



Canada Border
Services Agency

Agence des services
frontaliers du Canada

DONP 2020 IN

OTTAWA, November 6, 2020

STATEMENT OF REASONS

Concerning the preliminary determinations with respect to the dumping and subsidizing of

**CERTAIN DECORATIVE AND OTHER NON-STRUCTURAL PLYWOOD
ORIGINATING IN OR EXPORTED FROM CHINA**

DECISION

Pursuant to subsection 38(1) of the *Special Import Measures Act*, the Canada Border Services Agency made preliminary determinations on October 23, 2020 respecting the dumping and subsidizing of certain decorative and other non-structural plywood originating in or exported from China.

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

Canada

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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 has 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 a preliminary determination 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 is insignificant, provisional anti-dumping and/or countervailing duties will not be applied.

PERIOD OF INVESTIGATION

[10] 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

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

INTERESTED PARTIES

Complainants

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

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

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

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

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

[13] 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, Québec.¹

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

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

[16] 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

[17] 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, ON
ProPly Custom Plywood Inc.	1195 Clark Blvd Brampton, ON
Corporation Internationale Masonite – Megantic	4180 Rue Villeneuve Lac-Mégantic, QC
Panneaux Optimum Inc.	50 Rue Courchesne Saint-Léonard d'Aston, QC
Birchland Plywood Limited	12564 Hwy 17 Thessalon, ON
Executive Woodwork	330 Spinnaker Way Concord, ON
Monarch Custom Plywood	8301 Keele St #2 Concord, Ontario
Spécialité MGH	19 Rue des Érables Tring-Jonction, QC
Rainbow Wood Veneer	115 Caster Ave Woodbridge, ON

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.

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

[18] 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.⁶

Trade Unions⁷

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

- United Steelworkers Union
- UNIFOR
- Association des Salariés du Contre-Plaqué de Ste-Thérèse

Importers

[20] At the initiation of the investigations, the CBSA identified 175 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. All of the potential importers were asked to respond to the CBSA's Importer Request for Information (RFI)⁸. The CBSA received 18 responses to the Importer RFI.

Exporters

[21] At the initiation of the investigations, the CBSA identified 782 potential exporters/producers of the subject goods located in China, the Separate Customs Territory of Taiwan, the Hong Kong Special Administrative Region of the People's Republic of China, Belize, Canada, Germany, India, Malaysia, New Zealand, Russia, Singapore, Switzerland, United Kingdom, United State of America, and Vietnam from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were sent the CBSA's Dumping RFI⁹ and the CBSA's Subsidy RFI¹⁰.

[22] The following exporters/producers in China provided substantially complete responses to the Dumping and Subsidy RFIs: Linyi Celtic Wood Co., Ltd. and 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., Xuzhou Shenping Imp. and Exp. Co., Ltd; Xuzhou Longyuan Wood Industry Co., Ltd.; and Fengxian Weiheng Wood Co., Ltd., Zhejiang Dehua TB Import & Export Co., Ltd., and Dehua TB New Decoration Material Co., Ltd. See "Dumping Investigation" and "Subsidy Investigation" sections of this Statement of Reasons for detailed information regarding these companies.

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

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

⁸ Exhibit 15 (NC), Notice of Initiation of Investigations – Importers.

⁹ Exhibit 27 (NC) – Exporter RFI – Dumping.

¹⁰ Exhibit 26 (NC) – Exporter RFI – Subsidy.

Government

[23] For the purposes of these investigations, “Government of China” 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.

[24] At the initiation of the investigations, the CBSA sent a Government Subsidy RFI¹¹ and a Government Particular Market Situation (PMS) RFI¹² to the GOC. The GOC did not respond to either the CBSA’s Subsidy or PMS RFI.

PRODUCT INFORMATION

Definition

[25] 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;*

¹¹ Exhibit 22 (NC) – Foreign Government RFI – Particular Market Situation RFI – China

¹² Exhibit 23 (NC) – Foreign Government RFI – Subsidy RFI – China

- 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 Information¹³

[26] 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 6 mm 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.

¹³ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 19-28.

[27] 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.

[28] 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.

[29] 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.

[30] 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.

[31] 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.

[32] 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.

[33] 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.

[34] 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.

[35] 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.

[36] 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.

[37] 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.

[38] 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).

[39] 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.

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

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

[42] 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 Process¹⁴

[43] 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.

[44] 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).

[45] 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

[46] 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.

[47] 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.

[48] 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.

[49] 3-ply producers may also be referred to as 2-step producers. Chinese producers are generally 3-ply producers.

¹⁴ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 29-40.

1-Step Producers

[50] 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.

[51] 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.

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

[53] 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 Use ¹⁵

[54] 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.

[55] 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

[56] The allegedly 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	

[57] 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.

¹⁵ Exhibit 2 (NC) – Decorative Plywood Complaint – Paragraphs 41-42.

LIKE GOODS AND CLASS OF GOODS

[58] 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.

[59] In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics and whether the domestic goods fulfill the same customer needs as the subject goods.

[60] 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 subject goods and like goods constitute only one class of goods.

[61] 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.*”

THE CANADIAN INDUSTRY

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

IMPORTS INTO CANADA

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

[64] The following table presents the CBSA's analysis of imports of decorative plywood for purposes of the preliminary determinations:

Imports of Decorative Plywood
(% of Volume)

Country	Dumping POI (April 1, 2019 to March 31, 2020)	Subsidy POI (January 1, 2019 to March 31, 2020)
China	43.3%	43.9%
All Other Countries	56.7%	56.1%
Total Imports	100%	100%

REPRESENTATIONS

[65] During the preliminary phase of the investigations, counsel for the complainants made representations concerning various exhibits on the administrative records, including certain RFI responses.¹⁶ These representations concerned the completeness of information provided, additional information to inquire about, and a potential issue about the import data used by the CBSA.

[66] The GOC also provided representations,¹⁷ which concern the conduct of the CBSA's investigative process in regards to a PMS, including stating the CBSA's PMS approach is not World Trade Organisation (WTO) consistent.

[67] The GOC argues 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 complainant to prove that a PMS does exist.

[68] The GOC also states that Article 2.2 of the ADA requires that an investigating authority must 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. The GOC cites the WTO Panel Report in *Australia-A4 Paper (Indonesia)* as supporting this interpretation.

[69] The GOC argues 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 and cannot substitute for another cost. The GOC cites the WTO Appellate Body Report in *EU-Biodiesel (Argentina)* as upholding this interpretation.

