
Hughes Hubbard & Reed

New Antidumping and Countervailing Duty Petitions on Wooden Cabinets and Vanities from China

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March 7, 2019 – On March 6, 2019, the American Kitchen Cabinet Alliance filed antidumping (“AD”) and countervailing (“CVD”) petitions with the U.S. Department of Commerce (“DOC”) and the U.S. International Trade Commission (“ITC”). The petitions seek additional duties on U.S. imports of wooden cabinets and vanities from China.

The Alliance is comprised of ACProducts, Inc., American Woodmark Corporation, Belmont Cabinet Co., Bertch Cabinet Manufacturing, The Corsi Group, Crystal Cabinet Works, Inc., Dura Supreme Cabinetry, Jim Bishop Cabinets, Inc., Kitchen Kompact, Inc., Koch & Co., Inc., Kountry Wood Products, LLC, Lanz Cabinets Incorporated, Leedo Cabinetry, Marsh Furniture Company, Master WoodCraft Cabinetry LLC, MasterBrand Cabinets, Inc., Nation’s Cabinetry, Showplace Wood Products, Inc., Smart Cabinetry, Tru Cabinetry, Wellborn Cabinet, Inc., Wellborn Forest Products, Inc., Woodland Cabinetry, Inc., Woodmont Cabinetry, and W. W. Wood Products, Inc., among others.

Under U.S. law, a domestic industry can petition the government to initiate an AD investigation into the pricing of an imported product to determine whether it is sold into the United States at less than fair value (i.e., “dumped”). A domestic industry can also petition for the initiation of a CVD investigation of alleged subsidization of foreign producers by a foreign government. Additional duties can then be imposed if DOC determines that imported goods are “dumped” and/or subsidized and if the ITC also determines that the domestic industry is materially injured or threatened with material injury by reason of subject imports.

If the ITC and DOC make preliminary affirmative determinations, U.S. importers will be required to post cash deposits in the amount of the AD and/or CVD duties for all entries on or after the date DOC’s preliminary

determination is published in the Federal Register. The preliminary AD/CVD rates can change in the final DOC determination, especially if foreign producers and their governments participate fully in the investigations.

Scope

The products covered by these investigations include:

The merchandise subject to these investigations consists of wooden cabinets and vanities that are designed for permanent installation (including floor mounted, wall mounted, ceiling hung or by attachment of plumbing), and wooden components thereof. Wooden cabinets and vanities and wooden components are made substantially of wood products, including solid wood and engineered wood products (including those made from wood particles, fibers, or other wooden materials such as plywood, strand board, block board, particle board, or fiberboard), or bamboo. Wooden cabinets and vanities consist of a cabinet box (which typically includes a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves) and may or may not include a frame, door, drawers and/or shelves. Subject merchandise includes wooden cabinets and vanities with or without wood veneers, wood, paper or other overlays, or laminates, with or without non-wood components or trim such as metal, marble, glass, plastic, or other resins, whether or not surface finished or unfinished, and whether or not assembled or completed.

Wooden cabinets and vanities are covered by the investigation whether or not they are imported attached to, or in conjunction with, faucets, metal plumbing, sinks and/or sink bowls, or countertops. If wooden cabinets or vanities are imported attached to, or in conjunction with, such merchandise, only the wooden cabinet or vanity is covered by the scope.

Subject merchandise includes the following wooden component parts of cabinets and vanities: (1) wooden cabinet and vanity frames (2) wooden cabinet and vanity boxes (which typically include a top, bottom, sides, back, base blockers, ends/end panels, stretcher rails, toe kicks, and/or shelves), (3) wooden cabinet or vanity doors, (4) wooden cabinet or vanity drawers and drawer components (which typically include sides, backs, bottoms, and faces), (5) back panels and end panels, (6) and desks, shelves, and tables that are attached to or incorporated in the subject merchandise.

Subject merchandise includes all unassembled, assembled and/or "ready to assemble" (RTA) wooden cabinets and vanities, also commonly known as "flat packs," except to the extent such merchandise is already covered by the scope of antidumping and countervailing duty orders on Hardwood Plywood from the People's Republic of China. See *Certain Hardwood Plywood Products from the People's Republic of China*, 83 Fed. Reg. 504 (Dep't Commerce Jan. 4, 2018) (amended final deter. of sales at less than fair value, & antidumping duty order); *Certain Hardwood Plywood Products from the People's Republic of China*, 83 Fed. Reg. 513 (Dep't Commerce Jan. 4, 2018) (countervailing duty order). RTA wooden cabinets and vanities are defined as cabinets or vanities packaged so that at the time of importation they may include: (1) wooden components required to assemble a cabinet or vanity (including drawer faces and doors); and (2) parts (e.g., screws, washers, dowels, nails, handles, knobs, adhesive glues) required to assemble a cabinet or vanity. RTAs may enter the United States in one or in multiple packages.

