

DEPARTMENT OF COMMERCE**International Trade Administration**

[C-570-085]

Certain Quartz Surface Products From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination With Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of certain quartz surface products (quartz surface products) from the People's Republic of China (China).

DATES: Applicable September 21, 2018.

FOR FURTHER INFORMATION CONTACT: Darla Brown or Joshua Tucker, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-1791 or (202) 482-2044, respectively.

SUPPLEMENTARY INFORMATION:**Background**

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on May 16, 2018.¹ On June 29, 2018, Commerce postponed the preliminary determination of this investigation, and the revised deadline is now September 14, 2018.² For a complete description of the events that followed the initiation of this investigation, see the Preliminary Decision Memorandum.³ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty

Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are quartz surface products from China. For a complete description of the scope of this investigation, see Appendix I.

Period of Investigation

The period of investigation is January 1, 2017, through December 31, 2017.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁴ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage, (*i.e.*, scope).⁵ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this preliminary determination, and accompanying discussion and analysis of all comments timely received, see the Preliminary Scope Decision Memorandum.⁶ Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation Notice*.

Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an "authority" that gives rise to a benefit to the recipient, and that the subsidy is specific.⁷

In making these findings, Commerce relied, in part, on facts available and,

because it finds that one or more respondents did not act to the best of their ability to respond to Commerce's requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁸ For further information, see "Use of Facts Otherwise Available and Adverse Inferences" in the Preliminary Decision Memorandum.

Alignment

As noted in the Preliminary Decision Memorandum, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), Commerce is aligning the final countervailing duty (CVD) determination in this investigation with the final determination in the companion antidumping duty (AD) investigation of quartz surface products from China based on a request made by the petitioner.⁹ Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than December 10, 2018, unless postponed.

All-Others Rate

Sections 703(d) and 705(c)(5)(A) of the Act provide that in the preliminary determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. In this investigation, Commerce preliminarily assigned a rate based entirely on facts available to Fasa Industrial Corporation Limited and Foshan Hero Stone Co., Ltd. Therefore, the only rate that is not zero, *de minimis* or based entirely on facts otherwise available is the rate calculated for Foshan Yixin Stone Co., Ltd. (Foshan Yixin). Consequently, the rate calculated for Foshan Yixin is also assigned as the rate for all-other producers and exporters.

Preliminary Determination

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

⁸ See sections 776(a) and (b) of the Act.

⁹ See Letter from the petitioner, "Certain Quartz Surface Products from the People's Republic of China: Request to Align Determinations," dated August 6, 2018. The petitioner in this investigation is Cambria Company LLC.

¹ See *Certain Quartz Surface Products from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 22618 (May 16, 2018) (*Initiation Notice*).

² See *Certain Quartz Surface Products from the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*, 83 FR 30699 (June 29, 2018).

³ See Memorandum, "Decision Memorandum for the Preliminary Determination of the Countervailing Duty Investigation of Certain Quartz Surface Products from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁴ See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁵ See *Initiation Notice*.

⁶ See Memorandum, "Certain Quartz Surface Products from the People's Republic of China: Scope Comments Decision Memorandum for the Preliminary Determination," dated concurrently with this notice (Preliminary Scope Decision Memorandum).

⁷ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

Company	Subsidy rate (percent)
Fasa Industrial Corporation Limited	178.45
Foshan Hero Stone Co., Ltd. ¹⁰	178.45
Foshan Yixin Stone Co., Ltd	34.38
All-Others	34.38

Suspension of Liquidation

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.¹¹ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) A statement of the issue;

¹⁰ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Foshan Hero Stone Co., Ltd.: Mingwei Quartz New Environmental Protection Materials Co., Ltd.; and Foshan Quartz Stone Imp & Exp Co., Ltd.

¹¹ See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

(2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: September 14, 2018.

Gary Taverman,

Deputy Assistant Secretary for Antidumping and Countervailing Duty Operation, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by the investigation is certain quartz surface products.¹² Quartz surface products consist of slabs and other surfaces created from a mixture of materials that includes predominately silica (e.g., quartz, quartz powder, cristobalite) as well as a resin binder (e.g., an unsaturated polyester). The incorporation of other materials, including, but not limited to, pigments, cement, or other

¹² Quartz surface products may also generally be referred to as engineered stone or quartz, artificial stone or quartz, agglomerated stone or quartz, synthetic stone or quartz, processed stone or quartz, manufactured stone or quartz, and Bretonstone®.

additives does not remove the merchandise from the scope of the investigation. However, the scope of the investigation only includes products where the silica content is greater than any other single material, by actual weight. Quartz surface products are typically sold as rectangular slabs with a total surface area of approximately 45 to 60 square feet and a nominal thickness of one, two, or three centimeters. However, the scope of this investigation includes surface products of all other sizes, thicknesses, and shapes. In addition to slabs, the scope of this investigation includes, but is not limited to, other surfaces such as countertops, backsplashes, vanity tops, bar tops, work tops, tabletops, flooring, wall facing, shower surrounds, fire place surrounds, mantels, and tiles. Certain quartz surface products are covered by the investigation whether polished or unpolished, cut or uncut, fabricated or not fabricated, cured or uncured, edged or not edged, finished or unfinished, thermoformed or not thermoformed, packaged or unpackaged, and regardless of the type of surface finish.

