



OTTAWA, February 5, 2021

STATEMENT OF REASONS

**Concerning the final decisions with respect to
the dumping and subsidizing investigations of**

**CERTAIN DECORATIVE AND OTHER NON-STRUCTURAL PLYWOOD
ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA**

DECISIONS

On January 21, 2021, pursuant to paragraph 41(1)(a) of the *Special Import Measures Act*, the Canada Border Services Agency terminated the dumping investigation in respect of certain decorative and other non-structural plywood originating in or exported from the People's Republic of China by Celtic Co., Ltd., Linyi Evergreen Wood Co., Ltd., Linyi Huasheng Yongbin Wood Co., Ltd., Pingyi Jinniu Wood Co., Ltd., Pizhou Jiangshan Wood Co., Ltd., Shandong Good Wood Imp. and Exp. Co., Ltd., and Xuzhou Shengping Imp and Exp Co., Ltd. Similarly, on this date, pursuant to paragraph 41(1)(a) of the *Special Import Measures Act* the Canada Border Services Agency terminated the subsidy investigation in respect of certain decorative and other non-structural plywood originating in or exported from China by Celtic Co., Ltd., Linyi Evergreen Wood Co., Ltd., Linyi Huasheng Yongbin Wood Co., Ltd., Linyi Jiahe Wood Industry Co., Ltd., Pingyi Jinniu Wood Co., Ltd., Pizhou Jiangshan Wood Co., Ltd., Shandong Good Wood Imp. and Exp. Co. Ltd., and Xuzhou Shengping Imp and Exp Co., Ltd. On the same date, pursuant to paragraph 41(1)(b) of the *Special Import Measures Act*, the Canada Border Services Agency made final determinations respecting the dumping and subsidizing of certain decorative and other non-structural plywood originating in or exported from China, with respect to exporters for which the investigations have not been terminated.

Cet *Énoncé des motifs* est également disponible en français.
This *Statement of Reasons* is also available in French.

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SUMMARY OF EVENTS

[1] On April 21, 2020, the Canada Border Services Agency (CBSA) received a written complaint from Columbia Forest Products (CFP), Husky Plywood (Husky), Rockshield Engineered Wood Products, ULC (Rockshield), and the Canadian Hardwood Plywood and Veneer Association (CHPVA) (hereinafter, “the complainants”), alleging that imports of certain decorative and other non-structural plywood (decorative plywood) from the People’s Republic of China (China) are being dumped and subsidized. The complainants alleged that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing like goods.

[2] On May 12, 2020, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. The CBSA also notified the Government of China (GOC) that a properly documented complaint had been received. The GOC was also provided with the non-confidential version of the subsidy complaint and was invited for consultations prior to the initiation of the subsidy investigation, pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*. A request for consultations was not received by the CBSA.

[3] The complainants provided evidence to support the allegations that decorative plywood from China has been dumped and subsidized. The evidence also discloses a reasonable indication that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing like goods.

[4] On June 11, 2020, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of decorative plywood from China.

[5] Upon receiving notice of the initiation of the investigations, the Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry, pursuant to subsection 34(2) of SIMA, into whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of the above-mentioned goods have caused injury or are threatening to cause injury to the Canadian industry producing the like goods.

[6] On August 10, 2020, pursuant to subsection 37.1(1) of SIMA, the CITT made preliminary determinations that there is evidence that discloses a reasonable indication that the alleged dumping and subsidizing of decorative plywood from China have caused or are threatening to cause injury to the domestic industry.

[7] On September 2, 2020, the CBSA notified interested parties that the preliminary stage of the investigations will be extended pursuant to subsection 39(1) of SIMA.

[8] On October 23, 2020, as a result of the CBSA’s preliminary investigations and pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing of decorative plywood originating in or exported from China.

[9] On October 23, 2020, pursuant to subsection 8(1) of SIMA, provisional duty was imposed on imports of dumped and subsidized goods that are of the same description as any goods to which the preliminary determinations apply, and that are released during the period commencing on the day the preliminary determinations were made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated pursuant to subsection 41(1) of SIMA or the day the CITT makes an order or finding pursuant to subsection 43(1) of SIMA. Where an exporter's estimated margin of dumping and/or estimated amount of subsidy were insignificant, provisional anti-dumping and/or countervailing duties were not applied.

[10] Based on the available evidence, the CBSA is satisfied that decorative plywood originating in or exported from China by Celtic Co., Ltd. (Celtic), Linyi Evergreen Wood Co., Ltd. (Evergreen), Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng), Pingyi Jinniu Wood Co., Ltd. (Jinniu), Pizhou Jiangshan Wood Co., Ltd. (Jiangshan), Shandong Good Wood Imp. and Exp. Co., Ltd. (Shandong Wood Wood), and Xuzhou Shengping Imp and Exp Co., Ltd. (Shengping) has not been dumped. Similarly, the CBSA is satisfied that decorative plywood originating in or exported from China by Celtic, Evergreen, Huasheng, Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe), Jinniu, Jiangshan, Shandong Good Wood, and Shengping were either not subsidized or subsidized by insignificant amounts. Therefore, on January 21, 2021, the CBSA terminated the dumping and subsidy investigations pursuant to paragraph 41(1)(a), in respect of those goods.

[11] Based on the available evidence, the CBSA is satisfied that decorative plywood originating in or exported from China, for which the dumping and/or subsidy investigations have not been terminated under paragraph 41(1)(a) of SIMA, have been dumped and/or subsidized. Therefore, on January 21, 2021, the CBSA made final determinations of dumping and subsidizing pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[12] The CITT's inquiry into the question of injury to the domestic industry is continuing, and it will issue its decision by February 19, 2021. Provisional duties will continue to be imposed on the subject goods until the CITT renders its decision. However, provisional anti-dumping and countervailing duties will not be imposed on imports of goods for which the dumping and/or subsidy investigations have been terminated. Any provisional duty paid or security posted will be refunded, as appropriate.

PERIOD OF INVESTIGATION

[13] The Period of Investigation (POI) for the dumping investigation is April 1, 2019 to March 31, 2020. The POI for the subsidy investigation is January 1, 2019 to March 31, 2020.

PROFITABILITY ANALYSIS PERIOD

[14] The Profitability Analysis Period (PAP) for the dumping investigation is April 1, 2019 to March 31, 2020.

INTERESTED PARTIES

Complainants

[15] The names and addresses of the complainants are as follows:

Columbia Forest Products (CFP)
225 Prince Street
Hearst, ON P0L 1N0

Husky Plywood (a Division of Commonwealth Plywood Co. Ltd.) (Husky)
15 Labelle Blvd.
P.O. Box 90
Ste-Therese (QC) J7E 4H9

Rockshield Engineered Wood Products, ULC (Rockshield)
4 Boisvert Cr.
Cochrane, ON P0L 1C0

Canadian Hardwood Plywood and Veneer Association (CHPVA)
89, ave Godfrey
St-Sauveur (QC) J0R 1R5

[16] CFP is a domestic producer of decorative plywood, headquartered in North Carolina and has operations in both the United States and Canada. CFP operates three production facilities located in Hearst and Kitchener, Ontario, as well as Saint-Casimir, Quebec.¹

[17] Husky is a division of Commonwealth Plywood Company Limited and operates a production facility in St-Therese, Québec.²

[18] Rockshield is a domestic producer of decorative plywood, with its operations based in Cochrane, Ontario.³

[19] CHPVA is a national trade association representing both producers of decorative plywood and face veneer. There are a total of seven members of the CHPVA, which includes CFP, Husky and Rockshield.⁴

¹ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraph 9.

² Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraph 11.

³ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraph 10.

⁴ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraph 12.

[20] The other known manufacturers of like goods in Canada are: Precision Veneer Products (Precision), ProPly Custom Plywood Inc. (ProPly), Corporation Internationale Masonite – Megantic (CIM), Panneaux Optimum Inc. (Panneaux), Birchland Plywood Limited, Executive Woodwork, Monarch Custom Plywood, Spécialité MGH, and Rainbow Wood Veneer.⁵ Contact information for these manufacturers is as follows:

Company Name	Address
Precision Veneer Products	110 Morton Ave E Brantford, Ontario
ProPly Custom Plywood Inc.	1195 Clark Blvd Brampton, Ontario
Corporation Internationale Masonite – Megantic	4180 Rue Villeneuve Lac-Mégantic (Québec)
Panneaux Optimum Inc.	50 Rue Courchesne Saint-Léonard d’Aston (Québec)
Birchland Plywood Limited	12564 Hwy 17 Thessalon, Ontario
Executive Woodwork	330 Spinnaker Way Concord, Ontario
Monarch Custom Plywood	8301 Keele St#2 Concord, Ontario
Spécialité MGH	19 Rue des Érables Tring-Jonction (Québec)
Rainbow Wood Veneer	115 Caster Ave Woodbridge, Ontario

[21] Precision, ProPly, CIM, and Panneaux are all members of the CHPVA. The remaining five producers of decorative plywood are not members of the CHPVA. Precision and ProPly both support the complaint. The complainants are not aware of any domestic producers that oppose the complaint.⁶

Trade Unions⁷

[22] The complainants identified the following three trade unions that represent persons employed in the production of decorative plywood in Canada:

- United Steelworkers;
- UNIFOR; and,
- Association des Salariés du Contre-Plaqué de Ste-Thérèse.

⁵ Exhibit 2 (NC) – Decorative Plywood Complaint – Attachment 6.

⁶ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraph 14.

⁷ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 16-17.

[23] The trade unions did not make any submissions during the investigations.

Importers

[24] At the initiation of the investigations, the CBSA identified 175 potential importers of the subject goods based on CBSA import documentation and information provided by the complainants. All of the potential importers were asked to respond to the CBSA's Importer Request for Information (RFI). The CBSA received 18 responses to the Importer RFI.

Exporters

[25] At the initiation of the investigations, the CBSA identified 765 potential exporters/producers of the subject goods based on CBSA import documentation and information provided by the complainants. All of the potential exporters/producers were asked to respond to the CBSA's Dumping and Subsidy RFI.

[26] Nine companies provided responses to the CBSA's Dumping and Subsidy RFI. Respondents included producers and exporters. The submissions and results for the producers/exporters have been summarized in the *Results of the Dumping Investigation* and *Results of the Subsidy Investigation* sections, found below.

[27] CBSA officers performed verifications by way of Verification Questionnaires for Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd. (Celtic Group); Evergreen; Huasheng Yongbin; Linyi Jiahe; Jinniu; Jiangshan; Shandong Good Wood; Xuzhou Shenping Imp. and Exp. Co., Ltd., Xuzhou Longyuan Wood Industry Co., Ltd., and Fengxian Weiheng Wood Co., Ltd. (Longyuan Group); and Zhejiang Dehua TB Import & Export Co, Ltd., and Dehua TB New Decoration Material Co., Ltd. (Dehua Group).

Government

[28] For the purposes of these investigations, GOC refers to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

[29] At the initiation of the investigations, the CBSA sent a Government Subsidy RFI⁸ to the GOC. In addition, the GOC was sent a Particular Market Situation (PMS) RFI⁹.

[30] The GOC did not provide a response to the CBSA's Government Subsidy RFI nor to the PMS RFI. However, the GOC did provide a submission concerning the PMS questionnaire¹⁰.

⁸ Exhibit 22 (NC) – Foreign Government RFI – Particular Market Situation RFI – China

⁹ Exhibit 23 (NC) – Foreign Government RFI – Subsidy RFI – China, Exhibit 24 (PRO) – Foreign Government RFI – Subsidy RFI – Appendix C

¹⁰ Exhibit 79 (NC) – Comments on the Foreign Government RFI – Particular Market Situation RFI – China

PRODUCT INFORMATION

Definition

[31] For the purpose of these investigations, subject goods are defined as:

Decorative and other non-structural plywood, whether or not surface coated or covered, and veneer core platforms for the production of decorative and other non-structural plywood, originating in or exported from the People's Republic of China. Decorative and other non-structural plywood is defined as a flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of wood. The veneers, along with the core are glued or otherwise bonded together. Decorative and other non-structural plywood include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2016 (including any revisions to that standard).

Excluding:

- a) Structural plywood that is manufactured to meet U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood (including any revisions to that standard or any substantially equivalent international standard intended for structural plywood), and which has both a face and a back veneer of coniferous wood;*
- b) Finished plywood products for use as flooring;*
- c) Plywood which has a shape or design other than a flat panel;*
- d) Phenolic Film Faced Plyform (PFF), also known as Phenolic Surface Film Plywood (PSF), defined as a panel with an "Exterior" or "Exposure 1" bond classification as is defined by The Engineered Wood Association, having an opaque phenolic film layer with a weight equal to or greater than 90g/m³ permanently bonded on both the face and back veneers and an opaque, moisture resistant coating applied to the edges; and*
- e) Laminated veneer lumber door and window components with (1) a maximum width of 44 millimeters, a thickness from 30 millimeters to 72 millimeters, and a length of less than 2413 millimeters, (2) water boiling point exterior adhesive, (3) a modulus of elasticity of 1,500,000 pounds per square inch or higher, (4) finger-jointed or lap-jointed core veneer with all layers oriented so that the grain is running parallel or with no more than 3 dispersed layers of veneer oriented with the grain running perpendicular to the other layers, and (5) top layer machined with a curved edge and one or more profile channels throughout.*

Additional Product Information¹¹

[32] The following is a brief explanation of certain key terms:

(a) Decorative and other non-structural plywood: a flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of wood.

(b) Veneer: a slice of wood which is cut, sliced or sawed from a log, bolt, or flitch. To be called a “veneer”, the slice of wood would generally be 6mm or less in thickness. The face and back veneers are the outermost veneer of wood on either side of the core irrespective of additional surface coatings or covers as described below.

(c) Cores: The core of decorative plywood consists of the layer or layers of one or more material(s) that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to veneer core platforms (consisting of one or more veneers of hardwood or softwood), particleboard, or medium-density fiberboard (MDF).

(d) Veneer core platforms: are cores composed of hardwood or softwood veneers. A veneer core platform would consist of at least two plies of wood. A veneer core platform may also be called a veneer core blank. A veneer core platform is itself covered by the product definition when the veneer core platforms are for the production of decorative and other non-structural plywood, and are themselves included as subject goods. The other types of cores (e.g. particleboard, MDF) on their own are not covered by the product definition. Decorative and other non-structural plywood which are made with those other cores are covered by the product definition.

[33] Other than the products excluded from the product definition, all decorative plywood is included within the scope of these investigations regardless of whether or not the face and/or back veneers are surface coated or covered and whether or not such surface coating(s) or cover(s) obscures the grain, textures, or markings of the wood. Examples of surface coatings and covers include, but are not limited to: ultra-violet light cured polyurethanes; oil or oil-modified or water based polyurethanes; wax; epoxy-ester finishes; moisture-cured urethanes; paints; stains; paper; aluminum; high pressure laminate; MDF; medium density overlay (MDO); and phenolic film. Additionally, the face veneer of non-structural and decorative plywood may be sanded; smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing.

¹¹ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 19-28.

[34] Decorative plywood is primarily manufactured as a panel. The most common panel sizes are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048 mm (48 x 120 inches). However, these panels are often cut-to-size by the manufacturer in accordance with a customer's requirements. The most common thicknesses of the panels range from 3.2 mm (1/8 inch) to 25.4 mm (1 inch). Regardless of the actual dimensions, all products that meet the production definition are included as subject goods.

[35] For further clarity regarding the cores, particle boards and MDF boards on their own (i.e., a particle board core or an MDF core) are not covered by the product definition. However, decorative plywood that includes a particle board core or MDF core or veneer core, or a combination of veneer, MDF and particleboard as the core, is covered by the product definition. Separately, a veneer core platform on its own is covered by the definition. A veneer core platform consists of a series of wood plies. The key distinction between a veneer core platform and decorative plywood is that decorative plywood generally has, as its outer plies, wood plies which are usually of a higher quality for their appearance.

[36] Decorative plywood is sometimes referred to by other terms, e.g., "hardwood plywood", "plywood" or "engineered wood". Regardless of the particular terminology, all products that meet the product definition are intended for inclusion within the product definition and are Subject Goods.

[37] Finished plywood which is used as flooring is excluded from the product definition. Separately, construction-grade plywood is used in subflooring. Since this is structural plywood, it is not covered by the product definition. However, the underlayment (a thin panel installed above the subflooring) is not structural and is not used as flooring, and therefore falls within the product definition.

[38] PFF, also known as PSF, as described in the product definition exclusion section, is excluded from the product definition. This product is a film-faced plywood for use in concrete forming.