Subject merchandise also includes wooden cabinets and vanities and in-scope components that have been further processed in a third country, including but not limited to one or more of the following: trimming, cutting, notching, punching, drilling, painting, staining, finishing, assembly, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the in-scope product.

Excluded from the scope of these investigations, if entered separate from a wooden cabinet or vanity are:

(1) Aftermarket accessory items which may be added to or installed into an interior of a cabinet and which are not considered a structural or core component of a wooden cabinet or vanity. Aftermarket accessory items may be made of wood, metal, plastic, composite material, or a combination thereof that can be inserted into a cabinet and which are utilized in the function of organization/accessibility on the interior of a cabinet; and include:

- Inserts or dividers which are placed into drawer boxes with the purpose of organizing or dividing the internal portion of the drawer into multiple areas for the purpose of containing smaller items such as cutlery, utensils, bathroom essentials, etc.
- Round or oblong inserts that rotate internally in a cabinet for the purpose of accessibility to foodstuffs, dishware, general supplies, etc.

(2) Carved wooden accessories including corbels and rosettes, which serve the primary purpose of decoration and personalization.

(3) Non-wooden cabinet hardware components including metal hinges, brackets, catches, locks, drawer slides, fasteners (nails, screws, tacks, staples), handles, and knobs.

Also excluded from the scope of these investigations are:

(1) All products covered by the scope of the antidumping duty order on Wooden Bedroom Furniture from the People's Republic of China (Inv. No. A-570-890). *See Wooden Bedroom Furniture From the People's Republic of China*, 70 Fed. Reg. 329 (Dep't Commerce Jan. 4, 2005) (notice of amended final deter. of sales at less than fair value & antidumping duty order).

(2) All products covered by the scope of the antidumping and countervailing duty orders on Hardwood Plywood from the People's Republic of China (Inv. No. A-570-051 and Inv. No. C-570-052). *See Certain Hardwood Plywood Products from the People's Republic of China*, 83 Fed. Reg. 504 (Dep't Commerce Jan. 4, 2018) (amended final deter. of sales at less than fair value, & antidumping duty order) (Certain Hardwood Plywood Products from the People's Republic of China, 83 Fed. Reg. 513 (Dep't Commerce Jan. 4, 2018) (countervailing duty order).

Imports of subject merchandise are classified under Harmonized Tariff Schedule of the United States (HTSUS) statistical numbers 9403.40.9060 and 9403.60.8081. The subject component parts of wooden cabinets and vanities may be entered into the United States under HTSUS statistical number 9403.90.7080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of these investigations is dispositive.

Foreign Producers and Exporters of Subject Merchandise

Attachment 1 provides a list of foreign producers of the subject merchandise as identified by the petitioner.

U.S. Importers of Subject Merchandise

Attachment 2 provides a list of U.S. importers of the subject merchandise as identified by the petitioner.

Alleged Margins of Dumping/Subsidization

Petitioner alleges dumping margins of 175.50% - 259.99%.

DOC generally assigns duties at these alleged dumping rates to exporters that fail to cooperate with the investigation.

No specific subsidy margins are included in the petition.

Potential Trade Impact

According to official U.S. import statistics, using the three HTSUS items listed in the scope, about \$4 billion of the subject merchandise was imported into the United States in 2017 and 2018. Even the most specific of the three HTSUS items shows an import value of over \$1 billion during those years.

Estimated Schedule of Investigations

3/6/2019 – Petition filed

4/20/2019 – ITC preliminary injury determination

5/30/2019 – DOC preliminary CVD determination, if not postponed

8/3/2019 – DOC preliminary CVD determination, if fully postponed

8/13/2019 – DOC preliminary AD determination, if not postponed

10/2/2019 – DOC preliminary AD determination, if fully postponed

2/21/2020 – DOC final AD and CVD determinations, if both preliminary and final determinations are fully postponed

4/13/2020 – ITC final injury determination, if DOC's determinations are fully postponed

4/27/2020 – AD/CVD orders published

If you have any questions about the petitions, please contact the experienced attorneys in HHR's international trade group.

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