



MAT 2022 IN

OTTAWA, October 20, 2022

STATEMENT OF REASONS

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

MATTRESSES

ORIGINATING IN OR EXPORTED FROM CHINA

DECISIONS

On October 5, 2022, pursuant to subsection 41(1)(a) of the *Special Import Measures Act*, the Canada Border Services Agency terminated the dumping investigation in respect of certain mattresses originating in or exported from China by Jiaxing Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd. Similarly, on this date, pursuant to subsection 41(1)(a) of the *Special Import Measures Act*, the Canada Border Services Agency terminated the subsidy investigation in respect of certain mattresses originating in or exported from China by Dongguan Sinohome Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc. On the same date, pursuant to paragraph 41(1)(b) of the *Special Import Measures Act*, the Canada Border Services Agency made final determinations respecting the dumping and subsidizing of certain mattresses originating in or exported from China, with respect to exporters for which the investigations have not been terminated.

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

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SUMMARY OF EVENTS

[1] On December 20, 2021, the Canada Border Services Agency (CBSA) received a written complaint from Restwell Mattress Co. Ltd. (Restwell) and the United Steelworkers (USW) (hereinafter, the complainants), alleging that imports of certain mattresses (mattresses) 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 January 10, 2022, 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] SIMA provides that, under normal circumstances, the decision whether to initiate investigations shall be made within 30 days of the date of the properly documented complaint. However, on February 2, 2022, the CBSA informed the complainant and the GOC that it had made the decision to extend this period to 45 days, pursuant to subsection 31(6) of SIMA.

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

[5] On February 24, 2022, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of mattresses from China.

[6] 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 dumping and subsidizing of the above-mentioned goods have caused injury or are threatening to cause injury to the Canadian industry producing the like goods.

[7] On April 25, 2022, 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 dumping and subsidizing of mattresses from China have caused injury to the domestic industry.

[8] On May 18, 2022, the CBSA notified interested parties that the preliminary stage of the investigations will be extended pursuant to subsection 39(1) of SIMA.

[9] On July 7, 2022, 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 mattresses originating in or exported from China.

[10] On July 7, 2022, 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.

[11] On July 8, 2022, the CITT initiated an inquiry pursuant to section 42 of SIMA to determine whether the dumping and subsidizing of the above-mentioned goods have caused injury or retardation or are threatening to cause injury to the Canadian industry.

[12] Based on the available evidence, the CBSA is satisfied that mattresses originating in or exported from China by Jiaxing Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd. were not dumped. Similarly, the CBSA is satisfied that mattresses originating or exported from China by Dongguan Sinohome Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc. were either not subsidized or subsidized by insignificant amounts. Therefore, on October 5, 2022, the CBSA terminated the dumping and subsidy investigations pursuant to paragraph 41(1)(a), in respect of those goods.

[13] Based on the available evidence, the CBSA is satisfied that mattresses originating in or exported from China, for which the dumping and subsidy investigations have not been terminated under paragraph 41(1)(a) of SIMA, have been dumped and subsidized. Therefore, on October 5, 2022, the CBSA made final determinations of dumping and subsidizing pursuant to paragraph 41(1)(b) of SIMA in respect of those goods.

[14] The CITT's inquiry into the question of injury to the Canadian industry is continuing, and the CITT will issue its decision by November 4, 2022. Provisional duties will continue to be imposed on the subject goods from the named countries until the CITT renders its decision. However, provisional anti-dumping and countervailing duties will not be imposed on imports of goods for which the dumping and/or subsidy investigations have been terminated. Any provisional duties paid or security posted on imports of goods for which the dumping and/or subsidy investigations have been terminated will be refunded, as appropriate.

PERIOD OF INVESTIGATION

[15] The Period of Investigation (POI) for the investigations is January 1, 2021 to December 31, 2021.

PROFITABILITY ANALYSIS PERIOD

[16] The Profitability Analysis Period (PAP) for the investigations is January 1, 2021 to December 31, 2021.

INTERESTED PARTIES

Complainant

[17] The contact information for the complainants is as follows:

Restwell Mattress Co. Ltd.
14922 54A Avenue
Surrey, BC V3S 5X7

United Steelworkers Canada
National Office
234 Eglinton Avenue East, 8th Floor
Toronto, ON M4P 1K7

[18] Restwell is a Canadian manufacturer of mattresses and bed foundations that sells its product line through national retail and independent dealers in North America. It is headquartered in Surrey, British Columbia.¹

[19] The USW's full legal name is the "United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union". It is an international trade union with approximately 220,000 members in Canada. The USW was founded in 1941, and its initial membership was based primarily in the basic steel industry. However, the USW has grown with membership in virtually every sector of the economy. Of note, in October 1985, the Upholsterers International Union (UIU) merged into the USW creating, at that time, the Upholsterers Division of the USW. Thanks to the UIU's decision to join the USW, the USW became the predominant union in the mattress sector in both Canada and the United States. Today the USW remains the predominant union in the Canadian mattress sector, with the following bargaining units (in alphabetical order) at producers across Canada:

- King Koil (Satpanth Capital Inc.), USW Local 8300-10; Local President: Carolyn Egan; Unit Chair: Donald Hilton; Total employment: 10 to 20 workers.
- Marshall Ventilated Mattress, Downsview ON, USW Local 3950-62; Plant currently closed.
- Serta Simmons Bedding Canada, Vaughan ON, USW Local 8300-11; Local President: Carolyn Egan; Unit Chair: Aaron Philip; Production workers at full capacity: 150.
- Simmons SSH Bedding Canada Co., Kirkland QC; USW Local 6565, Local President: Ryan Stevens. Production workers at full capacity: 220.
- Springwall Sleep Products Inc., Mississauga ON, USW Local 8300-36; Local President: Carolyn Egan; Unit Chair: Desmond Clarke; Production workers at full capacity: 80.
- Tempur Sealy Canada Ltd, Toronto ON, USW Local 8300-09; Local President: Carolyn Egan; Unit Chair: Dennis Williamson. Total production workers at full capacity: 170.