[39] Part (e) of the exclusions excludes laminated veneer lumber door and window components. Conditions associated with this exclusion ensure that only legitimate door and window components are excluded.

[40] In the context of this product definition, "non-structural" plywood refers to plywood which does not meet the requirements of a "structural" plywood, but is also not "decorative" in its application. These products are sometimes referred to as "utility panels" or "industrial panels". Generally, these products would not have a thin face veneer. Non-structural plywood is used in applications such as shelving, garage cabinets, or dog houses. This type of plywood could also be used as "framestock" for the frames of sofas. It could even be possible that some manufacturers could use these for the interiors of cabinets or furniture if the plywood will be painted.

[41] Most decorative plywood is produced on a custom basis. The production process is highly flexible and can produce goods to exact customer specifications. While some distributors may stock inventory for purchase by end-users, the typical purchase of decorative plywood is made in advance of production, on a spot (as opposed to contractual) basis.

[42] Decorative plywood is generally described by the number of plies, overall thickness, width, length, species of face ply, grade of face and back ply, pattern or type of cut of face ply, and type of core.

[43] Decorative plywood is not required to meet a standard or certification. There is a voluntary (not mandatory) standard call the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2016 (current version). In contrast, structural plywood (which is not subject) must be certified as it is intended to be used for construction applications; it is manufactured to meet U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood.

[44] Because decorative plywood is typically used for decorative purposes, the appearance of the face ply, and, where exposed, the back ply, is often an important feature of the plywood. For this reason, grades are assigned to the face and back plies which encompass such characteristics as colour streaks or spots, colour variations, burls, and pin knots. Some manufacturers offer proprietary or custom grades. However, the consensus grading standards are set forth in ANSI/HPVA HP-1-2016 (current version).

[45] The face ply is the side of the product that is exposed to view after installation. Face grades are delineated as “AA”, “A”, “B”, “C”, “D” and “E”, where “AA” would have the best looking veneer face and “E” would have the worst looking veneer face (e.g. lots of knots in the wood). A veneer face with a higher grade (e.g. “AA”) would generally entail a higher price compared to a veneer face with a lower grade (e.g. “E”). Wood species commonly used for the face veneer include oak (red and white), birch, maple, ash, pine, walnut, southern pine, cherry, lauan, poplar, alder and numerous tropical hardwood species such as mahogany and Brazilian Cherry (also referred to as Jatoba). Bamboo may also be used for the face ply.

[46] Back grades are delineated as “1”, “2”, “3” or “4” (also listed in descending order of quality of grade).

[47] Decorative plywood is generally made from hardwood trees (i.e. deciduous or nonconiferous trees), but may also be made from softwood trees. Structural or construction plywood is generally made from softwood trees (i.e., coniferous trees).

[48] The manner in which a log is cut determines the appearance of the wood grain in the resulting veneers. This is of particular importance for the face ply, and where exposed, the back ply. The most common cuts for decorative plywood are rotary, quarter sliced, plain-cut (or flat-cut), and rift-cut.

Production Process¹²

[49] As described above, the production of decorative plywood involves laminating a decorative face of veneer to different types of core. The production of the face veneer is done with a process of its own and mainly with different equipment. All decorative plywood producers must source their face veneer from face veneer producers. Some decorative plywood producers also produce the face veneers (so they do not need to source it externally), but the face veneer will always be made either at another location or on a different production line.

[50] There are two types of decorative plywood manufacturers: 1-step producers (CFP at its Hearst facility and Rockshield) and 3-ply producers (Husky, CFP at Kitchener and Saint-Casimir, and the other domestic producers).

[51] Notwithstanding slight variations that might exist from one manufacturer to another, decorative plywood is generally produced through the same basic production process in all countries.

3-Ply Producers

[52] These producers externally source all their cores. The cores may be particle board, MDF or veneer core blanks. These blanks are also called platforms. The platforms are basically panels, which do not yet have an external ply of decorative veneer.

[53] The production process is relatively straightforward. Veneers are peeled or cut from logs into sheets. The core (regardless of whether it is veneer, particle board or MDF) will pass through a glue spreader. The face and the back veneer are then applied to the glue-covered core. This “wood sandwich” is then sent to a press where heat and pressure will laminate the three components together. The laminated panel will then be trimmed, sanded, and inspected.

[54] While this is the only way to produce decorative plywood with particle core or MDF core, there is another way to produce veneer core panels, discussed below.

[55] 3-ply producers may also be referred to as 2-step producers. Chinese producers are generally 3-ply producers.

1-Step Producers

[56] Instead of externally sourcing their veneer core platform, some producers have the equipment to produce each ply of the core directly from logs. These plants are always located close to the log harvesting locations. For example, CFP’s plant is located in Hearst, Ontario, in the heart of the boreal forest.

¹² Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 29-40.

[57] Producing core ply requires the logs to be rotary peeled on a lathe. The long rolls of thick veneer produced this way are then cut to size and dried in a veneer dryer. When ready, these inner plies of veneer will then pass through a glue spreader, they will be stacked together along with the decorative face and back veneer. This multiple layered “wood sandwich” is then sent to a press where heat and pressure will laminate all these plies together.

[58] The laminated panel will then be trimmed, sanded, and inspected.

[59] Since the inner plies and the face and back plies are laminated at the same time, this process is also called one step production and therefore these producers are called 1-step producers.

Product Use¹³

[60] Decorative plywood has a variety of end uses, including kitchen cabinets, furniture, wall paneling and architectural woodwork, seat backs, table and desk tops, drawer sides, television and stereo cabinets, furniture components, trailer components, and other uses.

[61] However, in all cases, as a result of the type of glue used in its production, it is intended for interior (indoor) uses and is distinguishable from construction plywood, which is used for structural applications and is suitable for outdoor use.

Classification of Imports

[62] The dumped and subsidized goods are normally classified under the following tariff classification numbers:

4412.10.00.00	4412.31.00.00	4412.33.00.10
4412.33.00.20	4412.33.00.30	4412.33.00.90
4412.34.00.00	4412.39.00.10	4412.39.00.21
4412.39.00.22	4412.39.00.23	4412.39.00.90
4412.94.00.00	4412.99.10.00	4412.99.90.10
4412.99.90.30	4412.99.90.90	

[63] The listing of tariff classification numbers is for convenience of reference only. The tariff classification numbers include non-subject goods. Also, subject goods may fall under tariff classification numbers that are not listed. Refer to the product definition for authoritative details regarding the subject goods.

LIKE GOODS AND CLASS OF GOODS

[64] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as goods that are identical in all respects to the other goods, or in the absence of any identical goods, goods the uses and other characteristics of which closely resemble those of the other goods.

¹³ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 41-42.

[65] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods (such as composition and appearance) their market characteristics (such as substitutability, pricing, distribution channels and end uses), and whether the domestic goods fulfill the same customer needs as the subject goods.

[66] After considering questions of use, physical characteristics and all other relevant factors, the CBSA initiated its investigations under the premise that domestically produced decorative plywood are like goods to the subject goods. Further, the CBSA was of the opinion that the subject goods and like goods constitute only one class of goods.

[67] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On August 10, 2020, the CITT issued its preliminary injury inquiry determination and reasons indicating that “*the Tribunal finds that domestically produced decorative and other non structural plywood of the same description as the subject goods are “like goods” in relation to subject goods and that there is only one class of goods.*”¹⁴

THE CANADIAN INDUSTRY

[68] The complainants and the supporting producers, Precision and ProPly, account for the vast majority of the domestic production of like goods.

IMPORTS INTO CANADA

[69] During the final phase of the investigations, the CBSA refined the volume and value of imports based on information from CBSA import entry documentation and other information received from exporters and importers.

[70] The following table presents the CBSA’s analysis of imports of decorative plywood for the purposes of the final determinations:

Imports of Decorative Plywood into Canada
(% of Total Import Volume)

Country	Dumping POI (April 1, 2019 to March 31, 2020)	Subsidy POI (January 1, 2019 to March 31, 2020)
China	43.33%	43.89%
All Other Countries	56.67%	56.11%
Total Imports	100.00%	100.00%

¹⁴ Canadian International Trade Tribunal – Preliminary Injury Inquiry – Decorative and Other Non-Structural Plywood – https://decisions.citt-tcce.gc.ca/citt-tcce/a/en/item/483466/index.do#_Toc49245752 – Paragraph 15.

INVESTIGATION PROCESS

[71] Regarding the dumping investigation, information was requested from all known and potential exporters, producers, vendors and importers, concerning shipments of decorative plywood released into Canada during the dumping POI.

[72] Regarding the PMS allegation, questions concerning the existence of a PMS were added to the Exporter Dumping RFIs. Additionally, information related to the decorative plywood market was requested from the GOC.

[73] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters and producers in China. The exporters/producers were requested to forward a portion of the RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as state-owned enterprises (SOEs). Information was also requested in order to establish whether there had been financial contributions made by any level of government, including SOEs possessing, exercising or vested with government authority and, if so, to establish if a benefit has been conferred on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of decorative plywood; and whether any resulting subsidy was specific in nature. Information was also requested from the GOC concerning financial contributions made to exporters or producers of decorative plywood released into Canada during the subsidy POI. The GOC was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters.

[74] The governments and the exporters/producers were notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the RFI, failure to permit verification of any information or failure to provide documentation requested during verification may result in the margins of dumping, the amounts of subsidy and the assessment of anti-dumping and/or countervailing duties on subject goods being based on facts available to the CBSA. Further, they were notified that a determination on the basis of facts available could be less favorable to their firm than if complete, verifiable information was made available.

[75] Several parties (i.e., importers and exporters) requested an extension to respond to their respective RFIs. The CBSA reviewed each request and granted extensions in instances where the reasons for making the requests constituted unforeseen circumstances or unusual burdens.

[76] After reviewing the RFI responses, supplemental RFIs (SRFIs) and deficiency letters were sent to several responding parties to clarify information provided in the responses and request additional information, where necessary. Verifications of the responding exporters was conducted by way of Verification Questionnaire SRFIs.

[77] Details pertaining to the information submitted by the exporters in response to the Dumping and Subsidy RFI as well as the results of the CBSA's investigations, including PMS, are provided in the *Dumping Investigation* and *Subsidy Investigation* sections of this document.

[78] As part of the final phase of the investigations, case briefs and reply submissions were provided by counsels representing the complainants and exporters/producers from China. Details of the representations are provided in **Appendix 2**.

DUMPING INVESTIGATION

Normal Value

[79] Normal values are generally determined based on the domestic selling prices of like goods in the country of export, in accordance with section 15 of SIMA, or based on either the methodology of paragraph 19(a) or on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, plus a reasonable amount for profits, in accordance with paragraph 19(b) of SIMA.

[80] If, in the opinion of the President, domestic sales of like goods in the country of export do not permit a proper comparison with the sales of the goods to the importer in Canada because a PMS prevails, the sale of such goods, in accordance with paragraph 16(2)(c) of SIMA, will not be taken into account in determining the normal value under section 15. The CBSA will then look to one of the methodologies of section 19. A PMS can be found to exist in respect of any goods of a particular exporter or of a particular country.

[81] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, normal values are determined pursuant to a ministerial specification in accordance with subsection 29(1) of SIMA.

Export Price

[82] The export price of goods sold to importers in Canada is generally determined in accordance with section 24 of SIMA based on the lesser of the adjusted exporter's sale price for the goods or the adjusted importer's purchase price. These prices are adjusted where necessary by deducting the costs, charges, expenses, duties and taxes resulting from the exportation of the goods as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

[83] Where there are sales between associated persons or a compensatory arrangement exists, the export price may be determined based on the importer's resale price of the imported goods in Canada to non-associated purchasers, less deductions for all costs incurred in preparing, shipping and exporting the goods to Canada that are additional to those incurred on the sales of like goods for use in the country of export, all costs that are incurred in reselling the goods (including duties and taxes) or associated with the assembly of the goods in Canada, and an amount representative of the average industry profit in Canada, pursuant to paragraphs 25(1)(c) and 25(1)(d) of SIMA. In any cases not provided for under paragraphs 25(1)(c) and 25(1)(d) of SIMA, the export price is determined in such a manner as the Minister specifies, pursuant to paragraph 25(1)(e).

[84] Where, in the opinion of the CBSA, sufficient information has not been furnished or is not available, export prices are determined pursuant to a ministerial specification under subsection 29(1) of SIMA.

Margin of Dumping

[85] The margin of dumping by exporter is equal to the amount by which the total normal value exceeds the total export price of the goods, expressed as a percentage of the total export price. All the subject goods shipped to Canada during the dumping POI are included in the margins of dumping of the goods. Where the total normal value of the goods does not exceed the total export price of the goods, the margin of dumping is zero.

Particular Market Situation

[86] The CBSA may form the opinion that a PMS exists, which does not permit a proper comparison with the sale of the goods to the importer in Canada, if one or more of the following factors have had a significant impact on the domestic sales of like goods in the country of export:

- government regulations such as price floors, price ceilings, production quotas, import and export controls;
- taxation policies;
- government support programs (financial or otherwise);
- the presence and activities of state-owned or state-controlled enterprises in the domestic market as suppliers or purchasers of the like goods (also including other state-owned or state-controlled enterprises such as financial institutions);
- the acquisition of production inputs or processing services that do not reflect market-based costs because they are acquired from suppliers which are state-owned or state-controlled or that are affected by government influence or control;
- significant volatility in economic conditions in the home market of the exporter;
- evidence of distorted input costs; and,
- any other circumstances which may or may not be the result of government intervention, in which normal market conditions or patterns of supply and demand do not prevail.

[87] The CBSA investigated allegations that a PMS exists with respect to China's decorative plywood market.

[88] Paragraph 16(2)(c) is a provision of SIMA that may be applied when the President is of the opinion that domestic sales of like goods in the country of export do not permit a proper comparison with the sales of the goods to the importer in Canada because a PMS prevails.

[89] Pursuant to subsection 16(2.1), the President may form the opinion that a PMS exists in respect of any goods of a particular exporter or of a particular country.

[90] In such cases, the CBSA would not determine normal values using the methodology of section 15 of SIMA, which relies on domestic prices. Accordingly, and where such information is available, the CBSA would look to use one of the methodologies of section 19 to determine normal values.

[91] Where the President is of the opinion that a PMS also distorts the cost of inputs that are significant in the production of the goods, the President will use information in accordance with subsection 11.2(2) of the *Special Imports Measures Regulations* (SIMR), that best represents the actual cost of the input to permit a proper comparison.

[92] The complainants made the allegation that a PMS may exist in the Chinese decorative plywood market due to the combined effect of a multitude of factors. They claimed that pursuant to paragraph 16(2)(c) of SIMA, the CBSA should not take into account domestic sales in China's market, where the PMS does not permit a proper comparison of the sale of like goods with the sale of the goods to importers in Canada, when calculating normal values under section 15 of SIMA.

[93] The complainants also argued that as a result of the PMS in China, Chinese producers' and exporters' cost of production data do not reasonably reflect the cost of production and therefore should not be used.

[94] At the initiation of the dumping investigation, the CBSA sent a PMS RFI to the GOC. The GOC did not respond to the PMS RFI, but made a submission¹⁵ that included a statement that there are no government regulations, programs, or other policies that impact the decorative plywood industry.

[95] The Dumping RFI sent to exporters in China included questions relating to PMS.

[96] The CBSA received case briefs and, in some cases, reply submissions, from the complainants and exporters in China concerning the allegations that a PMS exists in the decorative plywood market in China.

¹⁵ Exhibit 79 (NC) – Comments on the Foreign Government RFI – Particular Market Situation RFI - China

Factors Impacting the Chinese Decorative Plywood Market

[97] The complainants specifically alleged that in the decorative plywood market in China, the acquisition costs of inputs are distorted by illegal supply chains, as well as significant state control over domestic timber supplies;¹⁶ the manufacturing costs for the production of decorative plywood are distorted as certification standards are routinely circumvented;¹⁷ the GOC heavily regulates the industry, affecting pricing, production, imports and exports;¹⁸ and the GOC heavily subsidizes the decorative plywood industry in China.¹⁹

[98] In the course of the dumping investigation, the CBSA analysed the domestic market of decorative plywood in China. While the CBSA did find some evidence of the existence of government regulations, state-owned enterprises and subsidization in the market as alleged by the complainants, these were not found to be widespread and there was insufficient indication that these factors were contributing to the existence of a PMS.