¹⁶ Exhibit 180 (PRO) & Exhibit 181 (NC)_- Comments submitted by counsel for Canadian Hardwood Plywood and Veneer Association, Columbia Forest Products Inc., Rockshield Engineered Wood Products ULC, and Husky Plywood

¹⁷ Exhibit 78 (NC) - Comments submitted by the Government of China

[70] Finally, the GOC argues 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.

[71] The CBSA has noted the arguments and evidence submitted in the representations and will take them into consideration in the course of verifying and analyzing information for the purposes of a final decision.

INVESTIGATION PROCESS

[72] 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.

[73] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known and potential exporters and producers in China. 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] 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.

[75] The GOC and the exporters/producers were also 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 the verification visits or the desk audits may result in the margin of dumping, the amount of subsidy and the assessment of 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 them than if complete, verifiable information was made available.

[76] 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.

[77] 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 any additional information, where necessary.

[78] Preliminary determinations are based on the information available to the CBSA at the time of the preliminary determinations. During the final phase of the investigations, the CBSA will continue to collect and verify information, the results of which will be incorporated into the CBSA's final decisions, which must be made by January 21, 2021.

DUMPING INVESTIGATION

[79] The following presents the preliminary results of the investigation into the dumping of decorative plywood originating in or exported from China.

Normal value

[80] Normal values are generally estimated based on the domestic selling prices of like goods in the country of export, in accordance with the methodology of section 15 of SIMA, or based on either the methodology of 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 the methodology of paragraph 19(b) of SIMA.

Export Price

[81] The export price of goods sold to importers in Canada is generally estimated in accordance with the methodology of 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.

[82] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is estimated based on the importer's resale price of the imported goods in Canada to unrelated 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 included in the resale price 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 as provided for in paragraphs 25(1)(c) and 25(1)(d) of SIMA.

Margin of Dumping

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

[84] Further information regarding each exporter is detailed below.

Particular Market Situation

[85] Paragraph 16(2)(c) is a provision of SIMA that may be applied when the CBSA 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.

[86] Pursuant to subsection 16(2.1), the CBSA may form the opinion that PMS can exist in respect of any goods of a particular exporter or of a particular country.

[87] In such cases, the CBSA would not estimate 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.

[88] Where the methodology of paragraph 19(b) has been applied and the President is of the opinion that a PMS also distorts the cost of inputs that are material in the production of the goods, the President will use information in accordance with subsection 11.2(2) of SIMR, that best represents the actual cost of the input to permit a proper comparison.

[89] The CBSA is investigating allegations that a PMS exists with respect to China's decorative plywood market. A PMS may be found to exist where factors such as government regulations, government support programs, distorted input costs or any other circumstances in which normal market conditions or patterns of supply and demand do not prevail have had a significant impact on the domestic sales of like goods in the country of export. The complainant made the allegation that a PMS may exist in China's decorative plywood market due to the combined effect of a multitude of factors.

[90] At the initiation of the investigation, the CBSA considered evidence supplied in the complaint and from its own research to be sufficient to examine whether a PMS exists in China. Consequently, the CBSA sent RFIs pertaining to PMS to the GOC and included questions pertaining to PMS in the Dumping RFIs sent to producers and exporters of decorative plywood in China.

[91] The GOC did not respond to the PMS RFI, however the GOC did provide a submission stating that there is no PMS in regards to decorative plywood in China as well as other representations concerning the CBSA's PMS inquiry. These representations were discussed earlier in the "representations" section of this SOR. Nine substantially complete responses to the Dumping RFI containing PMS questions were received from exporters/producers of decorative plywood in China.

[92] The CBSA has considered the evidence and comments provided by the complainant, the responding exporters and the GOC, as well as all of the other information on the administrative record. For the purposes of the preliminary determination, 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.

[93] Additional comments relating to the existence of a PMS in China's decorative plywood sector were submitted by the complainants and one exporter. However these were not submitted in sufficient time to take them into account for the purpose of the preliminary determination.

[94] In the final phase of the investigation, the CBSA will continue to review and analyze the information available and will seek to gather additional information necessary in order to form an opinion as to whether a PMS, pursuant to paragraph 16(2)(c) of SIMA, exists with respect to the decorative plywood market in China.

PRELIMINARY RESULTS OF THE DUMPING INVESTIGATION

Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd.

[95] Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd. (Celtic) is a producer and exporter of subject goods to Canada. The Celtic Group is located in Shandong, China.

[96] Celtic provided a substantially¹⁸ complete response to the Dumping RFI¹⁸.

[97] Where there were sufficient profitable sales of like goods, normal values for Celtic were estimated using the methodology of section 15, based on the exporter's domestic prices of decorative plywood in China.

¹⁸ Exhibits 138 (PRO) & 139 (NC), Exporter Dumping RFI Response – Linyi Celtic Wood Co., Ltd. and Celtic Co. Ltd.

[98] Where there were insufficient profitable domestic sales of like goods, or where there were no domestic sales of like goods, normal values were estimated using the methodology of 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.

[99] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Celtic's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Celtic's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[100] For subject goods exported from Celtic to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[101] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 0.0% for Celtic, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Celtic during the final phase of the investigation.

Linyi Evergreen Wood Co., Ltd.

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

[103] Evergreen provided a substantially complete response to the Dumping RFI¹⁹. Evergreen's original response included a database of domestic sales of decorative and other non-structural plywood. However, there were insufficient profitable sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[104] Normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Evergreen's cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(iv) of the SIMR, on sales of goods of the same general category in China as the subject goods sold to Canada during the dumping PAP.

¹⁹ Exhibits 130 (PRO) & 131 (NC), Exporter Dumping RFI Response – Linyi Evergreen Wood Co., Ltd.

[105] For subject goods exported to Canada by Evergreen during the dumping POI, export prices were estimated in accordance with section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[106] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 0.0% for Evergreen, expressed as a percentage of the export price based on unverified sales and cost data submitted by the exporter. The CBSA will continue to collect and verify information from the Evergreen during the final phase of the investigation.

Linyi Huasheng Yongbin Wood Co., Ltd.

[107] Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng) is an exporter and producer of subject goods located in Linyi City, Shandong Province, China.

[108] Huasheng provided a substantially complete response to the Dumping RFI.²⁰ With respect to the subject goods exported by Huasheng, the CBSA also received a response to the Dumping RFI from Lianyungang Yuantai International Trade Co., Ltd. (Yuantai) of Lianyungang City, Jiangsu Province, China.²¹ For purposes of the preliminary determination, the CBSA identified Yuantai as an export agent for Huasheng.