¹ Exhibit 2 (NC) – Mattresses Complaint – Para 8

- Tempur Sealy Canada Ltd, Edmonton AB; USW Local 1-207; Local Union President: Dave Baraniuk; Unit Chair: Devon Mytroen Production workers at full capacity: 100.

Other Producers

[20] The complainants identified the following other potential producers of mattresses in Canada²:

Producer	Address
Carpenter Canada Co.	500 Hanlan Rd, Woodbridge, ON, Canada, L4L 3P6
C.J. Mulholland Mattress	2799 Barton Street East, Hamilton, ON, Canada, L8E 2J8
Comfort Foam	10 Ilsley Avenue, Unit 6, Dartmouth, NS, Canada, B3B 1L3
Dream Design Co.	3824 William Street, Burnaby, BC, Canada, V5C 3H9
Endy	60 Adelaide St E, Suite 800, Toronto, ON, Canada, M5C 3E4
Essentia Laval	2760 Boulevard Daniel Johnson, Laval, QC, Canada, H7P 5Z7
Essentia Toronto	2180 Queen St E, Toronto, ON, Canada, M4E 1E6
Essentia Vancouver	2144 W 4th Ave, Vancouver, BC, Canada, V6K 1N6
Fleep Bed	1535 Bd Hamelin, Trois-Rivières, QC, Canada, G8Y 3G7
Galaxy Bedding	110 Vulcan Street, Etobicoke, ON, Canada, M9W 1L2
Goodmorning.com	9707 110 Street NW, Edmonton, AB, Canada, T5K 2L9
Hamuq	4404-295 Adelaide St W, Toronto, ON, Canada, M5V 0L4
Haven Mattress	201 1405 St Paul St, Kelowna, BC, Canada, V1Y 2E4
King Koil (Park Avenue Furniture	11 West Drive, Brampton, ON, Canada, L6T 4T2
Kingsdown	5800 Steeles Avenue, West Woodbridge, ON, Canada, L4L OJ4
Lunazen	2316 Larch Ave, Quesnel, BC, Canada, V2J 5T9
Matelas Dauphin	8124, rue du Blizzard, Lévis, QC, Canada, G6X 1C9
Matelas Lapensee Mattresses	1085 Boul. de la Carrière, Gatineau, QC, Canada, J8Y 6V4
Matelas Mirabel	990 Salaberry, Laval, QC, Canada, H7S 2J1
Matelas Princesse	11700 Phillippe Panneton R.D.P, Montreal, QC, Canada, H1E 4G4
Natural Mattress	3503 62nd Ave SE, Calgary, AB, Canada, T2C 1P5
North Star Bedding	Walnut Street 135, Sudbury, ON, Canada, P3C 5P9
Obasan	155 Colonnade Rd S, Ottawa, ON, Canada, K2E 7K1
Pause&Sleep	2160 Highway 7 W, Toronto, ON, Canada, L4K 1W6
Polysleep	5151 de la Savane, Montreal, QC, Canada, H4P 1V1
Restwell Sleep Products	14922 54A Ave, Surrey, BC, Canada, V3S 5X7
Restonic Mattress Canada	13137 82A Avenue, Surrey, BC, Canada, V3W 9Y6
Serta Simmons Bedding	2550 Meadowvale Blvd, Mississauga, ON, Canada, L5N 8C2
Shepherd's Dream	42 E Main St, Ashland, OR, USA, 97520
Silk & Snow	675 King Street West, Toronto, ON, Canada, M5V 1M9
Simba Sleep	105 Victoria St, London, , UK, SW1E 6QT
Sleepenvie	1500 Avenue Rd., Toronto, ON, Canada, M5M 0A1
Sleepwell Bedding	1570 St James Street, Winnipeg, MN, Canada, R3H 0L2
Slmbrmattress	
SlumberBox	86 Ringwood Drive, Stouffville, ON, Canada, L4A 1C3
Springmade Mattress	110 Norfinch Dr., Toronto, ON, Canada, M3N 1X1
Springwall Sleep Products	7689 Bath Rd, Mississauga, ON, Canada, L4T 3T1

² Exhibit 2 (NC) – Mattresses Complaint – Exhibit 5-02

Tempur Sealy	
United Steep Products	65 Stevenson Rd, Winnipeg, MN, Canada, R3H 0J2
Vitafoam Product	150 Toro Road, Toronto, ON, Canada, M3J 2A9

Trade Unions

[21] One of the complainants, the USW, is a trade union representing numerous bargaining units at producers of mattresses across Canada. The complaint also identified three other trade unions which may represent workers at mattress production facilities in Canada. Specifically, the complaint identified UNIFOR Local 112 and 252, the United Food and Commercial Workers Local 501, and the Operating Engineers Local 955.³

Importers

[22] At the initiation of the investigations, the CBSA identified 146 potential importers of the subject goods based on both information provided by the complainant and CBSA import entry documentation. All of the potential importers identified were asked to respond to the CBSA's Importer RFI.⁴ The CBSA received 8 responses to the Importer RFI.