[99] The CBSA's analysis primarily addressed how worldwide illegal logging impacts the decorative plywood industry in China, and whether that leads to distorted input costs. Information provided by the complainants, includes documents showing that China is an importer of illegally sourced timber;²⁰ both the United States and European Union have found that products imported from China have contained illegally sourced timber;²¹ hardwood, the primary input in decorative plywood, is more likely to be illegally harvested than softwood;²² and illegal logging depresses all timber prices, including those harvested legally.²³

¹⁶ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 305-370; Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Paragraphs 5-9; Exhibit 361 (NC) – Comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA; and Exhibit 312 (NC) – Additional comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA.

¹⁷ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 371-375; and Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Paragraphs 10-15.

¹⁸ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 294-329 and 376-377.

¹⁹ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 378 and 380-442; and Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Paragraphs 16-19.

²⁰ Exhibit 361 (NC) – Comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA – Attachment 13 – Global Report on Illegal Logging, page 49.

²¹ Exhibit 2 (NC) – Decorative Plywood Complaint – Attachments 118 and 126.

²² Exhibit 361 (NC) – Comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA – Attachment 13 – Global Report on Illegal Logging, page 45.

²³ Exhibit 361 (NC) – Comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA – Attachment 19 – Global Forest Atlas – Illegal Logging.

[100] The CBSA obtained published benchmark prices for logs from four different sources in Canada and the United States.²⁴ However, the Chinese and North American timber markets are different and benchmarks in one may not be a reasonable surrogate for prices in another. This is due to several reasons including differences in species, seasonality and locations of forests. Further, there was no information on the record detailing how an adjustment could be made to allow for comparability between Chinese and North American prices. Without such a comparison, and without sufficient qualitative evidence, it is not clear that the log prices in China are distorted.

[101] As a result, based on the information on the administrative record, the CBSA has not formed the opinion that a PMS exists in the decorative plywood market in China that affects the domestic sales such that they do not permit a proper comparison with the sales to the importers in Canada.

Results of the Dumping Investigation

[102] The following summarizes the results of the dumping investigation for the exporters in China which provided a response to the dumping RFI.

Normal Values, Export Prices and Margins of Dumping

Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd. (Celtic Group)

[103] Linyi Celtic Wood Co., Ltd. (Linyi Celtic) and Celtic Co., Ltd. (Celtic) are two affiliated companies that produce and export decorative plywood. The two companies, collectively known as the Celtic Group, share the same management, and are privately-owned limited liability companies located in Shandong, China.

[104] Celtic Group provided responses to the Dumping RFI²⁵ and SRFIs²⁶ that were sent to gather additional information and seek clarification. A verification of the Celtic Group was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[105] As per the CBSA's review and verification of Celtic Group's information, all of the issues raised during the course of the dumping investigation were addressed.

²⁴ Exhibit 473 (PRO) – Close of record attachments – CPF; Husky; Rockshield; and CHPVA.

²⁵ Exhibit 138 (PRO) and 139 (NC) – Exporter Dumping RFI Response – Celtic Group.

²⁶ Exhibit 199 (PRO) and 200 (NC) – Exporter SRFI #1 Response – Celtic Group; Exhibit 298 (PRO) and 299 (NC) – Exporter SRFI #2 Response – Celtic Group; Exhibit 244 (NC) – Exporter SRFI #3 Response – Celtic Group; Exhibit 320 (PRO) and 321 (NC) – Exporter SRFI #4 Response – Celtic Group; Exhibit 384 (PRO) and 385 (NC) – Exporter SRFI #5 Response – Celtic Group; Exhibit 424 (PRO) and 425 (NC) – Exporter SRFI #6 Response – Celtic Group; and Exhibit 437 (PRO) and 438 (NC) – Exporter SRFI #7 Response – Celtic Group.

[106] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[107] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Celtic Group's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Celtic Group's selling and administrative expenses incurred during the PAP. The amount for profits was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Celtic Group's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[108] For the subject goods exported from Celtic Group to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[109] For purposes of the final determination, the total normal value compared to the total export price results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Evergreen Wood Co., Ltd. (Evergreen)

[110] Linyi Evergreen Wood Co., Ltd. (Evergreen) is a producer and exporter of plywood located in Linyi City, China. All of Evergreen's production operations are located at the same address in Linyi City, China.

[111] Evergreen provided responses to the Dumping RFI²⁷ and SRFIs²⁸ that were sent to gather additional information and seek clarification. A verification of Evergreen was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[112] As per the CBSA's review and verification of Evergreen's information, all of the issues raised during the course of the dumping investigation were addressed.

²⁷ Exhibit 130 (PRO) and 131 (NC) – Exporter Dumping RFI Response – Evergreen.

²⁸ Exhibit 177 (PRO) and 178 (NC) – Exporter SRFI #1 Response – Evergreen; Exhibit 309 (PRO) and 310 (NC) – Exporter SRFI #2 Response – Evergreen; Exhibit 247 (NC) – Exporter SRFI #3 Response – Evergreen; Exhibit 326 (PRO) and 327 (NC) – Exporter SRFI #4 Response – Evergreen; Exhibit 372 (PRO) and 373 (NC) – Exporter SRFI #5 Response – Evergreen; Exhibit 426 (PRO) and 427 (NC) – Exporter SRFI #6 Response – Evergreen; Exhibit 435 (PRO) and 436 (NC) – Exporter SRFI #7 Response – Evergreen; and Exhibit 439 (PRO) and 440 (NC) – Exporter SRFI #8 Response – Evergreen.

[113] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[114] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Evergreen's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Evergreen's selling and administrative expenses incurred during the PAP. The amount for profits was determined in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in their domestic market, during the PAP, of the same general category as the subject goods exported to Canada.

[115] For the subject goods exported from Evergreen to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[116] For purposes of the final determination, the total normal value compared to the total export price results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng)

[117] Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng) is a producer and exporter of subject goods located in Linyi, China.

[118] Huasheng provided responses to the Dumping RFI²⁹ and SRFIs³⁰ that were sent to gather additional information and seek clarification. A verification of Huasheng was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[119] Issues raised during the course of the dumping investigation were addressed in the CBSA's review and verification of Huasheng's information.

²⁹ Exhibits 158 (PRO) & 159 (NC) – Exporter Dumping RFI Response – Huasheng

³⁰ Exhibit 175 (PRO) and 176 (NC) – Exporter SRFI #1 Response – Huasheng; Exhibit 224 (PRO) and 225 (NC) – Exporter SRFI #2 Response – Huasheng; Exhibit 347 (PRO) and 348 (NC) – Exporter SRFI #3 Response – Huasheng; Exhibit 481 (PRO) and 482 (NC) – Exporter SRFI #4 Response – Huasheng; Exhibit 396 (PRO) and 397 (NC) – Exporter SRFI #5 Response – Huasheng; Exhibit 455 (PRO) and 456 (NC) – Exporter SRFI #6 Response – Huasheng; Exhibit 458 (PRO) and 459 (NC) – Exporter SRFI #7 Response – Huasheng; Exhibit 471 (PRO) and 472 (NC) – Exporter SRFI #8 Response – Huasheng; Exhibit 462 (PRO) and 463 (NC) – Exporter SRFI #9 Response – Huasheng

[120] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[121] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Huasheng's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Huasheng's selling and administrative expenses incurred during the PAP. The amount for profits was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Huasheng's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[122] For the subject goods exported from Huasheng to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[123] For purposes of the final determination, the total normal value compared to the total export price for subject goods exported by Huasheng results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe)

[124] Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe) is a producer and exporter of subject goods located in Linyi City, China.

[125] Linyi Jiahe provided responses to the Dumping RFI³¹ and SRFIs³² that were sent to gather additional information and seek clarification. A verification of Linyi Jiahe was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[126] As per the CBSA's review and verification of Linyi Jiahe's information, all of the issues raised during the course of the dumping investigation were addressed.

³¹ Exhibits 150 (PRO) and 151 (NC) – Exporter Dumping RFI Response – Linyi Jiahe.

³² Exhibit 192 (PRO) and 193 (NC) – Exporter SRFI #1 Response – Linyi Jiahe; Exhibit 307 (PRO) and 308 (NC) – Exporter SRFI #2 Response – Linyi Jiahe; Exhibit 248 (NC) – Exporter SRFI #3 Response – Linyi Jiahe; Exhibit 341 (PRO) and 342 (NC) – Exporter SRFI #4 Response – Linyi Jiahe; Exhibit 389 (PRO) and 390 (NC) – Exporter SRFI #5 Response – Linyi Jiahe; Exhibit 398 (PRO) and 399 (NC) – Exporter SRFI #6 Response – Linyi Jiahe; Exhibit 381 (PRO) and 382 (NC) – Exporter SRFI #7 Response – Linyi Jiahe; and Exhibit 419 (PRO) and 420 (NC) – Exporter SRFI #8 Response – Linyi Jiahe.

[127] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[128] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Linyi Jiahe's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Linyi Jiahe's selling and administrative expenses incurred during the PAP. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on the Linyi Jiahe's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[129] For the subject goods exported from Linyi Jiahe to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[130] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 16.03% for Linyi Jiahe, expressed as a percentage of the total export price.

Pingyi Jinniu Wood Co., Ltd. (Jinniu)

[131] Pingyi Jinniu Wood Co., Ltd. (Jinniu) is a producer and exporter of subject goods to Canada. Jinniu is located in Linyi City, Shandong Province, China and has one production facility capable of producing the subject goods.

[132] Jinniu provided responses to the Dumping RFI³³ and SRFIs³⁴ that were sent to gather additional information and seek clarification. A verification of Jinniu was conducted in November 2020 by way of Verification Questionnaires SRFIs.

[133] As per the CBSA's review and verification of Jinniu's information, all of the issues raised during the course of the dumping investigation were addressed.

³³ Exhibits 122 (PRO) and 123 (NC) – Exporter Dumping RFI Response – Jinniu.

³⁴ Exhibit 205 (PRO) and 206 (NC) – Exporter SRFI #1 Response – Jinniu; Exhibit 313 (PRO) and 314 (NC) – Exporter SRFI #2 Response – Jinniu; Exhibit 246 (NC) – Exporter SRFI #3 Response – Jinniu; Exhibit 344 (PRO) and 345 (NC) – Exporter SRFI #4 Response – Jinniu; Exhibit 351 (PRO) and 352 (NC) – Exporter SRFI #5 Response – Jinniu; Exhibit 403 (PRO) and 404 (NC) – Exporter SRFI #6 Response – Jinniu; and Exhibit 409 (PRO) and 410 (NC) – Exporter SRFI #7 Response – Jinniu.

[134] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[135] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Jinniu's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Jinniu's selling and administrative expenses incurred during the PAP. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on the Jinniu's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[136] For the subject goods exported from Jinniu to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[137] For purposes of the final determination, the total normal value compared to the total export price results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Pizhou Jiangshan Wood Co., Ltd. (Jiangshan)

[138] Pizhou Jiangshan Wood Co., Ltd. (Jiangshan) is a producer and exporter of subject goods located in Pizhou City, China.

[139] Jiangshan provided responses to the Dumping RFI³⁵ and SRFIs³⁶ that were sent to gather additional information and seek clarification. A verification of Jiangshan was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[140] As per the CBSA's review and verification of Jiangshan's information, all of the issues raised during the course of the dumping investigation were addressed.

³⁵ Exhibit 126 (PRO) and 127 (NC) – Exporter Dumping RFI Response – Jiangshan.

³⁶ Exhibit 201 (PRO) and 202 (NC) – Exporter SRFI #1 Response – Jiangshan; Exhibit 245 (NC) – Exporter SRFI #3 Response – Jiangshan; Exhibit 316 (PRO) and 317 (NC) – Exporter SRFI #2 Response – Jiangshan; Exhibit 324 (PRO) and 325 (NC) – Exporter SRFI #4 Response – Jiangshan; Exhibit 366 (PRO) and 367 (NC) – Exporter SRFI #5 Response – Jiangshan; and Exhibit 433 (PRO) and 434 (NC) – Exporter SRFI #6 Response – Jiangshan; and Exhibit 443 (PRO) and 444 (NC) – Exporter SRFI #7 Response – Jiangshan.

[141] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[142] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Jiangshan's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Jiangshan's selling and administrative expenses incurred during the PAP. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on the Jiangshan's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[143] For the subject goods exported from Jiangshan to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[144] For purposes of the final determination, the total normal value compared to the total export price results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Shandong Good Wood Imp. And Exp. Co., Ltd. (Shandong Good Wood)

[145] Shandong Good Wood Imp. And Exp. Co., Ltd. (Shandong Good Wood) is an exporter of subject goods located in Weifang City, Shandong Province, China. The subject goods exported to Canada during the dumping POI by Shandong Good Wood were produced by unrelated manufacturers in China.

[146] Shandong Good Wood provided responses to the Dumping RFI³⁷ and SRFIs³⁸ that were sent to gather additional information and seek clarification. Linyi Fred Wood Co., Ltd. (Linyi Fred), a producer of a portion of subject goods exported by Shandong Good Wood, also provided responses to the Dumping RFI³⁹ and SRFIs⁴⁰, including information on the cost of production. Other producers of subject goods exported by Shandong Good Wood did not provide a response to the Dumping RFI. A verification of Shandong Good Wood and Linyi Fred was conducted in November 2020 by way of Verification Questionnaire SRFIs.

³⁷ Exhibit 98 (PRO) and 99 (NC) – Exporter Dumping RFI Response – Shandong Good Wood

³⁸ Exhibit 332 (PRO) and 333 (NC) – Exporter SRFI #1 Response – Shandong Good Wood; Exhibit 338 (PRO) and 339 (NC) – Exporter SRFI #2 Response – Shandong Good Wood; Exhibit 469 (PRO) and 470 (NC) – Exporter SRFI #3 Response – Shandong Good Wood

³⁹ Exhibit 104 (PRO) and 105 (NC) – Exporter Dumping RFI Response – Linyi Fred

⁴⁰ Exhibit 209 (PRO) and 210 (NC) – Exporter SRFI #1 Response – Linyi Fred; Exhibit 353 (PRO) and 354 (NC) – Exporter SRFI #2 Response – Linyi Fred; Exhibit 464 (PRO) and 465 (NC) – Exporter SRFI #3 Response – Linyi Fred

[147] Issues raised during the course of the dumping investigation were addressed in the CBSA's review and verification of the information of Shandong Good Wood and Linyi Fred.

[148] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, for the portion of subject goods exported by Shandong Good Wood for which the cost of production was available from the producer, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[149] Where normal values were determined pursuant to paragraph 19(b) of SIMA, the cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Linyi Fred's verified cost data associated with subject goods shipped to Canada. The amount for administrative, selling and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on expenses of Shandong Good Wood and Linyi Fred incurred during the PAP. The amount for profits was determined in accordance with subparagraph 11(1)(b)(iv) of the SIMR, based on other producers' sales of goods in their domestic market in China, during the PAP, of the same general category as the subject goods exported to Canada.

[150] For the subject goods exported to Canada by Shandong Good Wood and produced by the unrelated producers that did not provide a response to the Dumping RFI, the CBSA did not have cost of production information, and as a result, normal values for such goods were determined using the *All Other Exporters – China* methodology described below.

[151] For the subject goods exported from Shandong Good Wood to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[152] For purposes of the final determination, the total normal value compared to the total export price for subject goods exported by Shandong Good Wood results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Xuzhou Shengping Imp and Exp Co., Ltd. (Shengping); Xuzhou Longyuan Wood Industry Co., Ltd. (Longyuan); and Fengxian Weiheng Wood Co., Ltd. (Weiheng) (Longyuan Group)

[153] Xuzhou Shengping Imp. and Exp. Co., Ltd. (Shengping), Xuzhou Longyuan Wood Industry Co., Ltd. (Longyuan) and Fengxian Weiheng Wood Co., Ltd. (Weiheng), collectively referred to as Longyuan Group, are three affiliated companies that produce and export decorative plywood. Longyuan and Weiheng are the producers, while Shengping is an export trading company. All of Longyuan Group's production operations are located at the same address in Xuzhou City, China.

[154] Longyuan Group provided responses to the Dumping RFI⁴¹ and SRFIs⁴² that were sent to gather additional information and seek clarification. A verification of Longyuan Group was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[155] As per the CBSA's review and verification of Longyuan Group's information, all of the issues raised during the course of the dumping investigation were addressed.

[156] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[157] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Longyuan Group's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Longyuan Group's selling and administrative expenses incurred during the PAP. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on the Longyuan Group's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

[158] For the subject goods exported from Longyuan Group to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[159] For purposes of the final determination, the total normal value compared to the total export price results in a zero margin of dumping. As such, the dumping investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

⁴¹ Exhibit 116 (PRO) and 117 (NC) – Exporter Dumping RFI Response – Longyuan Group.