[109] Huasheng's response included a database of domestic sales. However, there were insufficient domestic sales of like goods that met the requirements of SIMA to estimate normal values based on the methodology of section 15.

[110] Where sufficient information was available, normal values were estimated based on the methodology of paragraph 19(b) of SIMA, as 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. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Huasheng's cost data associated with the subject goods shipped to Canada. A reasonable amount for administrative, selling and all other costs was estimated in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on expenses listed in the financial statements of Huasheng. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Huasheng's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[111] The CBSA identified inconsistencies in cost information provided by Huasheng for a portion of the shipments of subject goods to Canada, and normal values for these models were estimated using the All Other Exporters methodology described below.

²⁰ Exhibits 158 (PRO) & 159 (NC), Exporter Dumping RFI Response – Linyi Huasheng Yongbin Wood Co., Ltd.

²¹ Exhibits 144 (PRO) & 145 (NC), Exporter Dumping RFI Response – Lianyungang Yuantai International Trade Co., Ltd.

[112] For subject goods exported to Canada by Huasheng during the dumping POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[113] The total estimated normal value compared to the total estimated export price of subject goods exported to Canada by Huasheng during the dumping POI results in an estimated margin of dumping of 20.8%, expressed as a percentage of export price. The CBSA will continue to collect and verify information from the Evergreen during the final phase of the investigation.

Linyi Jiahe Wood Industry Co., Ltd.

[114] Linyi Jiahe Wood Industry Co., Ltd. (Linyi Jiahe) is an exporter and producer of subject goods located in Linyi City, Shandong Province, China.

[115] Linyi Jiahe provided a substantially complete response to the CBSA's Dumping RFI²², including a database of domestic sales. Where Linyi Jiahe had sufficient domestic sales of goods that were identical or similar to the subject good exported to Canada, normal values were estimated based on the methodology of section 15 of SIMA.

[116] In instances where there were an insufficient number of domestic sales of goods that were identical or similar to the subject goods exported to Canada, normal values were estimated based on the methodology of paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profit.

[117] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Linyi Jiahe's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Linyi Jiahe's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[118] For subject goods exported to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

²² Exhibits 150 (PRO) & 151 (NC) – Exporter Dumping RFI Response – Linyi Jiahe Wood Industry Co., Ltd.

[119] The CBSA identified inconsistencies in cost information provided by Linyi Jiahe for certain models and normal values for these models were estimated using the All Other Exporters methodology described below.

[120] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 59.6% for Linyi Jiahe, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Linyi Jiahe during the final phase of the investigation.

Pingyi Jinniu Wood Co., Ltd.

[121] 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.

[122] Jinniu provided a substantially complete response to the Dumping RFI²³ including a database of domestic sales. However, there were insufficient sales of goods that were identical or similar to the subject goods exported to Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

[123] Normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Jinniu's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Jinniu's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[124] For subject goods exported from Jinniu to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[125] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 0.0% for Jinniu, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Jinniu during the final phase of the investigation.

²³ Exhibits 122 (PRO) & 123 (NC), Exporter Dumping RFI Response – Pingyi Jinniu Wood Co. Ltd.

Pizhou Jiangshan Wood Co., Ltd.

[126] Pizhou Jiangshan Wood Co., Ltd (Jiangshan) is a producer and exporter of subject goods to Canada. Jiangshan is located in Pizhou City, Jiangsu Province, China.

[127] Jiangshan provided a substantially complete response to the dumping RFI²⁴, including a database of domestic sales. However, Jiangshan did not have any domestic sales of goods that were identical or similar to the subject goods exported to Canada. Therefore, normal values could not be estimated based on the methodology of section 15 of SIMA.

[128] Normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[129] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on Jiangshan's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Jiangshan's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[130] For subject goods exported to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[131] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 0.0% for Jiangshan, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Jiangshan during the final phase of the investigation.

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

[132] 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.

²⁴ Exhibits 126 (PRO) & 127 (NC), Exporter Dumping RFI Response – Pizhou Jiangshan Wood Co., Ltd.

[133] Shandong Good Wood provided a substantially complete response to the dumping RFI.²⁵ One of the producers of subject goods exported by Shandong Good Wood, Linyi Fred Wood Co., Ltd. (Linyi Fred), provided a response to the dumping RFI, including information on cost of production.²⁶ Goods produced by Linyi Fred represent a majority of the subject goods exported to Canada by Shandong Good Wood during the dumping POI.

[134] The cost of production information provided by Linyi Fred in its response to the RFI was not sufficient to estimate the cost of production of the subject goods exported to Canada by Shandong Good Wood. In the absence of sufficient cost of production information, the CBSA estimated normal values for the subject goods exported by Shandong Good Wood using the All Other Exporters methodology described below.

[135] For subject goods exported to Canada by Shandong Good Wood during the dumping POI, export prices were estimated in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[136] The total estimated normal value compared to the total estimated export price of subject goods exported to Canada by Shandong Good Wood results in an estimated margin of dumping of 154% expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Jiangshan during the final phase of the investigation.

Xuzhou Shengping Imp. And Exp. Co., Ltd., Xuzhou Longyuan Wood Industry Co., Ltd. and Fengxian Weiheng Wood Co., Ltd.

[137] 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.

[138] Longyuan Group provided a substantially complete response to the dumping RFI²⁷, including a database of domestic sales. Where Longyuan Group had sufficient domestic sales of goods that were identical or similar to the subject goods exported to Canada, normal values were estimated based on the methodology of section 15 of SIMA.

²⁵ Exhibits 98 (PRO) & 99 (NC), Exporter Dumping RFI Response – Shandong Good Wood Imp. and Exp., Co., Ltd.

²⁶ Exhibits 104 (PRO) & 105 (NC), Exporter Dumping RFI Response – Linyi Fred Wood Co., Ltd.

²⁷ Exhibits 116 (PRO) & 117 (NC), Exporter Dumping RFI Response – Longyuan Group

[139] In instances where there were an insufficient number of domestic sales of goods that were identical or similar to the subject goods exported to Canada, normal values were estimated based on the methodology of paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profit.

[140] The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on the Longyuan Group's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Longyuan Group's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

[141] For subject goods exported to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[142] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 0.0% for Longyuan Group, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Longyuan Group during the final phase of the investigation.

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

[143] Zhejiang Dehua TB Import & Export Co., Ltd. (Zhejiang Dehua) is an export trading company that is 100% owned by Dehua TB New Decoration Material Co., Ltd (Dehua TB), who is the manufacturer of subject goods. They are located in Zhejiang Province, China. For the purposes of preliminary determination, the exporter will be considered the two companies collectively, the Dehua Group. Some of the subject goods exported to Canada by Dehua Group during the dumping POI were produced by an unrelated supplier.