Exporters

[23] At the initiation of the investigations, the CBSA identified 131 potential exporters/producers of the subject goods originating in or exported from China from CBSA import documentation and from information submitted in the complaint. All of the potential exporters identified were sent the CBSA's Dumping and Subsidy RFIs.⁵

[24] In total, 14 exporters responded to the Dumping and Subsidy RFIs. The submissions and results for the companies have been summarized in the *Results of the Dumping Investigation* and *Results of the Subsidy Investigation* sections, found below.

[25] The CBSA performed verifications by way of Verification Questionnaires for all companies.

[26] Respondents who have provided deficient submissions have been informed that their information could not be used for the purposes of the final determinations as it was not found to be complete and/or reliable.

³ Exhibit 2 (NC) – Mattresses Complaint – para. 11

⁴ Exhibit 32 (NC) – Importer RFI

⁵ Exhibit 31 (NC) – Exporter Dumping and Subsidy RFIs

Government

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

[28] At the initiation of the investigations, the GOC was sent the CBSA's Government Subsidy RFI.⁶ The GOC did not provide a response to the Government Subsidy RFI.

PRODUCT INFORMATION

Definition

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

Mattresses, mattress toppers, and mattresses for use and incorporation into furniture regardless of size and core type, originating in or exported from the People's Republic of China, whether imported independently or in a set with a mattress foundation, mattress topper, or both.

The following are excluded from the investigations:

- a. pet mattresses;*
- b. mattresses which are incorporated into furniture and which are subject to the Canadian International Trade Tribunal's Finding in NQ-2021-002;*
- c. mattress foundations;*
- d. tufted futon mattresses which do not include innersprings or foam;*
- e. camping mattresses;*
- f. stretcher or gurney mattresses;*
- g. custom mattresses for boats, RVs, or other vehicles;*
- h. airbeds;*
- i. water beds;*
- j. and mattress toppers less than three inches in thickness.*

[30] For additional product information, refer to the [Statement of Reasons](#) issued for the preliminary determinations.

⁶ Exhibit 33 (PRO) – Foreign Government Subsidy RFI

Classification of Imports

[31] The subject goods are normally classified under the following tariff classification numbers:

9404.21.00.00

9404.29.00.00

9404.90.90.40

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

LIKE GOODS AND CLASS OF GOODS

[33] 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.

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

[35] With respect to the definition of like goods, the complainants stated that like goods are those goods described in the product definition. That is, domestically produced mattresses, which meet the product definition. Therefore, it does not include domestically produced goods which are specifically excluded from the product definition.

[36] The complainants submit that the domestic industry, as defined in the complaint, produces or has the ability to produce the whole range of mattresses included in the scope of the complaint. With respect to physical and market characteristics, the complainants submit that the physical characteristics of the goods are the same whether imported or produced domestically. Additionally, the complainants note that imported and domestically produced mattresses have the same methods of manufacture. Finally, the complainants submit that the market characteristics are the same for imported and domestically produced mattresses, as are the customers’ needs.⁷

[37] To further support their submission that the like goods and subject goods constitute a single class of goods, the complainants referred to a 2019 determination by the United States (US) International Trade Commission (ITC) where, for a similar subject goods definition, the ITC found that Chinese and US produced like goods constitute a single class of goods.⁸

⁷ Exhibit 2 (NC) – Mattresses Complaint – para 45

⁸ Exhibit 2 (NC) – Mattresses Complaint – para 47

[38] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that domestically produced mattresses, that are of the same description as subject goods, are like goods to the subject goods. Further, the CBSA is of the opinion that the subject goods and like goods constitute only one class of goods.

[39] In its preliminary injury inquiry for these investigations, the CITT further reviewed the matter of like goods and classes of goods. On May 10, 2022, the CITT issued its preliminary injury inquiry determination and reasons indicating that “*the Tribunal finds that mattresses produced in Canada that are of the same description of the subject goods are “like goods” in relation to the subject goods and that there is one class of goods.*”

THE CANADIAN INDUSTRY

[40] Prior to the initiation of the investigations, the CBSA contacted all known potential producers of mattresses in Canada to gather further information concerning the domestic production of mattresses for domestic consumption.

[41] The CBSA received letters of support from domestic producers of mattresses that represent a major proportion of the Canadian production.⁹ Two domestic producers expressed a neutral opinion of the complaint.¹⁰ None of the domestic producers contacted by the CBSA expressed opposition to the complaint.

[42] The complainant and the supporting producers account for the vast majority of the domestic production of like goods.

IMPORTS INTO CANADA

[43] During the final 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.