⁴² Exhibit 203 (PRO) and 204 (NC) – Exporter SRFI #1 Response – Longyuan Group; Exhibit 243 (NC) – Exporter SRFI #3 Response – Longyuan Group; Exhibit 301 (PRO) and 302 (NC) – Exporter SRFI #2 Response – Longyuan Group; Exhibit 322 (PRO) and 323 (NC) – Exporter SRFI #4 Response – Longyuan Group; Exhibit 375 (PRO) and 376 (NC) – Exporter SRFI #5 Response – Longyuan Group; Exhibit 422 (PRO) and 423 (NC) – Exporter SRFI #6 Response – Longyuan Group; and Exhibit 428 (PRO) and 429 (NC) – Exporter SRFI #7 Response – Longyuan Group.

Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd.
(Dehua Group)

[160] Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd, collectively referred to as Dehua Group, are two affiliated companies that produce and export decorative plywood. They are located in Zhejiang Province, China. Some of the subject goods exported to Canada by Dehua Group during the dumping POI were produced by an unrelated producer.

[161] Dehua Group provided responses to the Dumping RFI⁴³ and SRFIs⁴⁴ that were sent to gather additional information and seek clarification. The other producer of subject goods exported by Dehua Group did not provide a response to the Dumping RFI. A verification of Dehua Group was conducted in November 2020 by way of Verification Questionnaire SRFIs.

[162] As per the CBSA's review and verification of Dehua Group's information, all of the issues raised during the course of the dumping investigation were addressed.

[163] Normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, for the portion of subject goods exported by Dehua Group for which the cost of production was available from the producer, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

[164] Where normal values were determined pursuant to paragraph 19(b) of SIMA, the cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Dehua Group's verified cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Dehua Group's selling and administrative expenses incurred during the PAP. The amount for profit was determined in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on the Dehua Group's sales of goods in their domestic market, during the PAP, that were of the same general category as the subject goods exported to Canada.

⁴³ Exhibits 142 (PRO) and 143 (NC), Exporter Dumping RFI Response – Zhejiang Dehua.

⁴⁴ Exhibit 172 (PRO) and 173 (NC) – Exporter SRFI #1 Response – Zhejiang Dehua; Exhibit 280 (PRO) and 281 (NC) – Exporter SRFI #2 Response – Zhejiang Dehua; Exhibit 207 (PRO) and 208 (NC) – Exporter SRFI #3 Response – Zhejiang Dehua; Exhibit 311 (PRO) and 312 (NC) – Exporter SRFI #4 Response – Zhejiang Dehua; Exhibit 334 (PRO) and 335 (NC) – Exporter SRFI #5 Response – Zhejiang Dehua; Exhibit 387 (PRO) and 388 (NC) – Exporter SRFI #6 Response – Zhejiang Dehua; Exhibit 417 (PRO) and 418 (NC) – Exporter SRFI #7 Response – Zhejiang Dehua; Exhibit 445 (PRO) and 446 (NC) – Exporter SRFI #7 Response – Zhejiang Dehua; and Exhibit 447 (PRO) and 448 (NC) – Exporter SRFI #8 Response – Zhejiang Dehua.

[165] For the subject goods exported to Canada from Dehua Group but produced by the unrelated producer, as the CBSA did not receive a response to the Dumping RFI and therefore did not have any cost or domestic sales information from the unrelated producer, normal values were determined using the *All Other Exporters – China* methodology described below.

[166] For the subject goods exported from Dehua Group to Canada during the dumping POI, export prices were determined in accordance with section 24 of SIMA, based on the exporter's selling price less all costs, charges and expenses resulting from the exportation of the goods.

[167] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 33.70% for Dehua Group, expressed as a percentage of the total export price.

All Other Exporters – China

[168] For exporters of subject goods originating in or exported from China that did not provide a response to the Dumping RFI or did not furnish sufficient and reliable information, normal values and export prices were determined pursuant to a ministerial specification under subsection 29(1) of SIMA, which is based on a comparative analysis of facts available.

[169] In establishing the methodology for determining the normal value and export price under the ministerial specification, the CBSA analysed all of the information on the administrative record including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the dumping investigation, information submitted by cooperative exporters, and customs documentation.

[170] The CBSA decided that the normal values and export prices determined for the cooperative exporters whose submissions were substantially complete and verified for the final determination, rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values for all other exporters in China since it reflects the actual trading practices of exporters during the dumping POI.

[171] As a result, based on the analysis of the facts available presented above, the normal values for all other exporters of subject goods in China were determined based on the highest amount by which a normal value exceeded an export price on an individual transaction during the dumping POI. The normal values for all other exporters was based on the amount determined for an exporter, whose submission was verified and complete for the final determinations. The transactions were examined to ensure that no anomalies were considered, such as very low volume and value, effects of seasonality or other business factors. A few anomalies were identified and removed.

[172] This methodology limits the advantage that an exporter may gain from not providing necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information.

[173] The export prices were based on the declared selling prices on import documentation of certain decorative and other non-structural plywood. The CBSA considers this the best available information on which to base the export prices of goods for all other exporters as it reflects actual import data.

[174] Based on the above methodologies, the margin of dumping for all other exporters of subject goods originating in or exported from China is 181.81%, expressed as a percentage of the export price.

Summary of Results - Dumping

[175] A summary of the results of the dumping investigation respecting all subject goods released into Canada during the dumping POI is as follows:

Margins of Dumping by Exporter Period of Investigation (April 1, 2019 to March 31, 2020)

Exporters	Margin of Dumping* (as % of Export Price)	Volume of Subject Goods as Percentage of Total Imports
China		
Celtic Co., Ltd.	0.00%	1.04%
Linyi Evergreen Wood Co., Ltd.	0.00%	0.57%
Linyi Huasheng Yongbin Wood Co., Ltd.	0.00%	2.81%
Linyi Jiahe Wood Industry Co., Ltd.	16.03%	1.40%
Pingyi Jinniu Wood Co., Ltd.	0.00%	3.72%
Pizhou Jiangshan Wood Co., Ltd.	0.00%	0.07%
Shandong Good Wood Imp. and Exp. Co., Ltd.	0.00%	0.28%
Xuzhou Shengping Imp and Exp Co., Ltd.	0.00%	2.38%
Zhejiang Dehua TB Import & Export Co., Ltd.	33.70%	0.62%
All Other Exporters – China	181.81%	30.45%
Total – China		43.33%**

*Some figures appear as 0% due to no dumping

**Some percent totals may not add due to rounding.

[176] In order to make a final determination of dumping, the CBSA must be satisfied that:

- the subject goods have been dumped; and
- that the margin of dumping is not insignificant.

[177] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods. Therefore, the CBSA is required to terminate the dumping investigation in respect of certain decorative plywood exported to Canada from China by Celtic, Evergreen, Huasheng, Jinniu, Jiangshan, Shandong Good Wood, and Shengping.

[178] The remaining goods under investigation have been dumped and the margins of dumping determined for those goods, are greater than the threshold of 2% and are therefore not considered insignificant. As a result, the legislative requirement is satisfied for making a final determination of dumping respecting certain decorative plywood from China.

[179] A summary of the results of the dumping investigation respecting the subject goods released into Canada during the dumping POI are presented in **Appendix 1**.

SUBSIDY INVESTIGATION

[180] In accordance with section 2 of SIMA, a subsidy exists if there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the *General Agreement on Tariffs and Trade*, 1994, being part of Annex 1A to the WTO Agreement that confers a benefit.

[181] Pursuant to subsection 2(1.6) of SIMA, there is a financial contribution by a government of a country other than Canada where:

- (a) practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- (b) amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- (c) the government provides goods or services, other than general governmental infrastructure, or purchases goods; or,
- (d) the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[182] Where subsidies exist they may be subject to countervailing measures if they are specific in nature. According to subsection 2(7.2) of SIMA a subsidy is considered to be specific when it is limited, in a legislative, regulatory or administrative instrument, or other public document, to a particular enterprise within the jurisdiction of the authority that is granting the subsidy; or is a prohibited subsidy.

[183] A “prohibited subsidy” is either an export subsidy or a subsidy or portion of a subsidy that is contingent, in whole or in part, on the use of goods that are produced or that originate in the country of export. An export subsidy is a subsidy or portion of a subsidy contingent, in whole or in part, on export performance. An “enterprise” is defined as including a group of enterprises, an industry and a group of industries. These terms are all defined in section 2 of SIMA.

[184] Notwithstanding that a subsidy is not specific in law, under subsection 2(7.3) of SIMA a subsidy may also be considered specific having regard as to whether:

- (a) there is exclusive use of the subsidy by a limited number of enterprises;
- (b) there is predominant use of the subsidy by a particular enterprise;
- (c) disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and,
- (d) the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[185] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy,” meaning that it is subject to countervailing measures if the persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods under investigation have benefited from the subsidy.

[186] Financial contributions provided by state-owned enterprises (SOEs) may also be considered to be provided by the government for purposes of this investigation. A SOE may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or some combination thereof.

Results of the Subsidy Investigation

[187] The following summarizes the results of the subsidy investigation for the exporters in China which provided a response to the subsidy RFI.

[188] A description of identified programs and incentives is included in **Appendix 3**.

Amounts of Subsidy

Government of China (GOC)

[189] The GOC did not respond to the CBSA's Government Subsidy RFI, which limited the CBSA's ability to determine the amount of subsidy in the prescribed manner as the required information relating to financial contribution, benefit and specificity was not provided. It also limited the CBSA's ability to determine whether producers, or other suppliers of goods and services are public bodies.

[190] Due to a lack of government response, subsidy amounts for all exporters were determined pursuant to subsection 30.4(2) of SIMA, based on a ministerial specification. However, in consideration of the fact that Celtic Group, Evergreen, Huasheng, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, Longyuan Group, and Dehua Group provided sufficient information in response to their Subsidy RFI, for each of these exporters, an individual amount of subsidy was determined based on the information provided in response to the Subsidy RFI and obtained during the verification.

[191] For exporters that did not provide sufficient information in response to the RFI, amounts of subsidy were determined under subsection 30.4(2) of SIMA on the basis of facts available.

Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd. (Celtic Group)

[192] Celtic Group is a producer and exporter of subject goods located in Shandong, China.

[193] Celtic Group provided responses to the Subsidy RFI⁴⁵ and SRFIs⁴⁶, including Verification Questionnaire SRFIs. For purposes of the final determination, Celtic Group was found to have benefited from the following subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

⁴⁵ Exhibit 134 (PRO) and 135 (NC) – Exporter Subsidy RFI Response – Celtic Group.

⁴⁶ Exhibit 199 (PRO) and 200 (NC) – Exporter SRFI #1 Response – Celtic Group; Exhibit 298 (PRO) and 299 (NC) – Exporter SRFI #2 Response – Celtic Group; Exhibit 244 (NC) – Exporter SRFI #3 Response – Celtic Group; Exhibit 320 (PRO) and 321 (NC) – Exporter SRFI #4 Response – Celtic Group; Exhibit 384 (PRO) and 385 (NC) – Exporter SRFI #5 Response – Celtic Group; Exhibit 424 (PRO) and 425 (NC) – Exporter SRFI #6 Response – Celtic Group; and Exhibit 437 (PRO) and 438 (NC) – Exporter SRFI #7 Response – Celtic Group.

[194] The above subsidy program was considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[195] For purposes of the final determination, the amount of subsidy for Celtic Group is 0.02%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Evergreen Wood Co., Ltd. (Evergreen)

[196] Evergreen is a producer and exporter of subject goods located in Linyi City, China.

[197] Evergreen provided responses to the Subsidy RFI⁴⁷ and SRFIs⁴⁸, including Verification Questionnaire SRFIs. For purposes of the final determination, Evergreen was found to have benefited from the following subsidy programs during the subsidy POI:

- Program 7: Export Development and Performance Grants – *Exhibition subsidy – Vietnam exhibition / carb-epa TSCA VI certification*
- Program 24: Reduced Corporate Tax Rate Program
- Program 33: Unemployment Insurance Subsidy
- Program 34: Job Stabilization Subsidy of Unemployment Insurance
- Program 35: Social Security Fund for Social Security of Junan County
- Program 37: Export Development and Performance Grants – *Central Foreign Trade and Economic Development Fund Subsidy in 2019 – Turkey exhibition*

[198] The above subsidy programs were considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[199] For purposes of the final determination, the amount of subsidy for Evergreen is 0.30%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng)

[200] Huasheng is a producer and exporter of subject goods located in Linyi City, China.

⁴⁷ Exhibit 132 (PRO) and 133 (NC) – Exporter Subsidy RFI Response – Evergreen.

⁴⁸ Exhibit 177 (PRO) and 178 (NC) – Exporter SRFI #1 Response – Evergreen; Exhibit 309 (PRO) and 310 (NC) – Exporter SRFI #2 Response – Evergreen; Exhibit 247 (NC) – Exporter SRFI #3 Response – Evergreen; Exhibit 326 (PRO) and 327 (NC) – Exporter SRFI #4 Response – Evergreen; Exhibit 372 (PRO) and 373 (NC) – Exporter SRFI #5 Response – Evergreen; Exhibit 426 (PRO) and 427 (NC) – Exporter SRFI #6 Response – Evergreen; Exhibit 435 (PRO) and 436 (NC) – Exporter SRFI #7 Response – Evergreen; and Exhibit 439 (PRO) and 440 (NC) – Exporter SRFI #8 Response – Evergreen.

[201] Huasheng provided responses to the Subsidy RFI⁴⁹ and SRFIs⁵⁰, including Verification Questionnaire SRFIs.

[202] Huasheng did not report and the CBSA did not find any benefit to Huasheng from actionable subsidies during the subsidy POI, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe)

[203] Linyi Jiahe is a producer and exporter of subject goods located in Linyi City, China.

[204] Linyi Jiahe provided responses to the Subsidy RFI⁵¹ and SRFIs⁵², including Verification Questionnaire SRFIs. For purposes of the final determination, Linyi Jiahe was found to have benefited from the following subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

[205] The above subsidy program was considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[206] For purposes of the final determination, the amount of subsidy for Linyi Jiahe is 0.11%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

⁴⁹ Exhibits 156 (PRO) and 157 (NC), Exporter Subsidy RFI Response – Huasheng.

⁵⁰ Exhibit 175 (PRO) and 176 (NC) – Exporter SRFI #1 Response – Huasheng; Exhibit 224 (PRO) and 225 (NC) – Exporter SRFI #2 Response – Huasheng; Exhibit 347 (PRO) and 348 (NC) – Exporter SRFI #3 Response – Huasheng; Exhibit 481 (PRO) and 482 (NC) – Exporter SRFI #4 Response – Huasheng; Exhibit 396 (PRO) and 397 (NC) – Exporter SRFI #5 Response – Huasheng; Exhibit 455 (PRO) and 456 (NC) – Exporter SRFI #6 Response – Huasheng; Exhibit 458 (PRO) and 459 (NC) – Exporter SRFI #7 Response – Huasheng; Exhibit 471 (PRO) and 472 (NC) – Exporter SRFI #8 Response – Huasheng; and Exhibit 462 (PRO) and 463 (NC) – Exporter SRFI #9 Response – Huasheng.

⁵¹ Exhibits 148 (PRO) and 149 (NC) – Exporter Subsidy RFI Response – Linyi Jiahe.

⁵² Exhibit 192 (PRO) and 193 (NC) – Exporter SRFI #1 Response – Linyi Jiahe; Exhibit 307 (PRO) and 308 (NC) – Exporter SRFI #2 Response – Linyi Jiahe; Exhibit 248 (NC) – Exporter SRFI #3 Response – Linyi Jiahe; Exhibit 341 (PRO) and 342 (NC) – Exporter SRFI #4 Response – Linyi Jiahe; Exhibit 389 (PRO) and 390 (NC) – Exporter SRFI #5 Response – Linyi Jiahe; Exhibit 398 (PRO) and 399 (NC) – Exporter SRFI #6 Response – Linyi Jiahe; Exhibit 381 (PRO) and 382 (NC) – Exporter SRFI #7 Response – Linyi Jiahe; and Exhibit 419 (PRO) and 420 (NC) – Exporter SRFI #8 Response – Linyi Jiahe.

Pingyi Jinniu Wood Co., Ltd. (Jinniu)

[207] Jinniu is a producer and exporter of subject goods to Canada. Jinniu provided responses to the Subsidy RFI⁵³ and SRFIs⁵⁴, including Verification Questionnaire SRFIs.