[144] The Dehua Group provided a substantially complete response to the Dumping RFI²⁸ including a database of domestic sales. However, there were insufficient sales of goods that were identical or similar to the subject goods exported to Canada as to permit a proper comparison with the sales of the goods to the importer in Canada. As such, it was not possible to estimate normal values based on the methodology of section 15 of SIMA, using domestic sales of like goods.

²⁸ Exhibits 142 (PRO) & 143 (NC), Exporter Dumping RFI Response – Zhejiang Dehua Import & Export Co., Ltd.

[145] Normal values were estimated using the methodology of paragraph 19(b) of SIMA, based on the aggregate of cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits. The cost of production was estimated in accordance with paragraph 11(1)(a) of the SIMR, based on the Dehua Group's unverified cost data associated with the subject goods shipped to Canada. The amount for profits was estimated in accordance with subparagraph 11(1)(b)(ii) of the SIMR, based on Dehua Group's sales of decorative plywood in their domestic market, during the PAP, of the same general category as the subject goods sold to Canada.

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

[147] For subject goods exported from Dehua Group to Canada during the dumping POI, export prices were estimated using the methodology of section 24 of SIMA, adjusted by deducting the costs, charges and expenses incurred in preparing the goods for shipment to Canada and resulting from the exportation and shipment of the goods.

[148] For the preliminary determination, the total estimated normal value compared to the total estimated export price results in an estimated margin of dumping of 17.9% for the Dehua Group, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from the Dehua Group during the final phase of the investigation.

All Other Exporters

[149] For exporters of subject goods that did not provide a response to the Dumping RFI or did not furnish sufficient information, the normal values and export prices were estimated on the basis of facts available.

[150] In establishing the methodology for estimating the margin of dumping and export prices, the CBSA considered all the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, information submitted by exporters of decorative plywood from China, and customs import documentation.

[151] The CBSA decided that the normal values and export prices estimated for the exporters whose submissions were substantially complete for purposes of the preliminary determination rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for estimating normal values since it reflects the trading practices of decorative plywood exporters during the dumping POI. Eight exporters in China provided substantially complete information.

[152] The CBSA examined the difference between estimated normal value and the estimated export price for each individual transaction from these exporters in order to obtain an appropriate amount for the normal value methodology. The transactions were examined to ensure that no anomalies were considered, such as a very low volume and value, effects of seasonality or other business factors.

[153] The CBSA considered that the highest amount by which the estimated normal value exceeded the estimated export price on an individual transaction of the eight exporters mentioned above (expressed as a percentage of export price, excluding anomalies), was an appropriate basis for estimating normal values. This methodology limits the advantage that an exporter may gain from not providing the necessary information requested in a dumping investigation as compared to an exporter that did provide the necessary information. Therefore, the normal values were estimated based on the estimated export price, plus an amount equal to 154.0% of that estimated export price.

[154] The CBSA considered that the information submitted on the CBSA's customs entry documentation was the best information on which to estimate the export price of the goods as it reflects actual import data which is more comprehensive than what was available in the complaint.

[155] Based on the above methodologies, for exporters that did not provide a response to the Dumping RFI, the margin of dumping of subject goods originating in or exported from China was estimated to be 154.0%, expressed as a percentage of export price.

Summary of Preliminary Results - Dumping

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

Summary of Preliminary Results - Dumping Period of Investigation (April 1, 2019 to March 31, 2020)

Exporters	Estimated Margin of Dumping*	Estimated Volume of Subject Goods as Percentage of Total Imports
China		
Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd.	0.0%	1.0%
Linyi Evergreen Wood Co., Ltd.	0.0%	0.6%
Linyi Huasheng Yongbin Wood Co., Ltd.	20.8%	2.9%
Linyi Jiahe Wood Industry Co., Ltd.	59.6%	1.4%
Pingyi Jinniu Wood Co., Ltd.	0.0%	3.9%
Pizhou Jiangshan Wood Co., Ltd.	0.0%	0.1%
Shandong Good Wood Imp. and Exp. Co., Ltd.	154.0%	0.3%
Xuzhou Shengping Imp and Exp Co., Ltd; Xuzhou Longyuan Wood Industry Co., Ltd; and Fengxian Weiheng Wood Co., Ltd	0.0%	2.4%
Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd	17.9%	0.6%
All Other Exporters	154.0%	30.1%
Total		43.3%

* Expressed as a percentage of the export price.

[157] Under section 35 of SIMA, if at any time before making a preliminary determination the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[158] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the goods.

[159] The volumes of subject goods from China is above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subject goods from China is therefore not negligible.

[160] If, in making a preliminary determination, the CBSA determines that the margin of dumping of the goods of a particular exporter is insignificant pursuant to subsection 38(1.1) of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period.

[161] Pursuant to subsection 2(1) of SIMA, a margin of dumping of less than 2% of the export price of the goods is defined as insignificant. The estimated margin of dumping of decorative plywood exports to Canada from China by Celtic, Evergreen, Jinniu, Jiangshan, and Longyuan Group are below 2% and are, therefore, insignificant. As a result, the investigation will continue in respect of these goods but provisional anti-dumping duty will not be imposed on subject goods imported into Canada from these exporters during the provisional period.

[162] The estimated margins of dumping of Dehua Group, Linyi Jiahe, Huasheng Yongbin, Shandong Good Wood and all other exporters, expressed as a percentage of export price, are above 2% and are, therefore, not insignificant. In respect of these exporters, provisional anti-dumping duty will be imposed on subject goods imported into Canada during the provisional period.

[163] A summary of the estimated margins of dumping and provisional duties by exporter is presented in **Appendix 1**.

SUBSIDY INVESTIGATION

[164] 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 World Trade Organization (WTO) Agreement that confers a benefit.

[165] 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.

[166] 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.

[167] 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.

[168] 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.

[169] 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.

[170] 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.

PRELIMINARY RESULTS OF THE SUBSIDY INVESTIGATION

[171] The following presents the preliminary results of the investigation into the subsidizing of decorative and other non-structural plywood originating in or exported from China.

[172] At the initiation of the investigation, the CBSA sent Subsidy RFIs to the GOC, as well as to all known exporters/producers of decorative plywood in China.

[173] The GOC was also requested to forward the Subsidy RFIs to all subordinate levels of government that had jurisdiction over the exporters. The exporters/producers were requested to forward a portion of the Subsidy RFI to their input suppliers, who were asked to respond to questions pertaining to their legal characterization as SOEs.

