2) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States,

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<sup>29</sup> Table III-10 of the U.S. Producer Questionnaires.

(3) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports (4) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports, (5) inventories of the subject merchandise, (6) 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>30</sup> The Commission must consider these factors as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued... Such a determination may not be made on the basis of mere conjecture or supposition.<sup>31</sup>

### **1. The Nature of the Alleged Subsidies**

Petitioner has alleged that a large number of subsidies have been provided to the Chinese industry. However, none of these allegations have been investigated or confirmed by the U.S. Department of Commerce and Chinese producers maintain that they have not received any countervailing subsidies from the Chinese government. The kitchen cabinet and vanity industries are not the types of industries promoted by the Chinese government nor are they industries in which state-owned enterprises are prevalent or even exist.

Even to the extent Commerce does find that Chinese producers received any of the alleged subsidies, the statute requires the Commission to determine whether imports of the subject merchandise are likely to increase as a result of the subsidies.<sup>32</sup> In this case very few of

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<sup>30</sup> 19 U.S.C. § 1677(7)(F)(i)

<sup>31</sup> 19 U.S.C. § 1677(7)(F)(ii)

<sup>32</sup> 19 U.S.C. § 1677(7)(F)(i) “if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase if a countervailable subsidy is involved, such information as may be presented to it by the

the alleged subsidies relate to exports. The vast majority of the alleged subsidies would qualify as domestic subsidies which are not tied to whether the goods are exported and would not encourage the export of the subject merchandise to any country, let alone specifically to the United States. Even the few alleged subsidies that are related to exports are not specifically focused on encouraging exports to any particular market.

## **2. The Attenuation of Competition Eliminates any Possible Threat**

Given the attenuation of competition discussed above, any unused production capacity or any projected increase in production capacity is irrelevant. Chinese producers concentrate on the export of RTA flat packs to the United States that do not compete with the domestic like product. The absence of any significant volume or price effects during the period of investigation demonstrates the attenuation of competition and eliminates the likelihood that subject imports will injure the domestic industry in the imminent future.

Although petitioner's counsel alleged at the staff conference that Chinese producers were moving up the value chain<sup>33</sup>, there is simply no evidence of this on the record. The record reflects the fact that the vast majority of subject imports consist of RTA flat packs and will remain so for the imminent future.

## **3. The Chinese Industry Will Remain Concentrated on the Home Market**

Chinese producers have provided the Commission with questionnaire responses that cover between 77 and 83 percent of the exports to the United States from China during the period of investigation.<sup>34</sup> Not surprisingly, the questionnaire responses reflect a bias toward

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administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), **and whether imports of the subject merchandise are likely to increase.**" (emphasis added).

<sup>33</sup> TR at 22.

<sup>34</sup> TR at 159.

Chinese producers/exporters that participate in the U.S. market. As discussed above, these companies export RTA flat packs and have not injured the domestic industry nor do they threaten the domestic industry with injury in the imminent future.

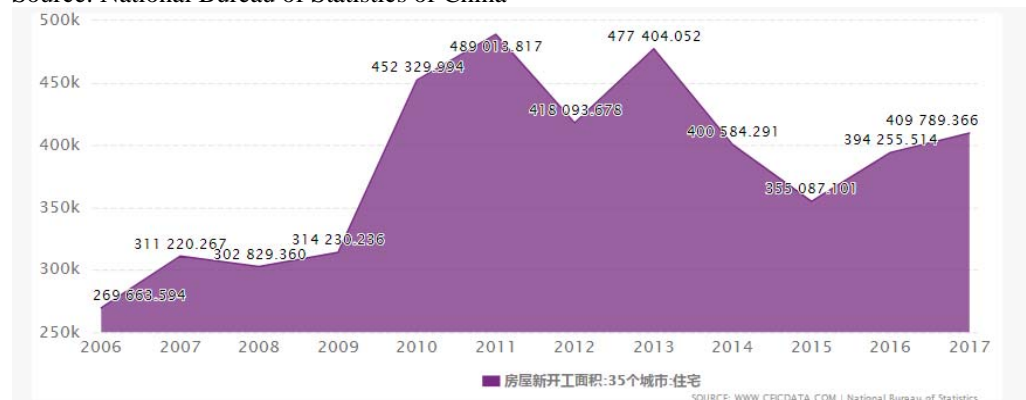
Other companies which sell mostly to the Chinese domestic market have not responded to the Commission's questionnaires, having no interest in the U.S. market. When considering the Chinese industry as a whole, the industry remains focused on the Chinese market. As Mr. Wu testified,

...the Chinese home market for wooden 25 cabinets is far more important than the U.S. or any export market. The amount of new housing in China has been growing significantly and so has the demand for renovation and upgraded cabinets in existing homes. In China, in 2018, the demand for kitchen cabinets was about four times bigger than it was in 2010. Of course, production has increased also to keep up with demand in the Chinese home market. Over the next two years, demand in China is projected to increase by 15 to 20%. The result of high demand within China is that the home market will remain the focus of the Chinese cabinet industry.