[208] Jinniu did not report and the CBSA did not find any benefit to Jinniu from actionable subsidies during the subsidy POI, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Pizhou Jiangshan Wood Co., Ltd. (Jiangshan)

[209] Jiangshan is a producer and exporter of subject goods located in Pizhou City, China.

[210] Jiangshan provided responses to the Subsidy RFI⁵⁵ and SRFIs⁵⁶, including Verification Questionnaire SRFIs. For purposes of the final determination, Jiangshan was found to have benefited from the following subsidy programs during the subsidy POI:

Program 6: Design, Research and Development Grants
Program 9: Reductions in Land Use and/or Rental Fees
Program 10: Grant - Patent Assistance/Award
Program 18: Preferential Tax Policies related to Research and Investment
Program 25: Job Security Assistance

[211] The above subsidy programs were considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[212] For purposes of the final determination, the amount of subsidy for Jiangshan is 0.13%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

⁵³ Exhibits 124 (PRO) and 125 (NC) – Exporter Subsidy RFI Response – Jinniu.

⁵⁴ Exhibit 205 (PRO) and 206 (NC) – Exporter SRFI #1 Response – Jinniu; Exhibit 313 (PRO) and 314 (NC) – Exporter SRFI #2 Response – Jinniu; Exhibit 246 (NC) – Exporter SRFI #3 Response – Jinniu; Exhibit 344 (PRO) and 345 (NC) – Exporter SRFI #4 Response – Jinniu; Exhibit 351 (PRO) and 352 (NC) – Exporter SRFI #5 Response – Jinniu; Exhibit 403 (PRO) and 404 (NC) – Exporter SRFI #6 Response – Jinniu; and Exhibit 409 (PRO) and 410 (NC) – Exporter SRFI #7 Response – Jinniu.

⁵⁵ Exhibit 128 (PRO) and 129 (NC) – Exporter Subsidy RFI Response – Jiangshan.

⁵⁶ Exhibit 201 (PRO) and 202 (NC) – Exporter SRFI #1 Response – Jiangshan; Exhibit 245 (NC) – Exporter SRFI #3 Response – Jiangshan; Exhibit 316 (PRO) and 317 (NC) – Exporter SRFI #2 Response – Jiangshan; Exhibit 324 (PRO) and 325 (NC) – Exporter SRFI #4 Response – Jiangshan; Exhibit 366 (PRO) and 367 (NC) – Exporter SRFI #5 Response – Jiangshan; Exhibit 433 (PRO) and 434 (NC) – Exporter SRFI #6 Response – Jiangshan; and Exhibit 443 (PRO) and 444 (NC) – Exporter SRFI #7 Response – Jiangshan.

Shandong Good Wood Imp. And Exp. Co., Ltd. (Shandong Good Wood)

[213] Shandong Good Wood is an exporter of subject goods located in Weifang City, Shandong Province, China. The subject goods exported to Canada during the subsidy POI by Shandong Good Wood were produced by unrelated manufacturers in China.

[214] Shandong Good Wood provided responses to the Subsidy RFI⁵⁷ and SRFIs⁵⁸, including Verification Questionnaire SRFIs. Linyi Fred Wood Co., Ltd. (Linyi Fred), a producer of a portion of subject goods exported by Shandong Good Wood, also provided responses to the Subsidy RFI⁵⁹ and SRFIs⁶⁰, including Verification Questionnaire SRFIs. Other producers of subject goods exported by Shandong Good Wood did not provide a response to the Subsidy RFI.

[215] For purposes of the final determination, exporter Shandong Good Wood and producer Linyi Fred were both found to have benefited from the following subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

[216] The above subsidy program was considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[217] For the portion of subject goods exported by Shandong Good Wood for which the producers of the goods did not provide responses to the Subsidy RFI, the CBSA determined the amount of subsidy using the methodology for *All Other Exporters – China* described below.

[218] For purposes of the final determination, the amount of subsidy for Shandong Good Wood is 0.89%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Xuzhou Shengping Imp and Exp Co., Ltd. (Shengping); Xuzhou Longyuan Wood Industry Co., Ltd. (Longyuan); and Fengxian Weiheng Wood Co., Ltd. (Weiheng) (Longyuan Group)

[219] Longyuan Group consists of three affiliated companies that produce and export decorative plywood. Longyuan and Weiheng are the producers, while Shengping is an export trading company. All of Longyuan Group's production operations are located at the same address in Xuzhou City, China.

⁵⁷ Exhibit 100 (PRO) and 101 (NC) – Exporter Subsidy RFI Response – Shandong Good Wood.

⁵⁸ Exhibit 332 (PRO) and 333 (NC) – Exporter SRFI #1 Response – Shandong Good Wood; Exhibit 338 (PRO) and 339 (NC) – Exporter SRFI #2 Response – Shandong Good Wood; and Exhibit 469 (PRO) and 470 (NC) – Exporter SRFI #3 Response – Shandong Good Wood.

⁵⁹ Exhibit 102 (PRO) and 103 (NC) – Exporter Subsidy RFI Response – Linyi Fred.

⁶⁰ Exhibit 209 (PRO) and 210 (NC) – Exporter SRFI #1 Response – Linyi Fred; Exhibit 353 (PRO) and 354 (NC) – Exporter SRFI #2 Response – Linyi Fred; and Exhibit 464 (PRO) and 465 (NC) – Exporter SRFI #3 Response – Linyi Fred.

[220] Longyuan Group provided responses to the Subsidy RFI⁶¹ and SRFIs⁶², including Verification Questionnaire SRFIs. For purposes of the final determination, Longyuan Group was found to have benefited from the following subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

[221] The above subsidy program was considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[222] For purposes of the final determination, the amount of subsidy for Longyuan Group is 0.62%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd. (Dehua Group)

[223] The Dehua Group is a producer and exporter of subject goods to Canada. Some of the subject goods exported to Canada by Dehua Group during the subsidy POI were produced by an unrelated producer.

[224] Dehua Group provided responses to the Subsidy RFI⁶³ and SRFIs⁶⁴, including Verification Questionnaire SRFIs. The unrelated supplier did not provide a response to the Subsidy RFI.

⁶¹ Exhibit 118 (PRO) and 119 (NC) – Exporter Subsidy RFI Response – Longyuan Group.

⁶² Exhibit 203 (PRO) and 204 (NC) – Exporter SRFI #1 Response – Longyuan Group; Exhibit 243 (NC) – Exporter SRFI #3 Response – Longyuan Group; Exhibit 301 (PRO) and 302 (NC) – Exporter SRFI #2 Response – Longyuan Group; Exhibit 322 (PRO) and 323 (NC) – Exporter SRFI #4 Response – Longyuan Group; Exhibit 375 (PRO) and 376 (NC) – Exporter SRFI #5 Response – Longyuan Group; Exhibit 422 (PRO) and 423 (NC) – Exporter SRFI #6 Response – Longyuan Group; and Exhibit 428 (PRO) and 429 (NC) – Exporter SRFI #7 Response – Longyuan Group.

⁶³ Exhibits 152 (PRO) and 153 (NC) – Exporter Subsidy RFI Response – Zhejiang Dehua.

⁶⁴ Exhibit 172 (PRO) and 173 (NC) – Exporter SRFI #1 Response – Zhejiang Dehua; Exhibit 280 (PRO) and 281 (NC) – Exporter SRFI #2 Response – Zhejiang Dehua; Exhibit 207 (PRO) and 208 (NC) – Exporter SRFI #3 Response – Zhejiang Dehua; Exhibit 311 (PRO) and 312 (NC) – Exporter SRFI #4 Response – Zhejiang Dehua; Exhibit 334 (PRO) and 335 (NC) – Exporter SRFI #5 Response – Zhejiang Dehua; Exhibit 387 (PRO) and 388 (NC) – Exporter SRFI #6 Response – Zhejiang Dehua; Exhibit 417 (PRO) and 418 (NC) – Exporter SRFI #7 Response – Zhejiang Dehua; Exhibit 445 (PRO) and 446 (NC) – Exporter SRFI #7 Response – Zhejiang Dehua; and Exhibit 447 (PRO) and 448 (NC) – Exporter SRFI #8 Response – Zhejiang Dehua.

[225] For purposes of the final determination, Dehua Group was found to have benefited, during the subsidy POI, from the following eight subsidy programs that were not included in the CBSA's original list of alleged subsidies under investigation:

- Program 15: Corporate Income Tax Reduction For New High Tech Enterprises
- Program 26: Foreign Economic and Trade Development Support Funds
- Program 27: Deqing County Cultivate the Talents Award
- Program 28: Internet Security Software Subsidy
- Program 29: Personnel Training Fee
- Program 30: Outsourcing Service of Foreign Trade Award
- Program 31: Employee Recruitment Subsidy
- Program 32: Market Development Subsidy
- Program 36: Export Award

[226] The above subsidy programs were considered to be specific and therefore actionable. This determination was made from the analysis of the information available on the administrative record.

[227] For the portion of subject goods exported by Dehua Group for which the producer of the goods did not provide responses to the Subsidy RFI, the CBSA determined the amount of subsidy using the methodology for *All Other Exporters – China* described below.

[228] For purposes of the final determination, the amount of subsidy for Dehua Group is 17.37%, expressed as a percentage of the export price.

All Other Exporters – China

[229] For all other exporters of subject goods originating in or exported from China during the subsidy POI that did not provide a response to the Subsidy RFI or did not furnish sufficient information, the CBSA determined an amount of subsidy, pursuant to a Ministerial specification under subsection 30.4(2) of SIMA, which is based on a comparative analysis of facts available.

[230] In establishing the methodology for determining the amounts of subsidy, the CBSA analyzed all of the information on the administrative record, including the complaint filed by domestic industry, information submitted by cooperative exporters and publically available information.

[231] The CBSA decided that the information provided by exporters who provided sufficient information in response to the CBSA's Subsidy RFI, as well as the information on the potentially actionable subsidy programs that were identified at initiation of the investigation was the best information on which to base the methodology for determining amounts of subsidy, as the amount of subsidy applied to each of these potentially actionable subsidy programs is based on the benefits actually received by the responding exporters. The information available supports that the potentially actionable subsidy programs may be available to exporters and producers of the subject goods in China.

[232] As a result, based on the analysis of the facts available presented above, the amounts of subsidy for all other exporters of subject goods in China were determined pursuant to a ministerial specification on the basis of the following methodology:

- 1) the highest amount of subsidy for each of the 20 programs, as found at the final determination, for the producers/exporters located in China for whom the CBSA has sufficient information to determine an amount of subsidy; plus,
- 2) the highest amount of subsidy for the 20 programs listed in 1), applied to each of the remaining 17⁶⁵ potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the final determination.

[233] This methodology limits the advantage that an exporter may gain from not providing necessary information requested in a subsidy investigation as compared to an exporter that did provide the necessary information.

[234] Using the above methodology, the amount of subsidy for all other exporters in China is 3,484.74 Chinese Yuan per cubic meter (m³), which is equal to 127.36% of the total export price of the goods shipped to Canada from China by all other exporters during the subsidy POI.

⁶⁵ Out of the 23 programs under investigation, six consist of actionable programs used by one of the nine respondents listed above, leaving 17 remaining potentially actionable programs.

Summary of Results - Subsidizing

[235] A summary of the results of the subsidy investigation respecting all subject goods released into Canada during the subsidy POI is as follows:

Amounts of Subsidy by Exporter Period of Investigation (January 1, 2019 to March 31, 2020)

Exporters	Amount of Subsidy* (as % of Export Price)	Volume of Subject Goods as Percentage of Total Imports
China		
Celtic Co., Ltd.	0.02%	1.03%
Linyi Evergreen Wood Co., Ltd.	0.30%	0.68%
Linyi Huasheng Yongbin Wood Co., Ltd.	0.00%	2.43%
Linyi Jiahe Wood Industry Co., Ltd.	0.11%	1.35%
Pingyi Jinniu Wood Co., Ltd.	0.00%	3.54%
Pizhou Jiangshan Wood Co., Ltd.	0.13%	0.06%
Shandong Good Wood Imp. and Exp. Co., Ltd.	0.89%	0.22%
Xuzhou Shengping Imp and Exp Co., Ltd.	0.62%	2.27%
Zhejiang Dehua TB Import & Export Co., Ltd.	17.37%	0.61%
All Other Exporters – China	127.36%	31.69%
Total – China		43.89%**

*Some figures appear as 0% due to no subsidy.

**Some percent totals may not add due to rounding.

[236] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if the CBSA is satisfied that the goods have not been subsidized or the amount of subsidy on the goods of that exporter is insignificant.

[237] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price of the goods, for a developed country, is defined as insignificant. Therefore, the CBSA is required to terminate the subsidy investigation in respect of certain decorative plywood exported to Canada from China by Celtic, Evergreen, Huasheng, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, and Shengping.

[238] The remaining goods under investigation have been subsidized and the amounts of subsidy determined for those goods, for a developed country, are greater than the threshold of 1% and are therefore not considered insignificant. As a result, the legislative requirement is satisfied for making a final determination of subsidy respecting certain decorative plywood from China.

[239] A summary of the results of the subsidy investigation respecting the subject goods released into Canada during the subsidy POI are presented in **Appendix 1**.

DECISIONS

[240] On January 21, 2021, pursuant to paragraph 41(1)(a) of SIMA, the CBSA terminated the dumping investigation in respect of decorative and other non-structural plywood originating in or exported from China by Celtic, Evergreen, Huasheng, Jinniu, Jiangshan, Shandong Good Wood, and Shengping; and pursuant to paragraph 41(1)(a) of SIMA the CBSA terminated the subsidy investigation in respect of decorative and other non-structural plywood originating in or exported from China by Celtic, Evergreen, Huasheng, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, and Shengping.

[241] On the same date, pursuant to paragraph 41(1)(b) of SIMA, the Canada Border Services Agency made final determinations respecting the dumping of decorative and other non-structural plywood originating in or exported from China, and subsidizing of decorative and other non-structural plywood originating in or exported from China with respect to exporters for which the investigations have not been terminated.

FUTURE ACTION

[242] The provisional period began on October 23, 2020, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by February 19, 2021. Provisional anti-dumping duty will continue to apply until this date on imports of the subject goods from China, with the exception of goods exported from China by Celtic, Evergreen, Huasheng, Jinniu, Jiangshan, Shandong Good Wood, and Shengping, and any provisional anti-dumping duty paid or security posted in respect of such goods will be returned. Provisional countervailing duty will also continue to apply until this date on imports of subject goods from China, with the exception of goods exported from China by Celtic, Evergreen, Huasheng, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, and Shengping. Any provisional countervailing duty paid or security posted in respect of such goods will be returned. For further details on the application of provisional duties, refer to the *Statement of Reasons* issued for the preliminary determinations, which is available through the CBSA's website at: www.cbsa-asfc.gc.ca/sima-lmsi/menu-eng.html.

[243] If the CITT finds that the dumped and subsidized goods have not caused injury and do not threaten to cause injury, all proceedings will be terminated. In this situation, all provisional duty paid or security posted by importers will be returned.

[244] If the CITT finds that the dumped and subsidized goods have caused injury, the anti-dumping and/or countervailing duty payable on the subject goods released by the CBSA during the provisional period will be finalized pursuant to section 55 of SIMA. Imports released by the CBSA after the date of the CITT's finding will be subject to anti-dumping duty equal to the margin of dumping and countervailing duty equal to the amount of subsidy.

[245] The importer in Canada shall pay all applicable duty. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the customs documents, an administrative monetary penalty could be imposed. The provisions of the *Customs Act* apply with respect to the payment, collection or refund of any duty collected under SIMA. As a result, failure to pay duty within the prescribed time will result in the application of interest.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[246] Under certain circumstances, anti-dumping and/or countervailing duties can be imposed retroactively on subject goods imported into Canada. When the CITT conducts its inquiry on material injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigations constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry. Should the CITT issue a finding that there were recent massive importations of dumped and/or subsidized goods that caused injury, imports of subject goods released by the CBSA in the 90 days preceding the day of the preliminary determinations could be subject to anti-dumping and/or countervailing duties.

[247] In respect of importations of subsidized goods that have caused injury, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy. In such a case, the amount of countervailing duty applied on a retroactive basis will equal the amount of subsidy on the goods that is a prohibited subsidy. An export subsidy is a prohibited subsidy according to subsection 2(1) of SIMA.

PUBLICATION

[248] A notice of these final determinations of dumping and subsidizing will be published in the Canada Gazette pursuant to paragraph 41(3)(a) of SIMA.