[174] The governments and the exporters/producers were also notified that failure to submit all required information and documentation, including non-confidential versions, failure to comply with all instructions contained in the Subsidy RFI, failure to permit verification of any information or failure to provide documentation requested during the verification visits or desk audits may result in the amount of subsidy and the assessment of 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 favourable to their firm than if complete, verifiable information was made available.

[175] For the purposes of the preliminary determination, the CBSA has received sufficient information from nine exporters/producers to estimate amounts of subsidy. The GOC did not respond to the CBSA's government Subsidy RFI.

[176] In conducting its investigation, the CBSA requested information respecting the various programs, as listed in **Appendix 2**. During the preliminary phase of the investigation, the CBSA identified additional potential programs.

[177] The CBSA will continue to analyze the submitted information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

[178] Estimated amounts of subsidy relating to each of the exporters that provided a response to the Subsidy RFI are presented in a summary table in **Appendix 1**.

Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd.

[179] Celtic is a producer and exporter of subject goods to Canada. Celtic provided a substantially complete response to the Subsidy RFI²⁹.

[180] For purposes of the preliminary determination, Celtic benefitted from one subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

[181] The estimated amount of subsidy for Celtic is 0.03%, expressed as a percentage of the export price.

²⁹ Exhibits 134 (PRO) and 135 (NC), Exporter Subsidy RFI Response – Linyi Celtic Wood Co., Ltd. and Celtic Co. Ltd., and Exhibits 136 (PRO) and 137 (NC), Exporter Subsidy RFI Response – Suppliers

[182] The CBSA will continue to collect and verify information from Celtic during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

Linyi Evergreen Wood Co., Ltd.

[183] Evergreen is a producer and exporter of subject goods to Canada. Evergreen provided a substantially complete response to the Subsidy RFI³⁰.

[184] For purposes of the preliminary determination, Evergreen was found to have received countervailable benefits from the following six subsidy programs during the subsidy POI:

Program 7(a): Export Development and Performance Grants - *Exhibition Subsidy Vietnam Exhibition & CARB-EPA TSCA VI Certification*

Program 7(b): Export Development and Performance Grants – *Central Foreign Trade and Economic Development Fund Subsidy in 2019 - Turkey Exhibition*

Program 24: Reduced Corporate Tax Rate Program

Program 34: Unemployment Insurance Subsidy

Program 35: Job Stabilization Subsidy of Unemployment Insurance

Program 36: Social Security Fund for Social Security of Junan County

[185] For purposes of the preliminary determination, the above subsidy programs were considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by Evergreen.

[186] The estimated amount of subsidy for Evergreen is 0.43%, expressed as a percentage of the export price.

[187] The CBSA will continue to collect and verify the company's information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

Linyi Huasheng Yongbin Wood Co., Ltd.

[188] Huasheng Yongbin is a producer and exporter of subject goods to Canada. Huasheng Yongbin provided a substantially complete response to the Subsidy RFI.³¹ For purposes of the preliminary determination, Huasheng Yongbin was found to have received countervailable benefits from the following subsidy program:

Program 22: Acquisition of Government Inputs/Utilities at Less than Fair Market Value

³⁰ Exhibits 132 (PRO) & 133 (NC), Exporter Subsidy RFI Response – Linyi Evergreen Wood Co., Ltd.

³¹ Exhibits 156 (PRO) & 157 (NC) – Exporter Subsidy RFI Response – Linyi Huasheng Yongbin Wood Co., Ltd.

[189] For purposes of the preliminary determination, the above subsidy program was considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by Huasheng Yongbin.

[190] The estimated amount of subsidy for Huasheng Yongbin is 0.35%, expressed as a percentage of the export price. The CBSA will continue to collect and verify the company's information during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

Linyi Jiahe Wood Industry Co., Ltd.

[191] Linyi Jiahe is a producer and exporter of subject goods to Canada. Linyi Jiahe provided a substantially complete response to the Subsidy RFI³².

[192] For purposes of preliminary determination, it is estimated that Linyi Jiahe benefitted from the following subsidy program during the subsidy POI:

Program 24: Reduced Corporate Tax Rate Program

[193] For purposes of preliminary determination, the above subsidy program was considered specific and therefore actionable. This decision was made from analysis of the information provided by Linyi Jiahe.

[194] The estimated amount of subsidy for Linyi Jiahe is 0.11%, expressed as a percentage of export price. The CBSA will continue to collect and verify information from Linyi Jiahe during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

Pingyi Jinniu Wood Co., Ltd.

[195] Jinniu is a producer and exporter of subject goods to Canada. Jinniu provided a substantially complete response to the Subsidy RFI³³.

[196] For purposes of the preliminary determination, Jinniu reported that they did not receive any subsidies during the subsidy POI and as such there is no amount for subsidy for goods exported to Canada during the subsidy POI.

[197] The CBSA will continue to collect and verify information from Jinniu during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

³² Exhibits 148 (PRO) & 149 (NC) – Exporter Subsidy RFI Response – Linyi Jiahe Wood Industry Co., Ltd.

³³ Exhibits 124 (PRO) & 125 (NC), Exporter Subsidy RFI Response – Pingyi Jinniu Wood Co. Ltd.

Pizhou Jiangshan Wood Co., Ltd

[198] Jiangshan is a producer and exporter of subject goods to Canada. Jiangshan provided a substantially complete response to the Subsidy RFI³⁴.

[199] For the purposes of the preliminary determination, Jiangshan was found to have received countervailable benefits from the following five subsidy programs:

- 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

[200] For purposes of the preliminary determination, the above subsidy programs were considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by Jiangshan.

[201] The estimated amount of subsidy for Jiangshan is 0.13%, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Jiangshan during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

Shandong Good Wood Imp. and Exp. Co., Ltd.

[202] Shandong Good Wood, an exporter of subject goods, provided a substantially complete response to the Subsidy RFI.³⁵ Linyi Fred, a producer of the subject goods exported by Shandong Good Wood, also provided a substantially complete response to the Subsidy RFI.³⁶ For purposes of the preliminary determination, Shandong Good Wood and Linyi Fred were each found to have received countervailable benefits from the following subsidy program.

- Program 24: Reduced Corporate Tax Rate Program

[203] For purposes of the preliminary determination, the above subsidy program was considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by Shandong Good Wood and Linyi Fred.