[44] The following table presents the CBSA’s analysis of imports of mattresses for purposes of the final determinations:

**Import Volumes of Mattresses
(January 1, 2021 to December 31, 2021)**

Country	% of Total Import Volume
China	51.79%
All Other Countries	48.21%
Total Imports	100.00%

⁹ Exhibit 37 (PRO) – Consolidated Responses to Standing RFI

¹⁰ Exhibit 38 (NC) – Consolidated Responses to Standing RFI

INVESTIGATION PROCESS

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

[46] Regarding the subsidy investigation, information related to potential actionable subsidies was requested from all known exporters and producers in China. Information was also requested from the GOC concerning financial contributions made to exporters or producers of mattresses released into Canada during the POI. The GOC was also requested to forward the RFIs to all subordinate levels of government that had jurisdiction over the exporters.

[47] 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.

[48] 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.

[49] After reviewing the RFI responses, deficiency letters and supplemental RFIs (SRFIs) were sent to several responding parties to denote any inadequacies in the response, seek clarification of information provided in the responses, and request any additional information, where necessary. Verifications of the responding exporters were conducted by way of Verification Questionnaires.

[50] Details pertaining to the information submitted by the exporters in response to the Dumping and Subsidy RFIs as well as the results of the CBSA's investigations are provided in the *Results of the Dumping Investigation* and *Results of the Subsidy Investigation* sections of this document.

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

DUMPING INVESTIGATION

[52] The following presents the final results of the investigation into the dumping of mattresses originating in or exported from China.

Normal Value

[53] Normal values are generally determined 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.

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

Export Price

[55] The export price of goods sold to importers in Canada is generally determined 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.

[56] Where there are sales between associated persons and/or a compensatory arrangement exists, the export price is determined 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. In any cases not provided for under paragraphs 25(1)(c) and 25(1)(d) of SIMA, the export price is determined in such a manner as the Minister specifies, pursuant to paragraph 25(1)(e).

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

Margin of Dumping

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

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

RESULTS OF THE DUMPING INVESTIGATION

Normal Values and Export Prices

Dongguan Sinohome Limited

[60] Dongguan Sinohome Limited (Dongguan Sinohome) is a producer and exporter of subject goods, located in Guangdong, China.

[61] Dongguan Sinohome provided a response to the Dumping RFI¹¹, including a database of domestic sales of mattresses during the PAP. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[62] As such, normal values were determined 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.

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

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

[65] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 23.9% for Dongguan Sinohome, expressed as a percentage of the export price.

¹¹ Exhibits 137 (PRO) & 138 (NC) – Response to request for information (RFI) - dumping from Sinomax (ZheJiang) Polyurethane Technology Ltd. and Dongguan Sinohome Limited

Foshan EON Technology Industry Co., Ltd.

[66] Foshan EON Technology Industry Co., Ltd. (Foshan EON) is a producer and exporter of subject goods located in Guangdong, China.

[67] Foshan EON provided a response to the Dumping RFI¹², including a database of domestic sales of mattresses during the POI. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[68] As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

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

[70] During the POI, Foshan EON also exported subject goods to its related importer. Due to the relationship between the companies, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the section 24 export prices with the section 25 export prices. This test revealed that the export prices determined in accordance with section 24 of SIMA were unreliable and, therefore, export prices for sales of subject goods by Foshan EON to their related importer in Canada were determined in accordance with section 25 of SIMA.

[71] For those subject goods that were exported by Foshan EON during the POI to unrelated importers in Canada, export prices were determined in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[72] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 37.9% for Foshan EON, expressed as a percentage of the export price.

Foshan Suilong Furniture Co., Ltd.

[73] Foshan Suilong Furniture Co., Ltd. (Foshan Suilong) is a producer and exporter of subject goods located in Guangdong, China.

¹² Exhibits 105 (PRO) & 106 (NC) – Exporter Dumping RFI Response – Foshan EON Technology Industry Co., Ltd

[74] Foshan Suilong provided a response to the Dumping RFI¹³, including a database of domestic sales of mattresses during the POI. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[75] As such, normal values were determined 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.

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

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

[78] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 13.2% for Foshan Suilong, expressed as a percentage of the export price.

Gold Lion Furniture (Shanghai) Co., Ltd.

[79] Gold Lion Furniture (Shanghai) Co., Ltd. (Gold Lion Furniture) is a producer and exporter of subject goods located in Shanghai, China.

[80] Gold Lion Furniture provided a response to the Dumping RFI¹⁴, including a database of domestic sales of mattresses during the POI. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[81] As such, normal values were determined 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.

¹³ Exhibits 116 (PRO) & 117 (NC) – Exporter Dumping RFI Response – Foshan Suilong Furniture Co., Ltd.

¹⁴ Exhibits 95 (PRO) 96 (NC) – Exporter Dumping RFI Response – Gold Lion Furniture (Shanghai) Co., Ltd.

[82] The cost of production was determined in accordance with paragraph 11(1)(a) of the SIMR, based on Gold Lion Furniture's cost data associated with the subject goods shipped to Canada. The amount for administrative, selling, and all other costs was determined in accordance with subparagraph 11(1)(c)(ii) of the SIMR, based on Gold Lion Furniture's selling and administrative expenses incurred during the POI. The amount for profits was determined pursuant to subparagraph 11(1)(b)(iv), based on other producers' sales of goods in China, during the PAP, that were of the same general category as the subject goods exported to Canada.

[83] During the POI, the subject goods exported to Canada by Gold Lion Furniture were sold to their related importer. Due to the relationship between the companies, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the section 24 export prices with the section 25 export prices. The test revealed that the export prices in accordance with section 24 of SIMA were reliable and, therefore, export prices for Gold Lion Furniture were determined in accordance with section 24 of SIMA.