[249] A notice of the termination of the dumping investigation with respect to decorative and other non-structural plywood exported to Canada from China by Celtic, Evergreen, Huasheng, Jinniu, Jiangshan, Shandong Good Wood, and Shengping will be published in the Canada Gazette pursuant to paragraph 41(4)(a) of SIMA. Likewise, a notice of the termination of the subsidy investigation with respect to decorative and other non-structural plywood exported to Canada from China by Celtic, Evergreen, Huasheng, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, and Shengping will be published in the Canada Gazette pursuant to paragraph 41(4)(a) of SIMA.

INFORMATION

[250] This *Statement of Reasons* will be posted on the CBSA's website at the address below. For further information, please contact the officers identified as follows:

Mail: SIMA Registry and Disclosure Unit
Trade and Anti-dumping Programs Directorate
Canada Border Services Agency
100 Metcalfe Street, 11th floor
Ottawa, Ontario K1A 0L8
Canada

Telephone: Jody Grantham 613-954-7405
Jeffrey Laplante 613-954-7236

E-mail: simaregistry@cbsa-asfc.gc.ca

Web site: www.cbsa-asfc.gc.ca/sima-lmsi



Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENTS

- Appendix 1: Summary of Margins of Dumping and Amounts of Subsidy**
- Appendix 2: Dumping and Subsidy Representations**
- Appendix 3: Description of Identified Programs and Incentives**

**APPENDIX 1 – SUMMARY OF MARGINS OF DUMPING AND AMOUNTS OF
SUBSIDY**

Exporters	Margin of Dumping (as % of Export Price)*	Amount of Subsidy (as % of Export Price)**
China		
Celtic Co., Ltd.	0.00%	0.02%
Linyi Evergreen Wood Co., Ltd.	0.00%	0.30%
Linyi Huasheng Yongbin Wood Co., Ltd.	0.00%	0.00%
Linyi Jiahe Wood Industry Co., Ltd.	16.03%	0.11%
Pingyi Jinniu Wood Co., Ltd.	0.00%	0.00%
Pizhou Jiangshan Wood Co., Ltd.	0.00%	0.13%
Shandong Good Wood Imp. and Exp. Co., Ltd.	0.00%	0.89%
Xuzhou Shengping Imp and Exp Co., Ltd.	0.00%	0.62%
Zhejiang Dehua TB Import & Export Co., Ltd.	33.70%	17.37%
All Other Exporters - China	181.81%	127.36%

*Some percent totals appear as 0% due to no dumping.

**An amount of subsidy of less than 1% of the export price of the goods is insignificant for a developed country and of less than 2% of the export price of the goods for a developing country.

Note: The margins of dumping and amounts of subsidy reported in this table were determined by the CBSA for the purposes of the final decisions. These margins and amounts may not reflect the amount of anti-dumping or countervailing duties to be levied on future importations of dumped or subsidized goods. In the event of an injury finding by CITT, normal values and amounts of subsidy for future shipments to Canada have been provided to the exporters who provided sufficient information in their response to the CBSA RFIs, as appropriate. These normal values and amounts of subsidy would come into effect the day after an injury finding. Information regarding normal values of the subject goods and amounts of subsidy should be obtained from the exporters. Imports from any other exporters will be subject to an anti-dumping duty rate and a countervailing duty rate, as applicable, in accordance with a ministerial specification and in an amount equal to the margin of dumping or the amount of subsidy found for “all other exporters” at the final determinations.

Section 10 of SIMA directs that where the whole (or a portion of the) margin of dumping is attributable to an export subsidy, that portion of the margin of dumping shall not be leviable, collectable and payable as anti-dumping duty.

Please consult the [SIMA Self-Assessment Guide](#) for more detailed information explaining how to determine the amount of SIMA duties owing.

Normally, normal values will not be applied retroactively. However, normal values may be applied retroactively in cases where the parties have not advised the CBSA in a timely manner of substantial changes that affect values for SIMA purposes. Therefore, where substantial changes occur in prices, market conditions, costs associated with production and sales of the goods, the onus is on the concerned parties to advise the CBSA.

APPENDIX 2 – DUMPING AND SUBSIDY REPRESENTATIONS

During the investigations, submissions containing representations were received on behalf of:

- Columbia Forest Products (CPF); Husky Plywood (a Division of Commonwealth Plywood Co. Ltd.) (Husky); Rockshield Engineered Wood Products, ULC (Rockshield); and the Canadian Hardwood Plywood and Veneer Association (CHPVA)⁶⁶;
 - Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe)⁶⁷;
 - Shandong Good Wood Imp. And Exp. Co., Ltd. (Shandong Good Wood)⁶⁸; and,
 - Celtic Co., Ltd. and Linyi Celtic Co., Ltd. (Celtic Group); Linyi Evergreen Wood., Ltd. (Evergreen); Pingyi Jinniu Wood Co., Ltd. (Jinniu); Pizhou Jiangshan Wood Industry Co., Ltd. (Jiangshan); and Xuzhou Shengping Imp and Exp Co., Ltd., and Xuzhou Weiheng Wood Industry Co., Ltd. (Longyuan Group)⁶⁹.

Following the December 1, 2020 closing of the record, case briefs were received on behalf of:

- Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng)⁷⁰;
- CPF; Husky; Rockshield; and CHPVA⁷¹; and,
- Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group⁷².

The Canada Border Services Agency (CBSA) received reply submissions on behalf of:

- Huasheng⁷³;
- Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group⁷⁴; and,
- CPF; Husky; Rockshield; and CHPVA⁷⁵.

⁶⁶ Exhibit 180 (PRO) and 181 (NC) – Comments on the Importer and Exporter RFIs – CPF; Husky; Rockshield; and CHPVA; Exhibit 197 (PRO) and 198 (NC) – Comments on the RFIs on the Record as of October 7, 2020 – CPF; Husky; Rockshield; and CHPVA; Exhibit 360 (PRO) and 361 (NC) – Comments on the PMS in China and Exporter Responses – CPF; Husky; Rockshield; and CHPVA; and Exhibit 411 (PRO) and 412 (NC) – Additional Comments on the PMS in China and Exporter Responses – CPF; Husky; Rockshield; and CHPVA.

⁶⁷ Exhibit 262 (PRO) and 263 (NC) – Comments on Preliminary Determinations – Linyi Jiahe.

⁶⁸ Exhibit 460 (PRO) and 461 (NC) – Comments on Preliminary Determinations – Shandong Good Wood.

⁶⁹ Exhibit 468 (PRO) and 469 (NC) – Response to Comments from Complainants on the PMS in China – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group.

⁷⁰ Exhibit 475 (NC) – Case Brief – Huasheng.

⁷¹ Exhibit 476 (PRO) and 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA.

⁷² Exhibit 478 (PRO) and 479 (NC) – Case Brief – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group.

⁷³ Exhibit 483 (PRO) and 484 (NC) – Reply Submission – Huasheng.

⁷⁴ Exhibit 485 (PRO) and 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group.

⁷⁵ Exhibit 487 (PRO) and 488 (NC) – Reply Submission – CPF; Husky; Rockshield; and CHPVA.

Certain details provided in case briefs and reply submissions were designated as confidential information by the submitting counsel. This has restricted the ability of the CBSA to discuss all issues raised in these submissions. The material issues raised by the parties are summarized as follows:

GENERAL REPRESENTATIONS

Accuracy and Completeness of Submissions

Case Briefs

Counsel for the complainants, submitted in their case briefs that a number of exporters' Dumping and Subsidy RFI and SRFI responses are incomplete, inaccurate, deficient, and inconsistent. Therefore, their responses are unreliable and ineligible for use in the calculations of normal values and export prices.⁷⁶

Specifically, counsel for the complainants submitted that for the purposes of the dumping investigation:

- for Longyuan Group, there were inconsistencies with sales and cost data, inconsistencies between the purchase data of inputs of Longyuan Group and its suppliers, and inconsistencies between the sales data of Longyuan Group and its importer in Canada⁷⁷;
- for Dehua Group, there were missing or incomplete responses for Supplemental Request for Information (SRFI) #6 and #8, and Dumping Appendix 1, errors and inconsistencies between Dumping Appendices 1 and 4A for the cost of goods for export sales to Canada, inconsistencies with monthly cost data, and inconsistencies between the sales data of Dehua Group and its importers in Canada⁷⁸;
- for Huasheng, there were incomplete or missing responses for SRFI #4 and Dumping Appendix 5, errors and inconsistencies in Dumping Appendix 1, inconsistencies between the sales data of Huasheng and its importers in Canada, and inconsistencies in monthly cost data⁷⁹;
- for Jiangshan there were missing responses for Dumping Appendix 4, and inconsistencies in monthly cost data⁸⁰;
- for Shandong Good Wood, there were missing responses for the Dumping RFI, and inconsistencies between the sales data of Huasheng and its importers in Canada⁸¹;
- for Jinniu, there were missing or incomplete responses on its supplier's RFI responses, discrepancies in costing and sales data, and inconsistencies between the sales data of Jinniu and its importers in Canada⁸²;

⁷⁶ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA.

⁷⁷ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 46-52.

⁷⁸ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 54-61, 65.

⁷⁹ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 66, 68-71.

⁸⁰ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 72-74.

⁸¹ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 76.

⁸² Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 79-81.

- for Evergreen, there were inconsistencies with importer responses, raw material purchases, and monthly cost data⁸³;
- for Celtic Group, there were inconsistencies between the sales data of Celtic Group and its importers in Canada⁸⁴; and
- for Linyi Jiahe, there were incomplete or missing responses for Dumping Appendix 5 and supplier responses to the Dumping RFI, inconsistencies between the sales data of Linyi Jiahe and its importers in Canada, and inconsistencies with monthly cost data⁸⁵.

Counsel for the complainants also submitted that for the purposes of the subsidy investigation:

- for Jiangshan, there were missing or incomplete responses for Subsidy Appendix 2⁸⁶;
- for Celtic Group, there were missing responses from its suppliers for Subsidy Appendix 2⁸⁷; and
- for Linyi Jiahe, there were missing responses from its suppliers for Subsidy Appendix 2⁸⁸.

Reply Submissions

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their reply submissions that the CBSA has the verified data necessary to determine normal values under section 15 and paragraph 19(b) of SIMA.⁸⁹

Specifically, counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted that for the purposes of the dumping investigation:

- for Longyuan Group, the production costs of all models produced during the POI are provided in Appendix 4; and that inconsistencies between the sales data of Longyuan Group and its importer's is due to the time lag between the shipment date and importation date⁹⁰;
- for Jiangshan, all costs for subject goods exported to Canada and sold domestically have been provided, and there are no significant variations in the monthly costs⁹¹;

⁸³ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 83-85.

⁸⁴ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 86.

⁸⁵ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 96-100.

⁸⁶ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 118.

⁸⁷ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 127.

⁸⁸ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 131.

⁸⁹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 21.

⁹⁰ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 26-31.

⁹¹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 32-36.

- for Jinniu, that inconsistencies in Appendix 4 are due to resubmission to report material costs into various types of inputs as per the CBSA's request; that reported costs have been reconciled to financial statements; and that inconsistencies between the sales data of Jinniu and its importer's is due to the time lag between the shipment date and importation date⁹²;
- for Evergreen, inconsistencies between the sales data of Evergreen and its importer's is due to the time lag between the shipment date and importation date, and raw materials reported in Appendix 5 were reconciled with the accounting system⁹³; and
- for Celtic Group, reported costs are complete and have been reconciled to financial statements; and that inconsistencies between the sales data of Celtic Group and its importer's is due to the time lag between the shipment date and importation date⁹⁴.

Counsel for Huasheng submitted in their reply submission that they have provided a response to SRFI #4, they have reported all major inputs used in the production of the subject goods, deductions made in Appendix 1 have been reconciled with source documents, and all domestic, Canadian, and third country sales of subject goods have been provided and reconciled to the accounting records.⁹⁵

CBSA's Response

The CBSA reviewed the responses from the exporters and suppliers to the Dumping and Subsidy RFIs and SRFIs. The CBSA also conducted verifications of the exporters' submissions through Verification Questionnaires.

In instances where an exporter's submission was considered substantially complete for the purposes of the final determinations, the CBSA determined normal values, export prices, margins of dumping, and amounts of subsidy on the basis of the exporter's submission.

For exporters who did not respond to the Dumping RFI or who did not provide sufficient information or whose submissions were considered unreliable, the CBSA determined normal values and export prices based on a ministerial specification pursuant to subsection 29(1) of SIMA, based on the methodology explained in the *All Other Exporters – China* sections above.

For exporters who did not respond to the Subsidy RFI or who did not provide sufficient information, the CBSA determined amounts of subsidy based on a ministerial specification pursuant to subsection 30.4(2) of SIMA, based on the methodology explained in the *All Other Exporters – China* sections above.

⁹² Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 36-40.

⁹³ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 43-45.

⁹⁴ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 45, 51.

⁹⁵ Exhibit 484 (NC) – Reply Submission – Huasheng – Pages 5, 7-9.

Product Definition

Case Briefs

Counsel for the complainants submitted in their case briefs that four products produced by Linyi Jiahe and Dehua Group are to be considered subject goods as melamine furniture surface paper, MDF, man-made veneer are considered coverings. Therefore, all four products are covered by the product definition provided there is a sufficient number of layers to meet the product definition of non-structural plywood.⁹⁶

CBSA's Response

The CBSA has considered all of the information on the record regarding the previously mentioned four products. The CBSA has formed the opinion that the aforementioned products are all considered coverings, and are included in the product definition of non-structural plywood. For the purposes of the final determinations, the four products in question are therefore determined to be subject goods.

Determination of the Exporter and Importer

Case Briefs

Counsel for the complainants submitted in their case briefs that the CBSA should treat parties' claims that a particular entity is the exporter or importer with caution, and that the related trading companies of the Chinese exporters are not the exporter for SIMA purposes.⁹⁷

Specifically, counsel for the complainants also submitted that:

- for Longyuan Group, Xuzhou Shengping Imp and Exp Co., Ltd. (Shengping) is not the exporter because it is a related trading company⁹⁸;
- for Dehua Group, Zhejiang Dehua TB Import & Export Co. (Zhejiang Dehua) is not the exporter because it is a related trading company⁹⁹; and,
- for Shandong Good Wood, Shandong Good Wood is not the exporter because it is a related trading company¹⁰⁰.

Reply Submissions

Counsel for Longyuan Group submitted that Longyuan, Weiheng, and Shengping are all managed by the same management and should be deemed as one single entity for the purpose of the investigations.¹⁰¹

⁹⁶ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 8-13

⁹⁷ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 14-16.

⁹⁸ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 46.

⁹⁹ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 54.

¹⁰⁰ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Pages 75-76.

¹⁰¹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 25-26.

CBSA's Response

The CBSA took the representations on these issues into account, and examined the involvement of each separately incorporated entity to determine the identity of the exporter, including any relationships between entities.

DUMPING REPRESENTATIONS

Particular Market Situation – Approach

Representations Made During the Investigations

The GOC provided a submission before the close of record that primarily addressed the conduct of the CBSA's investigation into a PMS in the decorative plywood industry in China.¹⁰²

The GOC submitted that by sending them a PMS RFI, the CBSA is shifting the evidentiary burden to the GOC to prove that a PMS does not exist, when it is the responsibility of the complainants to prove that a PMS does exist.¹⁰³

The GOC also submitted that Article 2.2 of the ADA requires an investigating authority to look at whether the PMS has led to an inability to make a proper comparison between the domestic selling price and the export sales price and cited the WTO Panel Report in *Australia-A4 Paper (Indonesia)* as supporting this interpretation. Specifically, the GOC stated that: “the authority shall analyze whether the market situation has different effects on the domestic sale prices and export prices of the responding companies, and whether such difference does not permit to use the comparison between domestic and export prices to determine the dumping margin.”¹⁰⁴

The GOC further submitted that even if a PMS is found requiring constructed normal values, Article 2.2.1.1 of the ADA requires that the investigating authority use the actual costs on record of the producer, provided they are in accordance with the generally accepted accounting principles of the exporting country, and reasonably reflect the costs associated with the production and sale of the product under consideration. The GOC argued that Article 2.2.1.1 does not impose an additional requirement as to the reasonableness of the costs, such that the investigating authority cannot substitute the actual costs with another cost. The GOC cited the WTO Appellate Body Report in *EU-Biodiesel (Argentina)* as upholding this interpretation.¹⁰⁵

¹⁰² Exhibit 78 (NC) – Comments concerning Particular Market Situation – GOC.

¹⁰³ Exhibit 78 (NC) – Comments concerning Particular Market Situation – GOC – Page 2.

¹⁰⁴ Exhibit 78 (NC) – Comments concerning Particular Market Situation – GOC – Page 3-4.