This testimony is supported by housing construction data in China which demonstrates immense growth and the need for many kitchen cabinets and vanities in the home market.

#### China Housing Construction Data (2006-2017)

Source: National Bureau of Statistics of China



<https://www.ceicdata.com/zh-hans/china/floor-space-started-city-residential/cn-floor-space-started-residential-35-city>

As a result, Chinese producers do not pose a threat to the domestic industry.

**4. There is No Potential for Product Shifting**

Nor is there any evidence that Chinese producers can shift production from other products to kitchen cabinets or vanities that compete with the domestic industry. The foreign producer questionnaires collected by the Commission demonstrate that very few Chinese companies can produce other products on the same equipment or machinery used to produce subject merchandise. As a result, there is no significant potential for product shifting in this investigation.

**5. Inventories of the Subject Merchandise do not Threaten the Domestic Industry**

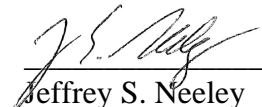
As testified at the hearing, the level of inventories in this case is merely a reflection of the importer's business model, which revolves around selling from inventory.<sup>35</sup> These inventories of subject merchandise consist of RTA flat packs, which do not compete with the domestic industry and cannot threaten the domestic industry with material injury.

**III. CONCLUSION**

For the reasons argued above, the Commission should reach a negative preliminary determination in this investigation.

Respectfully submitted,

HUSCH BLACKWELL, LLP

  
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Jeffrey S. Neeley  
Stephen W. Brophy

Dated: April 1, 2019

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<sup>35</sup> TR at 168-171.

## STAFF QUESTIONS

**MS. FELDPAUSCH:** My first question relates to industry sources as far as China, if any of the respondents are aware of good Chinese sources that we can look into for more information on Chinese production, capacity, etcetera.<sup>36</sup>

Response: See response below.

**MS. FELDPAUSCH:** This next question is also related to Chinese industry and exports, particular to Mr. Shengfu. You mentioned the Chinese market is very important. What is China's largest foreign market for RTA flat packs? And also, what would you estimate the percentage the U.S. comprises, as far as the Chinese export market?<sup>37</sup>

Response: Chinese producers have not been able to gather the information requested in the short-time provided for the preliminary investigation. Chinese producers export to a variety of markets all over the world other than the United States, including [

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<sup>36</sup> TR at 165.

<sup>37</sup> Id.

## ATTACHMENT

Kunshan Baiyulan Furniture Co., Ltd.  
Taishan Hongzhou Cabinet CO., Ltd  
MASTER DOOR & CABINET CO., LTD  
Foshan Nanhai Hongzhou Wood Co., LTD  
ANHUI SWANCH CABINETRY CO., LTD.  
QUFU XINYU FURNITURE CO., LTD.  
Huimin Hanlong Furniture Co, Ltd  
Heyond Cabinet Co., Ltd  
QINGDAOHONGXINCHENGDA WOOD INDUSTRY CO., LTD  
Dalian Meisen Woodworking Co. Ltd  
Xiamen Adler Cabinetry Co., Ltd  
DALIAN JIAYE WOOD PRODUCTS CO., LTD  
Fujian Leifeng Cabinetry Co., Ltd  
Weihai Adornus Cabinetry Manufacturing Co., LTD  
Weifang Kitchinet Corporation  
Xuzhou Yihe Wood Co., Ltd  
Shandong Longsen Woods Co., Ltd.  
The Ancientree Cabinet Co., Ltd.  
Hangzhou Home Dee Sanitary Ware Co., Ltd  
Jiangsu Sunwell Cabinetry Co., Ltd  
Qingdao Shousheng Industry Co., Ltd  
Anhui Jianlian wood products Co., LTD  
Dalian DongYi Wood Co., Ltd.  
Shouguang Jinxiangyuan Home Furnishing Co., Ltd.  
DEWELL WOODEN PRODUCTS HAIAN CO., LTD  
Weifang Fuxing Wood CO., Ltd  
LINYI RUNKANG CABINET CO., LTD  
Shanghai Wen Bo Industries Co., Ltd  
Zhucheng Tonghe Woodwork Co., Ltd  
Qingdao Haiyan Drouot Household Co., Ltd  
Fujian Panda Home Furnishings Co., Ltd  
MEILIN WOOD PRODUCTS (DALIAN) CO., LTD  
Qingdao Yimei Wood Work Co., Ltd.  
Weifang Lan Gu Wood Industry Co., Ltd  
Qingdao Northriver Wooden Resource Industry&Trading Co. Ltd.  
Shandong GainVast Wooden Products Co.  
Weifang Yuanlin Woodenware Co Ltd  
Jiangsu Weisen Houseware Co., Ltd  
NANJING KAYLANG Co., Ltd.  
Jiangsu Roc Furniture Industrial Co., Ltd.  
Shanghai Line King International Trading Co Ltd  
Shanghai ZiFeng International Trading Co Ltd.  
MOREWOOD CABINETRY CO., LTD  
Shouguang Sanyang Wood Industry CO., LTD