[84] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 22.9% for Gold Lion Furniture, expressed as a percentage of the export price.

Guangdong Eonjoy Technology Limited

[85] Guangdong Eonjoy Technology Limited (Guangdong Eonjoy) is a producer and exporter of subject goods located in Guangdong, China.

[86] Guangdong Eonjoy provided a response to the Dumping RFI¹⁵, including a database of domestic sales of mattresses during the PAP. For exports of subject goods by Guangdong Eonjoy where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods.

[87] For all other exports of subject goods by Guangdong Eonjoy, the CBSA determined normal values in accordance with 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.

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

¹⁵ Exhibits 111 (PRO) & 112 (NC) – Exporter Dumping RFI Response – Guangdong Eonjoy Technology Limited (“Guangdong Eonjoy”)

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

[90] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 10.0% for Guangdong Eonjoy, expressed as a percentage of the export price.

Healthcare Co., Ltd.

[91] Healthcare Co., Ltd. (Healthcare) is a producer and exporter of subject goods located in Rugao City, China.

[92] Healthcare provided a response to the CBSA's Dumping RFI¹⁶, including a database of domestic sales of mattresses during the POI. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[93] As a result, normal values were determined 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.

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

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

[96] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 71.3% for Healthcare, expressed as a percentage of the export price.

Jiaxing Taien Springs Co., Ltd.

[97] Jiaxing Taien Springs Co., Ltd. (Taien) is a producer and exporter of subject goods located in Zhejiang, China.

¹⁶ Exhibit 154 (PRO) & 155 (NC) – Exporter Dumping RFI Response – Healthcare Co., Ltd. (“Healthcare”)

[98] Taien provided a response to the Dumping RFI¹⁷, including a database of domestic sales of mattresses during the POI. For exports of subject goods by Taien where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods.

[99] For all other exports of subject goods by Taien, the CBSA determined normal values in accordance with 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.

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

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

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

Jinlongheng Furniture Co., Ltd

[103] Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture) is a producer and exporter of subject goods located in Guangdong, China.

[104] Jinlongheng Furniture provided a response to the Dumping RFI¹⁸, including a database of domestic sales of mattresses during the POI. For exports of subject goods by Jinlongheng where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with Section 15 of SIMA based on prices of domestic sales of like goods.

¹⁷ Exhibits 145 (PRO) & 146 (NC) – Exporter Dumping RFI Response – Jiaying Taien Springs Co., Ltd.

¹⁸ Exhibits 120 (PRO) & 121 (NC) – Exporter Dumping RFI Response – Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture)

[105] For all other exports of subject goods by Jinlongheng Furniture, the CBSA determined normal values in accordance with 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.

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

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

[108] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 4.4% for Jinlongheng Furniture, expressed as a percentage of the export price.

Sinomax (Zhejiang) Polyurethane Technology Ltd.

[109] Sinomax (Zhejiang) Polyurethane Technology Ltd. (Zhejiang Sinomax) is a producer and exporter of subject goods, located in Zhejiang, China.

[110] Zhejiang Sinomax provided a response to the Dumping RFI¹⁹, including a database of domestic sales of mattresses during the PAP. For exports of subject goods by Zhejiang Sinomax where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods.

[111] For all other exports of subject goods by Zhejiang Sinomax, the CBSA determined normal values in accordance with 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.

¹⁹ Exhibits 137 (PRO) & 138 (NC) – Response to request for information (RFI) - dumping from Sinomax (ZheJiang) Polyurethane Technology Ltd. and Dongguan Sinohome Limited.

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

[113] During the POI, some of the subject goods exported by Zhejiang Sinomax were sold to their related importer in Canada. Due to the relationship between the companies, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA and was conducted by comparing the section 24 export prices with the section 25 export prices. This test revealed that the export prices determined in accordance with section 24 of SIMA were unreliable and, therefore, export prices for sales of subject goods by Zhejiang Sinomax to their related importer in Canada were determined in accordance with section 25 of SIMA.

[114] For those subject goods that were exported by Zhejiang Sinomax during the POI to unrelated importers in Canada, export prices were determined in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[115] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 14.1% for Zhejiang Sinomax, expressed as a percentage of the export price.

Xianghe Kaneman Furniture Ltd.

[116] Xianghe Kaneman Furniture Ltd. (Kaneman) is a producer and exporter of subject goods located in Hebei, China.

[117] Kaneman provided a response to the Dumping RFI²⁰, including a database of domestic sales of mattresses during the POI. For exports of subject goods by Kaneman where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods.

[118] For all other exports of subject goods by Kaneman, the CBSA determined normal values in accordance with 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.

²⁰ Exhibits 118 (PRO) & 119 (NC) – Exporter Dumping RFI Response – Xianghe Kaneman Furniture Ltd.

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

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

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

Zhejiang Glory Home Furnishings Co., Ltd.

[122] Zhejiang Glory Home Furnishings Co., Ltd (Glory) is a producer and exporter of subject goods located in Jiashan county, China.

[123] Glory provided a response to the Dumping RFI²¹, including a database of domestic sales of mattresses during the POI. For exports of subject goods by Glory where it had sufficient domestic sales of like goods that met the requirements of sections 15 and 16 of SIMA, the CBSA determined normal values in accordance with section 15 of SIMA based on prices of domestic sales of like goods.