[204] The estimated amount of subsidy for Shandong Good Wood is 0.53%, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Shandong Good Wood during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

³⁴ Exhibits 126 (PRO) & 127 (NC), Exporter Subsidy RFI Response – Pizhou Jiangshan Wood Co., Ltd

³⁵ Exhibits 100 (PRO) & 101 (NC), Exporter Subsidy RFI Response – Shandong Good Wood Imp. and Exp. Co., Ltd.

³⁶ Exhibits 102 (PRO) & 103 (NC), Exporter Subsidy RFI Response – Linyi Fred Wood Co., Ltd.

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

[205] Longyuan Group is a producer and exporter of subject goods to Canada. Longyuan Group provided a substantially complete response to the Subsidy RFI³⁷.

[206] For the purposes of the preliminary determination, Longyuan Group was found to have received countervailable benefits from the following subsidy program:

Program 24: Reduced Corporate Tax Rate Program

[207] For purposes of the preliminary determination, the above subsidy program was considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by Longyuan Group.

[208] The estimated amount of subsidy for Longyuan Group is 0.51%, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Longyuan Group during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

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

[209] The Dehua Group is a producer and exporter of subject goods to Canada. Dehua Group provided a substantially complete response to the Subsidy RFI³⁸. A response was received from both the trading company and the manufacturer of the goods.

[210] For the purposes of the preliminary determination, Dehua Group was found to have received countervailable benefits from the following eight subsidy programs that were not included in the CBSA's original list of alleged subsidies under investigation:

- Program 26: Overpayment and withdrawal
- Program 27: Foreign economic and trade development support funds
- Program 28: Deqing County Cultivate the Talents Award
- Program 29: Internet security software subsidy
- Program 30: Personnel training fee
- Program 31: Outsourcing service of foreign trade award
- Program 32: Employee recruitment subsidy
- Program 33: Market development subsidy

[211] For purposes of the preliminary determination, the above subsidy programs were considered to be specific and therefore actionable. This decision was made from the analysis of the information provided by the Dehua Group.

³⁷ Exhibits 118 (PRO) & 119 (NC), Exporter Subsidy RFI Response – Longyuan Group

³⁸ Exhibits 152 (PRO) & 153 (NC), Exporter Subsidy RFI Response – Zhejiang Dehua TB Import & Export Co., Ltd.

[212] The estimated amount of subsidy for Dehua is 2.0%, expressed as a percentage of the export price. The CBSA will continue to collect and verify information from Dehua Group during the final phase of the investigation. The CBSA may also consider any other potential subsidy programs that have not yet been identified.

All Other Exporters

[213] 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 estimated an amount of subsidy on the basis of the following methodology:

- 1) the highest amount of subsidy for each of the 20 programs, as found at the preliminary determination, for the producers/exporters located in China for whom the CBSA has sufficient information to estimate an amount of subsidy, plus;
- 2) the highest amount of subsidy for the 20 programs listed in (1), applied to each of the remaining 17 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the preliminary determination.

[214] Using the above methodology, for the preliminary determination, the estimated amount of subsidy for all other exporters in China is 49.08%, expressed as a percentage of the export price.

Summary of Preliminary Results – Subsidy

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

Summary of Preliminary Results - Subsidy Period of Investigation (January 1, 2019 to March 31, 2020)

Exporters	Estimated Amount of Subsidy*	Estimated Volume of Subject Goods as Percentage of Total Imports
China		
Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd.	0.03%	1.0%
Linyi Evergreen Wood Co., Ltd.	0.43%	0.7%
Linyi Huasheng Yongbin Wood Co., Ltd.	0.35%	2.5%
Linyi Jiahe Wood Industry Co., Ltd.	0.11%	1.4%
Pingyi Jinniu Wood Co., Ltd.	0.00%	3.7%
Pizhou Jiangshan Wood Co., Ltd	0.13%	0.1%
Shandong Good Wood Imp. and Exp. Co., Ltd.	0.53%	0.2%
Xuzhou Shengping Imp and Exp Co., Ltd; Xuzhou Longyuan Wood Industry Co., Ltd; and Fengxian Weiheng Wood Co., Ltd	0.51%	2.3%
Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd	2.00%	0.6%
All Other Exporters – China	49.08%	31.4%
Total		43.9%

* Expressed as a percentage of the export price.

[216] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the actual and potential volume of goods of a country is negligible, the CBSA is required to terminate the investigation with respect to goods of that country.

[217] Pursuant to subsection 2(1) of SIMA, the volume of goods of a country is considered negligible if it accounts for less than 3% of the total volume of goods that are released into Canada from all countries that are of the same description as the goods.

[218] As can be seen from the above table, the volume of subject goods from China is above 3% of the total volume of goods released into Canada from all countries. Based on the definition above, the volume of subject goods from China is, therefore, not negligible.

[219] If, in making a preliminary determination, the CBSA determines that the amount of subsidy on the goods of an exporter is insignificant, less than 1%, pursuant to section 38 of SIMA, the investigation will continue in respect of those goods but provisional duties will not be imposed on goods of the same description imported during the provisional period. The amount of subsidy estimated for Celtic, Evergreen, Huasheng Yongbin, Linyi Jiahe, Jinniu, Jiangshan, Shandong Good Wood, and Longyuan Group, are below 1% of the export price and were, therefore, determined to be insignificant. As a result, the investigation will continue in respect of these goods but provisional countervailing duty will not be imposed on subject goods imported into Canada from these exporters during the provisional period.

[220] The estimated amounts of subsidy on the goods from Dehua Group and all other exporters exceed 1% of the export price and are therefore not insignificant. In respect of these exporters, provisional countervailing duty will be imposed on subject goods imported into Canada during the provisional period.

DECISIONS

[221] On October 23, 2020, pursuant to subsection 38(1) of SIMA, the CBSA made preliminary determinations of dumping and subsidizing respecting decorative and other non-structural plywood originating in or exported from China.

PROVISIONAL DUTY

[222] Subsection 8(1) of SIMA provides that where a preliminary determination has been made and where the CBSA considers that the imposition of provisional duty is necessary to prevent injury, retardation or threat of injury, the importer in Canada of dumped and/or subsidized goods shall pay, or post security for, provisional duty. If, in making the preliminary determination, a determination is made that the estimated margin of dumping and/or the estimated amount of subsidy on the goods of an exporter is insignificant, subsection 8(1.3) provides that provisional anti-dumping and/or countervailing duties will not be imposed on importations of the goods from that particular exporter.