In addition, quartz surface products are covered by the investigation whether or not they are imported attached to, or in conjunction with, non-subject merchandise such as sinks, sink bowls, vanities, cabinets, and furniture. If quartz surface products are imported attached to, or in conjunction with, such non-subject merchandise, only the quartz surface product is covered by the scope.

Subject merchandise includes material matching the above description that has been finished, packaged, or otherwise fabricated in a third country, including by cutting, polishing, curing, edging, thermoforming, attaching to, or packaging with another product, or any other finishing, packaging, or fabrication that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the quartz surface products.

The scope of the investigation does not cover quarried stone surface products, such as granite, marble, soapstone, or quartzite. Specifically excluded from the scope of the investigation are crushed glass surface products. Crushed glass surface products are surface products in which the crushed glass content is greater than any other single material, by actual weight.

The products subject to the scope are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheading: 6810.99.0010. Subject merchandise may also enter under subheadings 6810.11.0010, 6810.11.0070, 6810.19.1200, 6810.19.1400, 6810.19.5000, 6810.91.0000, 6810.99.0080, 6815.99.4070, 2506.10.0010, 2506.10.0050, 2506.20.0010, 2506.20.0080. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Injury Test
- IV. Application of the CVD Law to Imports From the China
- V. Diversification of China's Economy
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Subsidies Valuation
- VIII. Benchmarks and Interest Rates
- IX. Analysis of Programs
- X. Conclusion

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-051/C-570-052]

Certain Hardwood Plywood Products From the People's Republic of China: Initiation of Anti-Circumvention Inquiry on the Antidumping Duty and Countervailing Duty Orders

AGENCY: Enforcement & Compliance, International Trade Administration, Department of Commerce.

SUMMARY: In response to a request from the Coalition for Fair Trade in Hardwood Plywood (the petitioner), the Department of Commerce (Commerce) is initiating an anti-circumvention inquiry pursuant to section 781(d) of the Tariff Act of 1930, as amended (the Act), to determine whether certain plywood with face and back veneers of radiata and/or agathis pine that is circumventing the antidumping duty (AD) and countervailing duty (CVD) orders on certain hardwood plywood products from the People's Republic of China (China).

DATES: Applicable September 21, 2018.

FOR FURTHER INFORMATION CONTACT: Amanda Brings or Ryan Mullen, AD/CVD Operations, Office V, Enforcement & Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC, 20230; telephone: (202) 482-3927 or (202) 482-5260, respectively.

SUPPLEMENTARY INFORMATION:

Background

On January 4, 2018, Commerce published in the **Federal Register** AD and CVD *Orders* on certain hardwood plywood products from China.¹ On June

26, 2018, the petitioner filed a request that Commerce conduct an anti-circumvention inquiry pursuant to section 781(d) of the Act with respect to certain plywood with a face and back veneer of radiata and/or agathis pine that: (1) Has a Toxic Substances Control Act (TSCA) or California Air Resources Board (CARB) label certifying that it is compliant with TSCA/CARB requirements; and (2) is made with a resin, the majority of which is comprised of one or more of the following three product types—urea formaldehyde, polyvinyl acetate, and/or soy.² Specifically, the petitioner alleges that the inquiry merchandise was not commercially available prior to the initiation of the investigations, and that the inquiry merchandise is being marketed by Chinese exporters to U.S. importers as a direct substitute for merchandise subject to the *Orders*.³ In the alternative to an anti-circumvention inquiry pursuant to section 781(d) of the Act, the petitioner requests that Commerce initiate an anti-circumvention inquiry pursuant to section 781(c) of the Act and find that inquiry merchandise constitutes subject merchandise that has undergone minor alterations in order to circumvent the *Orders*.⁴

On July 16, 2018, we received comments objecting to the allegations made by the petitioner from U.S.