[124] For all other exports of subject goods by Glory, the CBSA determined normal values in accordance with 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.

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

²¹ Exhibits 99 (PRO) & 100 (NC)—Exporter Dumping RFI Response—Zhejiang Glory Home Furnishings Co., Ltd (Glory)

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

[127] For the purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 3.7% for Glory, expressed as a percentage of the export price.

Zinus Xiamen Inc.

[128] Zinus Xiamen Inc. (Zinus Xiamen) is a producer and exporter of subject goods, located in Xiamen, China.

[129] Zinus Xiamen provided a response to the Dumping RFI²², including a database of domestic sales of mattresses during the POI. However, normal values could not be determined in accordance with section 15 of SIMA as there were not such a number of sales of like goods that complied with all the terms and conditions referred to in sections 15 and 16 of SIMA as to permit a proper comparison with the sales of the goods to the importer in Canada.

[130] As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

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

[132] During the POI, some of the subject goods exported to Canada by Zinus Xiamen were sold to related importers Mellow Inc. or Zinus Canada. Due to the relationship between the companies, reliability tests were performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. These tests were conducted by comparing the section 24 export prices with the section 25 export prices. The test for sales to Zinus Canada revealed that the export prices determined in accordance with section 24 of SIMA were reliable and, therefore, export prices for sales of subject goods sold by Zinus Xiamen to Zinus Canada were determined in accordance with section 24 of SIMA. The test for sales to Mellow revealed that the export prices determined in accordance with section 24 of SIMA were unreliable and, therefore, export prices for sales of subject goods sold by Zinus Xiamen to Mellow were determined in accordance with section 25 of SIMA.

²² Exhibits 103 (PRO) & 104 (NC) – Exporter Dumping RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

[133] For the subject goods exported by Zinus Xiamen to Canada during the POI sold to unrelated importers, export prices were determined in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

[134] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 22.4% for Zinus Xiamen, expressed as a percentage of the export price.

Zinus Zhangzhou Inc.

[135] Zinus Zhangzhou Inc. (Zinus Zhangzhou) is a producer and exporter of subject goods, located in ZhangPu-Xian, China.

[136] Zinus Zhangzhou provided a response to the Dumping RFI.²³ However, Zinus Zhangzhou did not have any domestic sales of like goods during the PAP, and as a result, normal values could not be determined in accordance with section 15 of SIMA.

[137] As such, normal values were determined pursuant to paragraph 19(b) of SIMA, based on the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs and a reasonable amount for profits.

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

[139] During the POI, some of the subject goods exported to Canada by Zinus Zhangzhou were sold to Zinus Canada, a related importer. Due to the relationship between the two companies, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. This test was conducted by comparing the section 24 export prices with the section 25 export prices. The test revealed that the export prices determined in accordance with section 24 of SIMA were reliable and, therefore, export prices for Zinus Zhangzhou were determined in accordance with section 24 of SIMA.

[140] For the subject goods exported by Zinus Zhangzhou to Canada during the POI sold to unrelated importers, export prices were determined in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

²³ Exhibits 103 (PRO) & 104 (NC) – Exporter Dumping RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

[141] For purposes of the final determination, the total normal value compared to the total export price results in a margin of dumping of 25.1% for Zinus Zhangzhou, expressed as a percentage of the export price.

All Other Exporters – China

[142] 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 determined pursuant to a ministerial specification under subsection 29(1) of SIMA, which is based on a comparative analysis of facts available.

[143] In establishing the methodology for determining the normal values and export prices under ministerial specifications, 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 mattresses from China, and customs import documentation.

[144] The CBSA decided that the normal values and export prices determined for the exporters whose submissions were complete for purposes of the final determination rather than the information provided in the complaint or estimated at initiation, would be used to establish the methodology for determining normal values since it reflects the trading practices of mattress exporters during the POI. 13 exporters in China provided complete information.

[145] The CBSA examined the difference between the normal value and the 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 affected the analysis, such as a very low volume and value, effects of seasonality or other business factors. A few anomalies were identified and removed.

[146] The CBSA considered that the highest amount by which the normal value exceeded the export price on an individual transaction of the 13 exporters mentioned above (expressed as a percentage of export price, excluding anomalies), was an appropriate basis for determining 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.

[147] The export prices were based on the declared selling prices on import documentation of mattresses. The CBSA considers this the best available information on which to base the export prices of goods for all other exporters as it reflects actual import data.

[148] Based on the above methodology, 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 determined to be 146.6%, expressed as a percentage of export price.

Summary of Results – Dumping

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

Summary of Results - Dumping Period of Investigation (January 1, 2021 to December 31, 2021)

Exporter	Margin of Dumping (% of Export Price)**	Volume of Subject Goods (% of Total Imports)
Dongguan Sinohome Ltd.	23.9%	2.69%
Foshan EON Technology Industry Co., Ltd.	37.9%	2.31%
Foshan Suilong Furniture Co., Ltd.	13.2%	0.14%
Gold Lion Furniture (Shanghai) Co., Ltd.	22.9%	0.02%
Guangdong Eonjoy Technology Ltd.	10.0%	0.29%
Healthcare Co., Ltd.	71.3%	8.48%
Jiaxing Taien Springs Co., Ltd.	0.0%	0.37%
Jinlongheng Furniture Co., Ltd.	4.4%	0.60%
Sinomax (Zhejiang) Polyurethane Technology Ltd.	14.1%	0.69%
Xianghe Kaneman Furniture Ltd.	0.0%	0.39%
Zhejiang Glory Home Furnishings Co. Ltd.	3.7%	2.86%
Zinus Xiamen Inc.	22.4%	14.32%
Zinus Zhangzhou Inc.	25.1%	2.10%
All Other Exporters – China	146.6%	16.53%
Total – China		51.79%
All Other Countries		48.21%
All Countries		100.00%

* The CBSA's import documentation was used to determine the imports of subject goods during the POI.