¹⁰⁵ Exhibit 78 (NC) – Comments concerning Particular Market Situation – GOC – Pages 4-5.

The GOC also submitted that the CBSA is misinterpreting the purpose of the PMS provisions in the ADA, as it is meant to address situations where a proper comparison cannot be made between the domestic and export sales. Instead, the GOC alleges that the complainants and the CBSA are focusing too much on the idea of market distortions and government policies rather than looking at whether this proper comparison can be made.¹⁰⁶

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted representations during the dumping investigation stating that they agree with and support the position of the GOC.¹⁰⁷

The complainants submitted that the CBSA does have the authority under SIMA to conduct this investigation, including by forming an opinion as to whether a PMS exists.¹⁰⁸

CBSA's Response

The CBSA conducted this investigation in accordance with the provisions of SIMA, which is consistent with the ADA.

With regards to the GOC's specific comment, the intent of the PMS RFI sent to the GOC was not to shift the burden of proof. The complainants provided significant information concerning the existence of a PMS during the course of the investigation. The purpose of the PMS RFI sent to the GOC was to ensure that the GOC was aware of the PMS allegations, was provided with an opportunity to participate should they wish, and could provide its own information to explain or refute the evidence provided by the complainants.

The CBSA read and considered the WTO Panel Report in *Australia-A4 Paper (Indonesia)*. The CBSA also reviewed the WTO Appellate Body Report in *EU-Biodiesel (Argentina)* and Article 2.2.1.1. of the ADA. The CBSA agrees that costs should normally be calculated based on the records kept by the exporter.

The CBSA understands that the PMS provisions can only be applied if the existence of a PMS does not permit a proper comparison between sale of like goods for use in the country of export and the sale of the goods to the importer in Canada.

¹⁰⁶ Exhibit 78 (NC) – Comments concerning Particular Market Situation – GOC – Pages 5-6.

¹⁰⁷ Exhibit 468 (NC) – Response to the PMS allegations made by the Canadian Complainants – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 16-21.

¹⁰⁸ Exhibit 361 (NC) – Comments regarding the PMS – CPF; Husky; Rockshield; and CHPVA – Pages 3.

Particular Market Situation - Existence

Case Briefs

Counsel for the complainants, in their case brief,¹⁰⁹ reiterated its allegations that there is sufficient evidence on the record to support a determination that a PMS exists in the Chinese decorative plywood market such that domestic sales of decorative plywood in China do not permit a proper comparison with export sales to Canada. In its case brief, the complainants reiterated the number of factors they claim contributed to the PMS in China. These alleged factors, which were also discussed in the complaint, include:

- The acquisition costs of inputs are distorted, primarily due to illegally harvested imported timber, which is also evidenced through price volatility;
- the production costs for the manufacturing process in China are distorted;
- there is significant government control over the decorative plywood sector in China; and,
- the GOC heavily subsidizes its decorative plywood sector.

Counsel for Huasheng in its case brief¹¹⁰ went through each of the factors for a PMS mentioned in the CBSA's policy document, the SIMA Handbook, and outlined how none of them are applicable to the decorative plywood market in China. Huasheng further commented on the specific allegations made by the complainants, stating that there is no evidence that these factors exist. In particular, Huasheng does not buy imported timber, the complainants are comparing log prices in China to another country, and China is taking steps to address illegally harvested imported timber.

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their case brief¹¹¹ that a PMS does not exist in China. They pointed out the lack of evidence for certain factors, questioned the comparison between log prices in China and another country, and pointed out potential errors in the complainants' calculations.

Reply Submissions

Counsel for the complainants in their reply submission¹¹² reiterated that there is a PMS in the decorative plywood market in China and responded to the specific points raised by the exporters. These included stating that: the costing data they provided was there to assist the CBSA in the absence of world benchmarks; explained that their calculations were correct; reiterated the evidence on the record; and stated that even if an exporter does not purchase illegally sourced timber, the existence of illegally sourced timber in the market distorts legally sourced timber prices as well.

¹⁰⁹ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 16-35.

¹¹⁰ Exhibit 475 (NC) – Case Brief – Huasheng – Page 5-12.

¹¹¹ Exhibit 479 (NC) – Case Brief – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 4-16.

¹¹² Exhibit 488 (NC) – Reply Submission – CPF; Husky; Rockshield; and CHPVA – Pages 4-17.

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group reiterated in their reply submission¹¹³ that a PMS does not exist in China. They reiterated the lack of evidence for certain factors, stated that the allegations on illegally sourced timber is speculative, called into question the comparison between American and Chinese costs, and stated that there is no basis for price substitution under a PMS.

CBSA's Response

For the purposes of the dumping investigation, for the reasons explained in the *Statement of Reasons*, the CBSA has formed an opinion that a PMS did not exist in the decorative plywood market in China during the dumping POI. The CBSA's position is based on the information on the administrative record for this investigation, which relates specifically to the decorative plywood market, during the dumping POI.

With respect to the specific factors alleged by the complainants, the CBSA did not find that there was sufficient evidence on the administrative record that: the production costs for the manufacturing process in China are distorted; there is significant government control over the decorative plywood sector in China; and the GOC heavily subsidizes its decorative plywood sector.

However, the CBSA did find that there was evidence on the administrative record that parties in China import illegally sourced timber from other countries, but there was not sufficient evidence on the record to indicate that log prices in China are distorted as a result.

Costs for Grades of Veneers

Case Briefs

Counsel for the complainants, submitted in their case briefs that raw material costs vary significantly from one grade of veneer to another for the domestic producers and several of the exporters did not provide costs by grades of face and back veneers. Therefore, the exporters are deficient in their responses.¹¹⁴

Reply Submissions

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their reply submissions that costing systems and how costs are maintained differ between industries and even within companies in the same industry, the above mentioned exporters' financial and costing systems are not maintained in a manner that can provide cost differences between each grade of veneers, the veneer grades of the exporters are generally similar grades, and the manner of which costs have been allocated is reasonable.¹¹⁵

¹¹³ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Pages 5-12.

¹¹⁴ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 37-42.

¹¹⁵ Exhibit 485 (PRO) and 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 22-23.

CBSA's Response

The CBSA reviewed the information submitted by Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group, and found that the costs provided in Appendix 4 are reasonable. Therefore, these costs were used in determining normal values for the final determination.

Costs for UV Coating

Representations Made During the Investigations

Counsel for the complainants submitted in their representations made during the investigations that the cost of UV coating should be differentiated between uncoated, coated on one side, and coated on two sides as the cost of UV coating is substantial.¹¹⁶

Counsel for the complaints further emphasized in their representations made during the investigations, that the cost of UV coating is substantial in producing subject goods and suggested that the CBSA request UV coating data from all cooperative exporters in SRFIs.¹¹⁷

CBSA's Response

The CBSA requested that all responding exporters provide information pertaining to the UV coating of their products. The CBSA reviewed and verified all of the information on the administrative record regarding the costs of UV coating for all responding exporters.

Volume Data

Representations Made During the Investigations

Counsel for the complainants submitted in their representations made during the investigations that the volume data for certain importers were reported in Metric Tons (MT), which is not a measurement that would allow for comparison across companies.¹¹⁸

CBSA's Response

The CBSA sent these importers a SRFI to clarify the volume data and to request that the importers provide the volume data in cubic meters (m³). Some importers provided a response and the CBSA took this information into account.

¹¹⁶ Exhibit 181 (NC) – Comments on the RFI – CPF; Husky; Rockshield; and CHPVA – Page 2.

¹¹⁷ Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Page 14.

¹¹⁸ Exhibit 181 (NC) – Comments on the RFI – CPF; Husky; Rockshield; and CHPVA – Page 1-2.

Major Raw Material Inputs

Representations Made During the Investigations

Counsel for the complainants submitted in their representations made during the dumping investigation that glue, resin, and flour are major raw materials in the production of the subject goods.¹¹⁹ Counsel for the complainants suggested that the CBSA requests information regarding the costs of glue, resin, flour and other major raw material inputs from all responding exporters.

Case Briefs

Counsel for the complainants submitted in their case briefs that Celtic Group and Linyi Jiahe had stated the use of certain major inputs in the production of subject goods, but did not report purchases of these inputs in Appendix 5.¹²⁰

Reply Submissions

Counsel for the Celtic Group submitted in their reply submissions that they provided screenshots of their raw materials ledgers, and was therefore not deficient in reporting purchases of inputs in Appendix 5.¹²¹

CBSA's Response

The CBSA requested that all responding exporters provide information pertaining to the costs of other inputs, such as glue, resin and other major inputs in the production of subject goods. The CBSA reviewed and verified all of the information on the administrative record regarding the costs of glue, resin, flour and any other major inputs for all responding exporters.

Multiple Facilities

Representations Made During the Investigations

Counsel for the complainants submitted in their in their representations made during the dumping investigation that for Longyuan Group, normal values must be determined for each facility. As the information provided by Longyuan Group does not allow for this, the information submitted by Longyuan Group must be considered deficient.¹²²

¹¹⁹ Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Page 1-2.

¹²⁰ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 96, 110.

¹²¹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 54.

¹²² Exhibit 198 (NC) – Comments on RFI Responses – CPF; Husky; Rockshield; and CHPVA – Page 22.

Case Briefs

Counsel for the complainants reiterated in their case briefs that the information submitted by Longyuan Group is deficient in the form it was submitted.¹²³

Reply Submissions

Counsel for Longyuan Group submitted in their reply submissions detailed reasons as to why the data submitted for Longyuan Group was done so in this format.¹²⁴

CBSA's Response

The CBSA sent numerous SRFIs to Longyuan Group concerning this issue and has verified their information through Verification Questionnaires. Based on the information on the administrative record, all production by Longyuan Group is done at the same location using the same equipment and there is sufficient verified information on the administrative record to determine normal values for the location.

Export Sales of Like Goods to Other Markets

Case Briefs

Counsel for the complainants submitted in their case briefs that the export sales of like goods to other markets submitted by several exporters do not count as sales of like goods.¹²⁵ The complainants also submitted that the export sales of like goods to other markets reported by some exporters should be disregarded by the CBSA, as they cannot be properly compared with the export sales to Canada.¹²⁶ Counsel for the complainants further submitted that the export sales of like goods to other markets reported by some exporters cannot be used, due to the fact that some of the countries where the export sales of like goods were made to, do not fairly reflect the market value of the goods.¹²⁷

¹²³ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 48-50.

¹²⁴ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 28-29.

¹²⁵ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 36.

¹²⁶ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 66-67.

¹²⁷ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 103-104.

Reply Submissions

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their reply submissions that none of these exporters had identical or similar goods as defined by CBSA, so normal values cannot be determined pursuant to paragraph 19(a) of SIMA.¹²⁸ Counsel for Celtic Group and Longyuan Group submitted that both exporters submitted their costing and reconciliation of sales made to other countries.¹²⁹

CBSA's Response

The CBSA did not construct normal values pursuant to paragraph 19(a) of SIMA, because while most exporters had export sales of decorative plywood to other countries, the goods were not considered like goods. For the few exporters that had export sales of like goods to other countries, the information on the sales were analysed and verified, but ultimately not used to construct normal values pursuant to paragraph 19(a) of SIMA because they may not fairly reflect the market value of the goods at the time of the sale of the goods to the importer in Canada.

SUBSIDY REPRESENTATIONS

Countervailable Subsidies and Specificity

Case Briefs

Counsel for the complainants submitted in their case brief that several subsidies received by Evergreen, Jiangshan, Jinniu, Longyuan Group, Shandong Good Wood, Dehua Group, Celtic Group, and Linyi Jiahe are countervailable subsidies, because the programs confer a financial contribution, are specific, and are administered by the government.¹³⁰

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their case brief that the following programs¹³¹ are not specific and therefore are not countervailable:

- Program 6: Design, Research and Development Grants;
- Program 10: Grant – Patent Assistance/Award;
- Program 24: Reduced Corporate Tax Rate Program;
- Program 25: Job Security Assistance;
- Program 34: Unemployment Insurance Subsidy;
- Program 35: Job Stabilization Subsidy of Unemployment Insurance; and,

¹²⁸ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 21.

¹²⁹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 31-32 ,48-49.

¹³⁰ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 115-131.

¹³¹ Please note that some program numbers referred to in the case briefs have changed since Preliminary Determination. Refer to **Appendix 3** for the updated program numbers.

- Program 36: Social Security Fund for Social Security of Junan County.¹³²

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted that the programs referenced above are non-specific because the criteria or conditions governing eligibility for and amount of the subsidy are objective, are set out in a legislative, regulatory, or administrative instrument, and are applied in a manner that does not favour or is not limited to a particular enterprise; the programs are administered within the respective jurisdictions for the benefit of all enterprises within the granting authority who meet the objectives of the program; and that any determination of specificity shall be substantiated with positive evidence.¹³³

Reply Submissions

Counsel for the complainants submitted in their reply submission that the programs are countervailable subsidies as they confer financial benefits and are specific as they are limited in application. Counsel for the complainants also submitted that several exporters did not challenge the representations that the programs were countervailable in their reply submissions.¹³⁴

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group reiterated in their reply submission that determination of specificity must be substantiated by positive evidence.¹³⁵

CBSA's Response

Based on the information on the administrative record and in accordance with SIMA and the SIMR, the CBSA took the representations on these issues into account when determining amounts of subsidy.

The available information indicates that these programs do not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the administrative record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from these programs is likely to be specific.

As a result, the CBSA determined an amount of subsidy for the cooperative exporters/producers pursuant to a ministerial specification under subsection 30.4(2) of SIMA.

For producers/exporters who did not respond to the RFI or who did not provide sufficient information, the CBSA determined amounts of subsidy based on a ministerial specification pursuant to subsection 30.4(2) of SIMA, based on the methodology explained in the *All Other Exporters – China* section.

¹³² Exhibit 479 (NC) – Case Brief – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 21-28.

¹³³ Ibid.

¹³⁴ Exhibit 488 (NC) – Reply Submission – CPF; Husky; Rockshield; and CHPVA – Page 21-24.

¹³⁵ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 56.

Further details can be found in the *Results of the Subsidy Investigation* section as well as **Appendix 3**.

Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value

Case Briefs

Counsel for the complainants submitted in their case briefs that *Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value* is a countervailable subsidy.

Counsel for the complainants submitted that Dehua Group and Linyi Jiahe received *Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value* because they reported purchasing utilities (electricity, water and/or gas) from local SOEs.¹³⁶ Counsel for the complainants further submitted that these are countervailable subsidies due to the following reasons:

- 1) The programs are administered by SOEs;
- 2) The programs provide a financial contribution in the form of utilities at less than fair market value; and,
- 3) The programs are specific due to the availabilities of lower electricity/water rates to certain industrial sized users.

CBSA's Response

Based on the information on the record and in accordance with SIMA and the SIMR, the CBSA took the representations on these issues into account when determining whether *Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value* is a countervailable subsidy.

On the basis of the information available, the CBSA formed the opinion that *Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value* is not a countervailable subsidy received by any of the cooperative exporters.

Further details on *Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value* can be found in the *Results of the Subsidy Investigation* section as well as **Appendix 3**.

¹³⁶ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 123, 125, and 130-131.

Program 24: Reduced Corporate Tax Rate

Case Briefs

Counsel for the complainants submitted in their case briefs that *Program 24: Reduced Corporate Tax Rate* received by some of the cooperative exporters is a countervailable subsidy under SIMA.¹³⁷ Counsel for the complainants submitted that *Program 24: Reduced Corporate Tax Rate* is countervailable due to the following reasons:

- 1) The program is administered by the GOC;
- 2) The program confers a financial contribution to the exporter in the form of an exemption of income taxes owing; and,
- 3) The program is specific due to its availability only to certain enterprises.

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group submitted in their case briefs that *Program 24: Reduced Corporate Tax Rate* is not an actionable subsidy.¹³⁸ Counsel submitted that the benefits received under this program are not a financial contribution because it is not a direct transfer of funds and not an amount owing that is exempted. Counsel argues that the preferential income tax rates available to small businesses in China are not countervailable as Canada has similar preferential tax treatment for small businesses, negating any potential advantage. Lastly, Counsel submits that *Program 24: Reduced Corporate Tax Rate* is not specific in nature due to its objective eligibility criteria.

Reply Submissions

Counsel for Celtic Group, Evergreen, Jinniu, Jiangshan, and Longyuan Group reiterated in their reply submission that determination of specificity must be substantiated by positive evidence.¹³⁹

CBSA's Response

Based on the information on the record and in accordance with SIMA and the SIMR, the CBSA took the representations on these issues into account when determining whether *Program 24: Reduced Corporate Tax Rate* is a countervailable subsidy.