[223] Pursuant to subsection 8(1) of SIMA, provisional duty payable by the importer in Canada will be applied to dumped and subsidized imports of decorative and other non-structural plywood that are released from the CBSA during the period commencing on the day the preliminary determinations are made and ending on the earlier of the day on which the CBSA causes the investigations in respect of any goods to be terminated, in accordance with subsection 41(1), or the day on which the CITT makes an order or finding. The CBSA considers that the imposition of provisional duty is needed to prevent injury. As noted in the CITT's preliminary determination, there is evidence that discloses a reasonable indication that the dumping and subsidizing of decorative and other non-structural plywood have caused injury or are threatening to cause injury to the domestic industry.

[224] Imports of decorative and other non-structural plywood originating in or exported from China and released by the CBSA on or after October 23, 2020, will be subject to provisional duties equal to the estimated margin of dumping and estimated amount of subsidy, expressed as a percentage of the export price of the goods per exporter. **Appendix 1** contains the estimated margins of dumping, estimated amounts of subsidy and the rates of provisional duty.

[225] Importers are required to pay provisional duty in cash or by certified cheque. Alternatively, they may post security equal to the amount payable. Importers should contact their CBSA regional office if they require further information on the payment of provisional duty or the posting of security. If the importers of such goods do not indicate the required SIMA code or do not correctly describe the goods in the import documents, an administrative monetary penalty could be imposed. The imported goods are also subject to the *Customs Act*. As a result, failure to pay duties within the specified time will result in the application of the provisions of the *Customs Act* regarding interest.

FUTURE ACTION

The Canada Border Services Agency

[226] The CBSA will continue its investigations of the dumping and subsidizing and will make final decisions by January 21, 2021.

[227] If the margins of dumping or amounts of subsidy of any exporter are found to be insignificant, the CBSA will terminate the investigation in respect of goods of that exporter and any provisional duty paid or security posted will be refunded to importers, as appropriate. If the CBSA is satisfied that the goods were dumped and/or subsidized, final determinations will be made.

The Canadian International Trade Tribunal

[228] The CITT has begun its inquiry into the question of injury to the Canadian industry. The CITT is expected to issue its finding by February 19, 2021.

[229] If the CITT finds that the dumping has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional anti-dumping duty collected or security posted will be refunded.

[230] If the CITT makes a finding that the dumping has caused injury, retardation or is threatening to cause injury, anti-dumping duty in an amount equal to the margin of dumping will be levied, collected and paid on imports of decorative and other non-structural plywood that are of the same description as goods described in the CITT's finding.

[231] If the CITT finds that the subsidizing has not caused injury, retardation or is not threatening to cause injury, the proceedings will be terminated and all provisional countervailing duty collected or security posted will be refunded.

[232] If the CITT makes a finding that the subsidizing has caused injury, retardation or is threatening to cause injury, countervailing duties in the amount equal to the amount of subsidy on the imported goods will be levied, collected and paid on imports of decorative and other non-structural plywood that are of the same description as goods described in the CITT's finding.

[233] For purposes of the preliminary determination of dumping or subsidizing, the CBSA has responsibility for determining whether the actual and potential volume of goods is negligible. After a preliminary determination of dumping or subsidizing, the CITT assumes this responsibility. In accordance with subsection 42(4.1) of SIMA, the CITT is required to terminate its inquiry in respect of any goods if the CITT determines that the volume of dumped or subsidized goods from a country is negligible.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[234] Under certain circumstances, anti-dumping and/or countervailing duty 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 duty.

[235] 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.

UNDERTAKINGS

[236] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated. An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped goods.

[237] Similarly, after a preliminary determination of subsidizing by the CBSA, other than a preliminary determination in which a determination was made that the amount of subsidy on the goods is insignificant, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[238] In view of the time needed for consideration of undertakings, written undertaking proposals should be made as early as possible, and no later than 60 days after the preliminary determinations of dumping and subsidizing. Further details regarding undertakings can be found in the CBSA's Memorandum D14-1-9, available online at: www.cbsa-asfc.gc.ca/publications/dm-md/d14/d14-1-9-eng.html.

[239] Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone and fax numbers, mailing address and e-mail address to one of the officers identified in the "Information" section of this document.

[240] If undertakings were to be accepted, the investigations and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigations be completed and that the CITT complete its injury inquiry.

PUBLICATION

[241] A notice of these preliminary determinations of dumping and subsidizing will be published in the *Canada Gazette* pursuant to paragraph 38(3)(a) of SIMA.

INFORMATION

[242] This *Statement of Reasons* is 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
Dana Diab 613-954-7271

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 Estimated Margins of Dumping, Estimated Amounts of Subsidy and Provisional Duties Payable

Appendix 2: Summary of Preliminary Findings for Subsidy Programs

**APPENDIX 1 – SUMMARY OF ESTIMATED MARGINS OF DUMPING,
ESTIMATED AMOUNTS OF SUBSIDY AND PROVISIONAL DUTIES PAYABLE**

The following table lists the estimated margins of dumping, the estimated amounts of subsidy, and the provisional duty by exporter as a result of the decisions mentioned above. Imports of subject goods released from the Canada Border Services Agency on or after October 23, 2020, will be subject to provisional duties at the rates specified below.

Exporters	Estimated Margins of Dumping*	Estimated Amounts of Subsidy*	Total Provisional Duty Payable*
China			
Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd.	0.0%**	0.03%**	0.0%
Linyi Evergreen Wood Co., Ltd.	0.0%**	0.43%**	0.0%
Linyi Huasheng Yongbin Wood Co., Ltd.	20.8%	0.35%**	20.8%
Linyi Jiahe Wood Industry Co., Ltd.	59.6%	0.11%**	59.6%
Pingyi Jinniu Wood Co., Ltd.	0.0%**	0.00%**	0.0%
Pizhou Jiangshan Wood Co., Ltd	0.0%**	0.13%**	0.0%
Shandong Good Wood Imp. and Exp. Co., Ltd.	154.0%	0.53%**	154.0%
Xuzhou Shengping Imp and Exp Co., Ltd; Xuzhou Longyuan Wood Industry Co., Ltd; and Fengxian Weiheng Wood Co., Ltd	0.0%**	0.51%**	0.0%
Zhejiang Dehua TB Import & Export Co., Ltd and Dehua TB New Decoration Material Co., Ltd	17.9%	2.00%	19.9%
All Other Exporters – China	154.0%	49.08%	203.08%

* As a percentage of export price.

** The estimated margin of dumping and/or estimated amount of subsidy on decorative plywood from these exporters is insignificant. As such, no provisional anti-dumping and/or countervailing duties will be assessed on subject goods from these companies.