** Some percent totals appear as 0.0% due to no dumping.

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

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

[151] Under paragraph 41(1)(a) of SIMA, the CBSA is required to terminate an investigation in respect of any goods of an exporter if it is satisfied that the goods have not been dumped or the margin of dumping of the goods of that exporter is insignificant, meaning a margin of dumping that is less than 2% of the export price of the goods.

[152] As indicated above, mattresses exported to Canada from China by Jiaxing Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd. were not dumped. Therefore, the CBSA terminated the dumping investigation with respect to these goods pursuant to paragraph 41(1)(a) of SIMA.

[153] The margins of dumping of mattresses determined for all other exporters of subject goods originating in or exported from China are greater than the threshold of 2% and are therefore not considered insignificant. As a result, the legislative requirements were satisfied for making a final determination of dumping respecting certain mattresses originating in or exported from China.

[154] A summary of the margins of dumping by exporter is presented in **Appendix 1**.

SUBSIDY INVESTIGATION

[155] 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.

[156] 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.

[157] 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.

[158] 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.

[159] 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.

[160] For the 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.

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

RESULTS OF THE SUBSIDY INVESTIGATION

[162] The following presents the results of the investigation into the subsidizing of mattresses originating in or exported from China.

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

[164] 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.

[165] 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 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 than if complete, verifiable information was made available.

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

[167] Due to a lack of government response, subsidy amounts for all exporters were determined pursuant to subsection 30.4(2) of SIMA, based on a ministerial specification. However, in consideration of the fact that cooperative exporters/producers provided sufficient information in response to their Subsidy RFI, for each of these exporters, an individual amount of subsidy was determined based on the information provided in response to the Subsidy RFI and subsequent SRFIs, and information obtained during the verification.

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

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

[170] An account of the subsidies received by each of the exporters that provided a response to the Subsidy RFI is provided below. The amounts of subsidy for each of the exporters are also presented in a summary table in **Appendix 1**. A description of identified programs and incentives is included in **Appendix 3**.

Dongguan Sinohome Limited

[171] Dongguan Sinohome Limited (Dongguan Sinohome) is a producer and exporter of subject goods, located in Guangdong, China.

[172] Dongguan Sinohome provided a response to the Subsidy RFI.²⁴ For purposes of the final determination, Dongguan Sinohome was found to have received countervailable benefits from the following eight subsidy programs:

- Program 4 – Preferential Export Financing and Export Credit Guarantee/Insurance
- Program 5 – Insurance Grants
- Program 6 – Design, Research and Development Grants
- Program 7 – Export Development Performance Grants
- Program 11 – Environment Protection Grant
- Program 15 – Subsidies Related to Employment, Training and Recruitment
- Program 16 – Subsidies Related to Pandemic Support
- Program 18 – Subsidies Related to Science and Technology

[173] For purposes of the final determination, the amount of subsidy for Dongguan Sinohome is 0.5%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Foshan EON Technology Industry Co., Ltd.

[174] Foshan EON Technology Industry Co., Ltd. (Foshan EON) is a producer and exporter of subject goods located in Guangdong, China.

[175] Foshan EON provided a response to the Subsidy RFI.²⁵ For purposes of the final determination, Foshan EON was found to have received countervailable benefits from the following six subsidy programs:

- Program 7 – Export Development Performance Grants
- Program 14 – Subsidies Related to Company/Enterprise Development and Innovation
- Program 15 – Subsidies Related to Employment, Training and Recruitment
- Program 18 – Subsidies Related to Science and Technology
- Program 26 – Municipal/local income or property tax reductions
- Program 33 – Acquisition of Government Inputs/Utilities at Less than Fair Market Value

[176] For purposes of the final determination, the amount of subsidy for Foshan EON is 1.6%, expressed as a percentage of the export price.

Foshan Suilong Furniture Co., Ltd.

[177] Foshan Suilong Furniture Co., Ltd. (Foshan Suilong) is a producer and exporter of subject goods located in Guangdong, China.

²⁴ Exhibits 149 (PRO) & 150 (NC) – Exporter Subsidy RFI Response – Sinomax (ZheJiang) Polyurethane Technology Ltd. and Dongguan Sinohome Limited

²⁵ Exhibits 107 (PRO) & 108 (NC) – Exporter Subsidy RFI Response – Foshan EON Technology Industry Co., Ltd.