On the basis of the information available, the CBSA formed the opinion that *Program 24: Reduced Corporate Tax Rate* is a countervailable subsidy.

Further details on *Program 24: Reduced Corporate Tax Rate* can be found in the *Results of the Subsidy Investigation* section as well as **Appendix 3**.

¹³⁷ Exhibit 477 (NC) – Case Brief – CPF; Husky; Rockshield; and CHPVA – Page 127-128.

¹³⁸ Exhibit 479 (NC) – Case Brief – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 17-24.

¹³⁹ Exhibit 486 (NC) – Reply Submission – Celtic Group; Evergreen; Jinniu; Jiangshan; and Longyuan Group – Page 56.

APPENDIX 3 – DESCRIPTION OF IDENTIFIED PROGRAMS AND INCENTIVES

This Appendix consists of descriptions of the subsidy programs which the responding companies benefited from during the course of the subsidy Period of Investigation (POI), other potentially actionable subsidy programs identified by the Canada Border Services Agency (CBSA) and programs that were not used by the exporters in the subsidy POI. Questions concerning these programs were included in the Subsidy RFIs sent to the governments of the named countries and to all known exporters/producers of subject goods.

The CBSA has used the best information available to describe the potentially actionable subsidy programs that were not used by the responding exporters in the current subsidy investigation. This includes using information obtained from CBSA research on potential subsidy programs in China and information provided by the responding exporters, related suppliers and descriptions of programs that the CBSA has previously published in recent *Statement of Reasons* relating to subsidy investigations involving China.

Subsidy Programs Used by Responding Exporters

Based on the information available, for purposes of the final determination, the CBSA has found that these programs were used by the responding exporters in China. Based on the information available, these programs constitute a financial contribution provided by the GOC and confer benefits to companies and are specific.

Program 6: Design, Research and Development Grants

General Information

A grant that provides financial aid for enterprises determined to have undertaken expenses in design or research and development.

The following grants that fall under this program were received by Pizhou Jiangshan Wood Co., Ltd. (Jiangshan):

1. Science and Technology Innovation Voucher of Jiangsu Province¹⁴⁰
2. "Doctoral program" of Jiangsu Province¹⁴¹

Financial Contribution

For the purposes of the final determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA from the government that involve a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

¹⁴⁰ Exhibit 129 – NC Subsidy RFI Response - Pizhou Jiangshan Wood Co., Ltd – Exhibit E1.2

¹⁴¹ Exhibit 129 – NC Subsidy RFI Response - Pizhou Jiangshan Wood Co., Ltd – Exhibit E1.3

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 7: Export Development and Performance Grants

General Information

Companies in China receive such grants provided by the GOC to assist in the development of export markets or to recognize export performance.

During the course of the investigation the following export grant was received by Linyi Evergreen Wood Co., Ltd. (Evergreen):

1. Export Development and Performance Grants - Exhibition Subsidy – Vietnam Exhibition & CARB-EPA TSCA VI Certification¹⁴²

Financial Contribution

For the purposes of the final determination, this program constitutes a financial contribution, pursuant to paragraph 2(1.6)(a) of SIMA, from the government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

¹⁴² Exhibit 133 – NC Subsidy RFI Response - Linyi Evergreen Wood Co., Ltd – Exhibit E1.1

Program 9: Reductions in Land Use and/or Rental Fees

General Information

This program provides for the reduction in land use fees and rental rates for certain number of years. Examples of this program in action include: a document titled '[2003] No. 8 Preferential Supply of Land', in order to offset costs for industrial companies in the Ninghai Economic Development Zone; or similar initiatives in the Tianjin Binhai New Area and the Tianjin Economic and Technological Development Area.

Financial Contribution

For the purposes of the final determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted that confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 10: Grant - Patent Assistance/Award

General Information

This program is a grant for patents. Based on the information available to the CBSA, this program was provided in several provinces, such as Guangdong, Shanghai and Jiangsu.

For example, the GOC document associated with this program for Guangdong province may include: "Administrative Measures of Patent Award of Guangdong Province". In Guangdong province, this program was administered by the Intellectual Property Office of Guangdong, the Bureau of Personnel of Guangdong Province and municipal level authorities. The program was established to support improvement in technology innovation and to promote intellectual property.

In addition, the GOC document associated with this program for Shanghai may include: "The administrative measures regarding the financial support/subsidy for Patents by Shanghai". In Jiangsu province, this program was administrated by Jiangsu Intellectual Property Office.

Financial Contribution

For the purposes of the final determination, this program constitutes a Financial Contribution, pursuant to paragraph 2(1.6)(a) of SIMA, from the government that involves a direct transfer of funds. This grant confers a direct benefit to the recipient and the benefit is equal to the amount of the grant provided.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 15: Corporate Income Tax Reduction For New High Tech Enterprises

General Information

Under Article 28.2 of the Enterprise Income Tax Law in China, companies designated as high- or new-technology enterprises are entitled to a reduced income tax rate of 10 percent instead of the normal national corporate tax rate of 25 percent. The granting authority responsible for this program is alleged to be the State Administration of Taxation and the program is administered by local tax authorities. In its notification of subsidy programs to the World Trade Organization, the GOC listed this program.

Financial Contribution

For the purposes of the final determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 18: Preferential Tax Policies Related to Research and Investment

General Information

Under this program, based on the 2008 corporate tax law, high- or new-technology enterprises may deduct 50 percent of their total R&D expenses from their taxable income. Eligible expenses include design costs, expenses for materials and fuel consumed through R&D activities, wages, salaries, and benefits for personnel engaged in R&D activities, depreciation expenses on instruments and equipment, and many other expenses.

Financial Contribution

For the purposes of the final determination, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Other Subsidy Programs Used by Responding Exporters but not Previously Addressed

These additional programs were reported to have been received by some of the responding exporters that were not previously addressed in the CBSA's list of 23 programs under investigation at the initiation.

Program 24: Reduced Corporate Tax Rate Program

General Information

This program was established under the Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies for Small Low-Profit Enterprises (No. 77 [2018]). This program was established to reduce the rate of taxes paid by Small Low-Profit enterprises. Under this program, enterprises that qualify as small and low-profit can receive a 50% reduced rate of taxable income, with the applicable 20% income tax rate¹⁴³.

¹⁴³ Exhibit 149 (NC) Subsidy RFI Response Linyi Jiahe, Exhibit D25-1

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 25: Job Security Assistance

General Information

This program appears to be a grant provided by the GOC to provide assistance to exporters in order to ensure job security of their employees.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 26: Foreign Economic And Trade Development Support Funds

General Information

This grant appears to be provided to exporters to encourage foreign trade and provide support in the development of foreign trade.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 27: Deqing County Cultivate The Talents Award

General Information

This program appears to be provided to exporters in order to provide support and promote talent within companies.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 28: Internet Security Software Subsidy

General Information

This program appears to be provided to exporters in order to support the internet security system within companies.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 29: Personnel Training Fee

General Information

This program appears to be provided to exporters in order to support the training of personnel within companies.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 30: Outsourcing Service Of Foreign Trade Awards

General Information

This program appears to be provided to exporters to award foreign trade outsourcing service.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 31: Employee Recruitment Subsidy

General Information

This program appears to be provided to exporters to support the recruitment of new employees.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 32: Market Development Subsidy

General Information

This program appears to be provided to exporters to support the company's market development.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 33: Unemployment Insurance Subsidy

General Information

This program appears to be provided to exporters to support the company's unemployment insurance payments.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 34: Job Stabilization Subsidy Of Unemployment Insurance

General Information

This program appears to be provided to exporters to support job stabilization and unemployment insurance payments within the company.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 35: Social Security Fund For Social Security Of Junan County

General Information

This program appears to be provided to the exporters in Junan County to support social security funds within the company.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 36: Export Award

General Information

This program appears to be provided to encourage exports.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Program 37: Export Development and Performance Grant - Central Foreign Trade and Economic Development Fund Subsidy in 2019 – Turkey Exhibition

General Information

This program appears to be provided to encourage exports.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The available information indicates that this program does not appear to be generally available to all enterprises in China. As well, due to the lack of a response by the GOC, there is not sufficient information on the record to determine that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1) of SIMA. Therefore, guided by the principles of subsection 2(7.2) or subsection 2(7.3) of SIMA and basing its opinion on the best information available, the CBSA has taken the position that the subsidy derived from this program is likely to be specific.

Other Potentially Actionable Subsidy Programs Identified by the CBSA that were Not Used by the Responding Exporters

Based on the information available, for purposes of the final determination, the CBSA has found that these programs were not used by the participating exporters in China. As the GOC did not respond to the Subsidy RFI, the CBSA's ability to conduct its analysis of additional programs for the final determination was limited. However, based on the information available from the complaint, responses from participating exporters and CBSA's own research, these programs may constitute financial contributions provided by the GOC, confer benefit to producers and appear to be specific.

Preferential loans and loan guarantees

Financial institutions may be considered to constitute "government" if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

- Where a statute or other legal instrument expressly vests government authority in the entity concerned;
- Evidence that an entity is, in fact, exercising governmental functions; and,
- Evidence that a government exercises meaningful control over an entity.

Program 1: Loans From State-Owned Banks at Preferential Rates

General Information

This program relates to government loans at a preferential rate of interest. The benefit provided in this case is a lower rate of interest than would otherwise be available if the enterprises had to obtain a non-guaranteed commercial loan (i.e. the benchmark non-guaranteed commercial loan).

Financial Contribution

This program is a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 2: Loan Guarantees Through the Government Of China/SOE Banks/Public Bodies

General Information

This program is assurance provided by the Government of China, a SOE bank or public body (the guarantor) to assume the debt obligation of a borrower if that borrower defaults. A guarantee can be limited or unlimited, making the guarantor liable for only a portion or all of the debt.

Financial Contribution

This program is a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 3: Debt and Interest Forgiveness on Loans From State-Owned Banks

General Information

Under this program, in order to stimulate the economy and support the development of key industries, the state-owned banks write off bad debts or interest owed by state-owned enterprises.

Financial Contribution

This program is a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 4: Preferential Export Financing And Export Credit Guarantee/Insurance

General Information

The China Export & Credit Insurance Corporation (Sinasure) is a state-funded policy-oriented insurance company that was established to promote China's foreign trade and economic cooperation. The China Exim Bank and Sinasure each provide export credit guarantees which, according to information from the Bank, have "played a key role in supporting Chinese companies to go global" and promoted "the export of new and high-tech products".

Financial Contribution

This program is a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Grants and grant equivalents

Program 5: Insurance Grants

General Information

This program constitutes local and provincial government reimbursement grants on insurance fees.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government that confers a benefit to the recipient equal to the amount of the grant.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 8: Performance Award Grants

General Information

This program is a grant that provides financial aid for enterprises with excellent performance.

Financial Contribution

On the basis of available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 11: Environment Protection Grant

General Information

These are grants provided by the GOC for the purposes of improving environmental performance, for example, monitoring and cleaning pollutants, improving energy efficiency, upgrading facilities to be more environmentally efficient, and waste water treatment.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 12: Forest Certification Pilot Special Fund

General Information

In United States – Certain Hardwood Plywood Products from the People's Republic of China, this program was found to be countervailable. The CBSA was unable to obtain a description of this program, however, this program appears to be specific to the forestry sector and potentially to decorative plywood and has been countervailed in a recent investigation by the U.S. Department of Commerce.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 13: Interest Loan Subsidies For The Forest Industry

General Information

In United States – Certain Hardwood Plywood Products from the People's Republic of China, this program was found to be countervailable. The CBSA was unable to obtain a description of this program, however, this program appears to be specific to the forest sector and potentially to decorative plywood and has been countervailed in a recent investigation by the U.S. Department of Commerce.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government confers a benefit to the recipient equal to the amount of the grant.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Preferential tax programs

Program 14: Corporate Income Tax Exemption And/Or Reduction In Special Economic Zones (SEZs) And Other Designated Areas

General Information

This program was established under the Rules for the Implementation of the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises, which came into effect on July 1, 1991. The program was allegedly established to absorb investment in special economic zones (SEZs) and designated areas to take the lead in their economic development. The granting authority responsible for this program is allegedly the State Administration of Taxation and the program is administered by local tax authorities. Under this program, it is alleged that an eligible enterprise may receive a reduced corporate income tax rate of 15%.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.2) of SIMA because it is limited to enterprises in certain geographic areas.

Program 16: Municipal/Local Income Tax Property Reductions

General Information

The CBSA has previously countervailed this program in investigations including Stainless Steel Sinks, Unitized Wall Modules, Photovoltaic Modules and Laminates, and Line Pipe under titles including "Reduction, Exemption or Refund of Land Use Fees, Land Rental Rates, and Land Purchase/Transfer Prices."

In a recent investigation by the U.S. Department of Commerce into hardwood plywood from China, it appears that they countervailed this program as the following: Local Income Tax Exemption and Reduction Programs for "Productive" Foreign Invested Enterprises.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 17: Preferential Tax Policies For Foreign-Invested Enterprises (FIES)

General Information

Despite the implementation of the new Enterprise Income Tax Law in 2008, which officially superseded the old FIE Tax Law, FIEs have likely continued to benefit from various incentives that were provided under the older Foreign-Invested Enterprise Tax Law (FIE Tax Law). Specifically, Article 9 of the FIE Tax Law delegates to China's provincial and local governments the authority to provide exemptions and reductions of local income taxes for "productive" FIEs. Eligibility criteria vary by province and the relevant governmental authorities administer the application process.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Relief from duties and taxes in inputs, material and machinery

Program 19: Offsets To Taxable Income Related To Purchases Of Domestic Machinery

General Information

Under this program, a tax credit up to 40% of the purchase price of domestic equipment may apply to the incremental increase in tax liability from the previous year. The legal bases of this program are the Provisional measures on enterprise income tax credit for investment in domestically produced equipment for technology renovation projects of July 1, 1999 and the Notice of the State Administration of Taxation on Stopping the Implementation of the Enterprise Income Tax Deduction and Exemption Policy of the Investments of an Enterprise in Purchasing Home-made Equipment, No. 52 [2008] of the State Administration of Taxation, effective January 1, 2008.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 20: Exemption Or Refund Of Tariff And Import Value-Added Tax (VAT) For Imported Technologies And Equipment

General Information

The program was established to absorb investment in SEZs and encourage districts to take the lead in development. The granting authority responsible for this program is the General Administration of Customs and this program is administered by local customs authorities. Under this program, machinery and equipment, spare parts, raw and semi-processed materials, means of transportation and other capital goods necessary for production that are imported by enterprises in SEZs shall be exempted from import duties.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 21: Relief From Duties And Taxes On Imported Material And Other Manufacturing Inputs

General Information

Under a duty drawback program, a subsidy may exist where the amount of duties and taxes relieved or refunded on inputs incorporated into exported goods is found to be in excess of the actual liability that existed on those imports.

Financial Contribution

On the basis of the available information, this program is a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA, in that amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confers a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Goods/Services provided by the government at less than fair market value

Program 22: Acquisition of Government Inputs/Utilities At Less Than Fair Market Value

General Information

This program relates to the provision, by the government, of goods or services at prices lower than the fair market value of the goods or services in the territory of the government providing the subsidy. Specifically, the CBSA investigated the acquisition of raw material inputs or utilities (i.e. Electricity, Water, Timber, Urea/Formaldehyde) from SOEs or state-controlled enterprises used in the production of subject goods.

State-owned or state-controlled suppliers may be considered to constitute "government" if they possess, exercise or are vested with government authority, which may be indicated by the following factors:

- where a statute or other legal instrument expressly vests government authority in the entity concerned;

- evidence that an entity is, in fact, exercising governmental functions; and,
- evidence that a government exercises meaningful control over an entity.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(c) of SIMA. That is, the government provides goods or services, other than general infrastructure, or purchases goods.

Specificity

The program may be considered specific pursuant to subsection 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.

Program 23: Provision of Land For Less Than Adequate Remuneration By Government

General Information

All land in China belongs to the government (i.e., either national or local governments, or through a "collective" at the township or village level), and government land agencies across China control the allocation of land through the granting of land-use right favored projects and producers.

Financial Contribution

On the basis of the available information, this program constitutes a financial contribution pursuant to paragraph 2(1.6)(b) of SIMA. That is, amounts that would otherwise be owing and due to the government are reduced and/or exempted, and confer a benefit to the recipient equal to the amount of the reduction/exemption.

Specificity

The program may be considered specific pursuant to paragraph 2(7.3) of SIMA in that the manner in which discretion is exercised by the granting authority indicates that the subsidy may not be generally available.