APPENDIX 2
SUMMARY OF PRELIMINARY FINDINGS FOR SUBSIDY PROGRAMS

This Appendix consists of descriptions of the subsidy programs which eight of the nine responding exporters, Linyi Celtic Wood Co., Ltd. and Celtic Co., Ltd., Linyi Evergreen Wood Co., Ltd., Linyi Huasheng Yongbin Wood Co., Ltd., Linyi Jiahe Wood Industry Co., Ltd., Pizhou Jiangshan Wood Co., Ltd., Shandong Good Wood Imp. and Exp. Co., Ltd., Xuzhou Shenping Imp. and Exp. Co., Ltd; Xuzhou Longyuan Wood Industry Co., Ltd.; and Fengxian Weiheng Wood Co., Ltd., Zhejiang Dehua TB Import & Export Co., Ltd., and Dehua TB New Decoration Material Co., Ltd., benefited from during the course of the subsidy POI and other potentially actionable subsidy programs identified by the CBSA that were not used by the responding exporters in the subsidy POI.

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 investigation. This includes using information obtained from CBSA research on potential subsidy programs in China and exporters and related suppliers and descriptions of programs in the complaint.

Subsidy Programs Used by the Responding Exporters

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.

During the course of the preliminary phase of the investigation, the following grants that fall under this program were received by Pizhou Jiangshan Wood Co., Ltd (Jiangshan):

- a) Science and Technology Innovation Voucher of Jiangsu Province³⁹
- b) "Doctoral program" of Jiangsu Province⁴⁰

Financial Contribution

For the purposes of the preliminary 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.

³⁹ Exhibit 129 – NC Subsidy RFI Response - Pizhou Jiangshan Wood Co., Ltd – Exhibit E1.2

⁴⁰ Exhibit 129 – NC Subsidy RFI Response - Pizhou Jiangshan Wood Co., Ltd – Exhibit E1.3

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

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 preliminary phase of the investigation the following export grants were received by Linyi Evergreen Wood Co., Ltd., (Evergreen):

- a) Export Development and Performance Grants - Exhibition Subsidy – Vietnam Exhibition & CARB-EPA TSCA VI Certification⁴¹
- b) Export Development and Performance Grant - Central Foreign Trade and Economic Development Fund Subsidy in 2019 – Turkey Exhibition⁴²

Financial Contribution

For the purposes of the preliminary 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

⁴¹ Exhibit 133 – NC Subsidy RFI Response - Linyi Evergreen Wood Co., Ltd – Exhibit E1.1

⁴² Exhibit 133 – NC Subsidy RFI Response - Linyi Evergreen Wood Co., Ltd – Exhibit E1.4

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 preliminary 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, this program does not appear to be generally available to all enterprises in China and thus appears to be specific. This will be further analyzed in the final phase of the investigation.

Program 10: Grant - Patent Assistance/Award

General Information

This 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.

During the course of the preliminary phase of the investigation the following grant was received by Jiangshian:

- a) Special Fund for Intellectual Property in 2019⁴³

Financial Contribution

For the purposes of the preliminary 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

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 preliminary 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.

⁴³ Exhibit 129 – NC Subsidy RFI Response - Pizhou Jiangshan Wood Co., Ltd – Exhibit E1.1

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

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 “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.

In order to determine whether the exporter acquired its raw material or utilities from “government”, the CBSA requested detailed information from the exporters regarding their acquisition of raw materials and utilities. The Subsidy RFI also contained a small questionnaire intended for the domestic suppliers with instructions for the exporters to forward such questionnaire to their domestic suppliers. This questionnaire requested information regarding the ownership status of the supplier and other relevant information with respect to assessing whether the supplier is considered “government”.

Information was requested from exporters with respect to the ownership status of their raw material/utilities suppliers. Due to the lack of cooperation by the GOC and the limited information available regarding state-owned raw material suppliers, the CBSA has not been able to perform the in-depth level of analysis necessary to determine whether any suppliers that provided input materials to the exporters of subject goods are SOEs, and whether the SOEs are considered to be possessing, exercising, or vested with governmental authority. Notwithstanding, the CBSA will attempt to obtain further evidence in this regard during the final stage of the investigation.

During the course of the preliminary phase of the investigation, only one exporter/producer received countervailable benefits under this program, Linyi Huasheng Yongbin Wood Co., Ltd. (Huasheng Yongbin).

Financial Contribution

For the purposes of the preliminary determination, 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

On the basis of available information, this program is potentially 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.

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 preliminary determination, the CBSA has found that these programs were not used by the participating exporters in China. Based on the information available these programs may constitute financial contributions provided by the GOC, confer benefit to companies and appear to be specific. Therefore, for purposes of the preliminary determination, these programs appear to be countervailable. The CBSA will continue to further investigate these programs in the final phase of the investigation.

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

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

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

For the purposes of the preliminary 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 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

For the purposes of the preliminary 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 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

A grant that provides financial aid for enterprises with excellent performance.

Financial Contribution

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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 unearth 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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 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 preliminary 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

For the purposes of the preliminary determination, the program may be considered specific pursuant to paragraph 2(7.2) of SIMA because it is limited to enterprises in certain industries.

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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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

For the purposes of the preliminary determination, 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 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

For the purposes of the preliminary 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

For the purposes of the preliminary determination, 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.

Other Programs Received by 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 rate⁴⁴.

Financial Contribution

For the purposes of the preliminary 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

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

For the purposes of the preliminary determination, 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.

⁴⁴ Exhibit 149 NC Subsidy RFI Response Linyi Jiahe, Exhibit D25-1

Specificity

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 26. Overpayment and Withdrawal

General Information

This program appears to be a grant provided to exporters in order to assist in the overpayment and withdrawal of funds.

Financial Contribution

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 27. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 28. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 29. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 30. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 31. Outsourcing Service of Foreign Trade Awards

General Information

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

Financial Contribution

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 32. Employee Recruitment Subsidy

General Information

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

Financial Contribution

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 33. Market Development Subsidy

General Information

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

Financial Contribution

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 34. Unemployment Insurance Subsidy

General Information

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

Financial Contribution

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 35. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.

Program 36. 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

For the purposes of the preliminary determination, 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

Due to the lack of a response by the GOC, there is not sufficient information on the record to determine whether this program is specific pursuant to subsection 2(7.2) or subsection 2(7.3) of SIMA; nor is there sufficient information to indicate that the subsidy is not specific pursuant to the criteria set out in subsection 2(7.1). On the basis of the available information, these programs do not appear to be generally available to all enterprises in China and thus appear to be specific. This will be further analyzed in the final phase of the investigation.