Taishan Hongxiang Trading Co., Ltd  
Heshan TaiYuan Trading Co., Ltd  
Haiyang Kunlun Wood Co., Ltd  
Shanghai Aiwood Home Supplies Co., LTD  
Fujian Senyi Kitchen Cabinet Co., Ltd  
Taishan Changfa Wood Industry Co., Ltd  
Shandong Compete Wood Co., Ltd  
FUZHOU MINLIAN WOOD INDUSTRY CO., LTD.  
Dalian Xingsen Wooden Products.,Ltd  
Shandong Sanfortune Home and Furniture Co., Ltd  
Yichun Dongmeng Wood Co., LTD  
JIANG SU RONGXIN CABINETS LTD.  
Shandong Huanmei Wood Co., Ltd  
Linyi Qamples Furniture Co., Ltd.  
PIZHOU OUYME IMPORT &EXPORT TRADE CO., LTD  
Yixing Pengjia Cabinetry Co. Ltd  
NANTONG AERSHIN CABINETS CO., LTD.  
QINGDAO JIAMU INDUSTRY&TRADE CO., LTD  
Xiamen Goldenhome Co., Ltd  
FOSHAN SOURCEVER CO.,LTD  
Anhui Xinyuanda Cupboard Co., Ltd.  
Shanghai Qingzhou Woodenware Co., Ltd  
Honsoar New Building Material Co., LTD  
Shanghai Golden Ferry International Trade Co., Ltd  
Linyi Amazing Furniture Co., LTD  
Fuzhou CBM Import & Export Co., Ltd  
SHOUGUANG FUSHI WOOD CO., LTD.  
HUA YIN TRADING DEVELOPMENT CO., LTD. OF JIANGMEN CITY  
SAICG International Trading Corp., Ltd.  
Gangxing Jiangsu Kitchen Cabinet Co., Ltd.  
ZhongShan JuJia Furniture Co., LTD  
SHANGHAI TIMBER IMP&EXP CORP.  
BAOLI WOOD INDUSTRY HAIAN CO. LTD  
Senke Manufacturing Company  
Fuzhou Mastone Import & Export Co., Ltd.  
SUPREE (FUJIAN) WOOD CO., LTD.  
Weifang Master Wood Industry Co., Ltd  
SHANDONG FUSHENG WOOD CO., LTD  
Sagarit Bathroom Manufacturer Ltd.  
TANGSHAN BAOZHU FURNITURE CO., LTD.  
Changyi Zhengheng Woodwork Co., Ltd.  
MASTERWORK CABINETRY COMPANY LIMITED  
Sheen Lead International Trading (Shanghai) Co., Ltd.  
ZBOM Home Collection Co., LTD  
TAISHAN JIE JUN TRADE CO., LTD.  
Gaomi Hongtai Home Furniture Co., LTD



Mebo Co., Ltd.

LANKAO HUAMEI INDUSTRIAL CO., LTD

SHOUGUANG JIAXIU WOOD CO., LTD

Linyi Bonn Flooring Manufacture Co., Ltd

Hangzhou Sunlight Sanitary Co., Ltd

BEI JING OULU JIN XIN INTERNATIONAL TRADE CO., LTD

Jiangsu Beichen Wood Co., Ltd

SUNCO TIMBER (KUNSHAN) CO., LTD

Foshan UNI Fung Cabinet Co Ltd.

Kunshan Home Right Trade Corporation