Importers,⁵ Chinese Exporters,⁶ IKEA,⁷ and Shelter Forest.⁸ On July 30, 2018, we received rebuttal comments from the petitioner⁹ and CNFPPIA.^{10 11}

Scope of the Orders

The merchandise covered by the *Orders* is hardwood and decorative

⁵ See East Coast Lumber Co., Elberta Crate and Box Co., Holland Southwest International, Inc., Laminate Technologies, Inc., Liberty Woods International, Inc., Masterbrand Cabinets, Inc., McCorry & Company Limited, MJB Wood Group, Inc., Northwest Hardwoods, Inc., Patriot Timber Products Inc., Sierra Forest Products, Inc., Taraca Pacific, Inc. and USPLY LLC (collectively, U.S. Importers) letter, "Certain Hardwood Plywood Products from the People's Republic of China: Objection to Second Request for Anti-Circumvention Inquiry," dated July 16, 2018.

⁶ See Far East American, Inc., Fei County Hongsheng Wood Industry Co., Ltd, Feixian Dongqin Woodwork Co., Ltd, Feixian Longteng Wood Co., Ltd., Feixian Tanyi Youcheng Jiafu Plywood Factory, Grand Focus Intl. Ltd., Jiangsu Hanbao Building Material Co., Ltd, Lin Yi Huasheng Yongbin Wood Co., Lin Yi Tian He Wooden Industry Co., Ltd, Linyi Celtic Wood Co., Ltd, Linyi City Lanshan District Fubo Wood Factory, Linyi City Lanshan District Fuerda Wood Factory, Linyi City Lanshan District Wanmei Board Factory, Linyi City Shenrui International Trade Co., Ltd., Linyi Dongfang Bayley Wood Co. Ltd., Linyi Dongfangjuxin Wood Co. Ltd., Linyi Evergreen Wood Co., Ltd., Linyi Glary Plywood Co. Ltd., Linyi Hengsheng Wood Industry Co. Ltd., Linyi Jiahe Wood Industry Co., Ltd., Linyi Linhai Wooden Industry Co., Ltd., Linyi Qianfeng Wood Factory, Linyi Sanfortune Wood Co. Ltd Linyi Tuopu Zhixin Wooden Industry Co., Ltd., Shanghai Futuwood Trading Company Ltd., Sumec International Technology Co., Ltd., Suzhou Oriental Dragon Import And Export Corp. Ltd., Xu Zhou Changcheng Wood Co., Ltd., Xuzhou Camry Wood Co., Ltd., Xuzhou Golden River Wood Co., Ltd., and Xuzhou Jiangyang Wood Industries Co., Ltd., Xuzhou Longyuan Wood Industry Co., Ltd. (collectively, Chinese Exporters) letter, "Hardwood Plywood from the People's Republic of China Comments In Opposition to Request for Anti-Circumvention Inquiry: Certain Softwood Species," dated July 16, 2018.

⁷ See IKEA Supply AG (IKEA) letter, "Certain Hardwood Plywood Products from the People's Republic of China: Comments Related to Petitioner's Second Anti-Circumvention Inquiry Request," dated July 16, 2018.

⁸ See Shelter Forest International Acquisition, Inc., Xuzhou Shelter Import & Export Co., Ltd., and Shandong Shelter Forest Products Co., Ltd. (collectively, Shelter Forest) letter "Comment on Certain U.S. Producers' Request for Anti-Circumvention Inquiry Certain Hardwood Plywood Products from China," dated July 16, 2018.

⁹ See China National Forest Products Industry Association and its members Dangshan County Gui Yang Wood Industry Co., Ltd., Shandong Dongfang Bayley Wood Co., Ltd., and Pingyi Jinniu Wood Co., Ltd., (CNFPPIA) letter, "Hardwood Plywood Products from the People's Republic of China: Rebuttal Comments in Opposition to Petitioner's Second Anti-Circumvention Inquiry Request," dated July 30, 2018.

¹⁰ See the petitioner letter, "Certain Hardwood Plywood Products from the People's Republic of China: Rebuttal Comments," dated July 30, 2018.

¹¹ After consideration of the comments filed by interested parties in opposition to the initiation of the petitioner's circumvention allegation, Commerce will address the arguments and factual information presented in the comments during the course of this anti-circumvention inquiry.

Determination of Sales at Less Than Fair Value, and Antidumping Duty Order, 83 FR 504 (January 4, 2018) and *Certain Hardwood Plywood Products from the People's Republic of China: Countervailing Duty Order*, 82 FR 513 (January 4, 2018) (collectively, *Orders*).

² See the petitioner's letter, "Certain Hardwood Plywood Products from the People's Republic of China: Request for Anti-Circumvention Inquiry," dated June 26, 2018 (Petitioner's Request), at 6-8.

³ *Id.*

⁴ *Id.* at 33.

¹ See *Certain Hardwood Plywood Products from the People's Republic of China: Amended Final*