[178] Foshan Suilong provided a response to the Subsidy RFI.²⁶ For purposes of the final determination, Foshan Suilong was found to have received countervailable benefits from the following ten subsidy programs:

- Program 6 – Design, Research and Development Grants
- Program 7 – Export Development Performance Grants
- Program 8 – Performance Award Grants
- Program 10 – Grant - Patent Assistance/Award
- Program 11 – Environment Protection Grant
- Program 18 – Subsidies Related to Science and Technology
- Program 21 – Subsidies to Provide Business Support
- Program 22 – Subsidies for Utilities for Certain Enterprises
- Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)
- Program 28 – Preferential Tax Policies Related to Research and Investment

[179] For purposes of the final determination, the amount of subsidy for Foshan Suilong is 1.6%, expressed as a percentage of the export price.

Gold Lion Furniture (Shanghai) Co., Ltd.

[180] Gold Lion Furniture (Shanghai) Co., Ltd. (Gold Lion Furniture) is a producer and exporter of subject goods located in Shanghai, China.

[181] Gold Lion Furniture provided a response to the Subsidy RFI.²⁷ Gold Lion Furniture reported that it did not receive any subsidies during the POI, and the CBSA found no evidence of subsidies for Gold Lion Furniture.

[182] For purposes of the final determination, the amount of subsidy for Gold Lion Furniture is 0.0%. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Guangdong Eonjoy Technology Limited

[183] Guangdong Eonjoy Technology Limited (Guangdong Eonjoy) is a producer and exporter of subject goods located in Guangdong, China.

[184] Guangdong Eonjoy provided a response to the Subsidy RFI.²⁸ For the purposes of the final determination, Guangdong Eonjoy was found to have received countervailable benefits from the following three subsidy programs:

²⁶ Exhibits 151 (PRO) & 152 (NC) – Exporter Subsidy RFI Response – Foshan Suilong Furniture Co., Ltd.

²⁷ Exhibits 95 (PRO) 96 (NC) – Exporter Subsidy RFI Response – Gold Lion Furniture (Shanghai) Co., Ltd.

²⁸ Exhibits 109 (PRO) & 110 (NC) – Exporter Subsidy RFI Response – Guangdong Eonjoy Technology Limited (“Guangdong Eonjoy”)

Program 11 - Environment Protection Grant
Program 14 - Subsidies Related to Company/Enterprise Development and Innovation
Program 15 - Subsidies Related to Employment, Training and Recruitment

[185] For purposes of the final determination, the amount of subsidy for Guangdong Eonjoy is 0.1%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Healthcare Co., Ltd.

[186] Healthcare Co., Ltd. (Healthcare) is a producer and exporter of subject goods located in Rugao City, China.

[187] Healthcare provided a response to the Subsidy RFI.²⁹ For purposes of the final determination, Healthcare was found to have received countervailable benefits from the following 11 subsidy programs:

Program 1 - Loans from State-Owned Banks at Preferential Rates
Program 4 - Preferential Export Financing and Export Credit Guarantee/Insurance
Program 7 - Export Development Performance Grants
Program 10 - Grant - Patent Assistance/Award
Program 14 - Subsidies Related to Company/Enterprise Development and Innovation
Program 15 - Subsidies Related to Employment, Training and Recruitment
Program 16 - Subsidies Related to Pandemic Support
Program 18 - Subsidies Related to Science and Technology
Program 19 - Subsidies Related to Social Security
Program 21 - Subsidies to Provide Business Support
Program 25 - Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)

[188] For purposes of the final determination, the amount of subsidy for Healthcare is 1.3%, expressed as a percentage of the export price.

Jiaxing Taien Springs Co., Ltd.

[189] Jiaxing Taien Springs Co., Ltd. (Jiaxing Taien Springs) is a producer and exporter of subject goods located in Zhejiang, China.

[190] Jiaxing Taien Springs provided a response to the subsidy RFI.³⁰ For the purposes of the final determination, Jiaxing Taien Springs was found to have received countervailable benefits from the following two subsidy programs:

²⁹ Exhibits 177 (PRO) & 178 (NC) – Exporter Subsidy RFI Response – Healthcare Co., Ltd. (“Healthcare”)

³⁰ Exhibits 147 (PRO) & 148 (NC) – Exporter Subsidy RFI Response – Jiaxing Taien Springs Co., Ltd.

Program 6 – Design, Research and Development Grants
Program 7 – Export Development Performance Grants

[191] For purposes of the final determination, the amount of subsidy for Jiaying Taien Springs is 1.4%, expressed as a percentage of the export price.

Jinlongheng Furniture Co., Ltd.

[192] Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture) is a producer and exporter of subject goods located in Guangdong, China.

[193] Jinlongheng Furniture provided a response to the Subsidy RFI.³¹ For purposes of the final determination, Jinlongheng Furniture was found to have received countervailable benefits from the following ten subsidy programs:

Program 4 - Preferential Export Financing and Export Credit Guarantee/Insurance
Program 6 – Design, Research and Development Grants
Program 7 – Export Development Performance Grants
Program 11 – Environment Protection Grant
Program 15 – Subsidies Related to Employment, Training and Recruitment
Program 17 – Subsidies Related to Quality & Improvement
Program 18 – Subsidies Related to Science and Technology
Program 21 – Subsidies to Provide Business Support
Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)
Program 28 – Preferential Tax Policies Related to Research and Investment

[194] For purposes of the final determination, the amount of subsidy for Jinlongheng Furniture is 0.8%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Sinomax (Zhejiang) Polyurethane Technology Ltd.

[195] Sinomax (Zhejiang) Polyurethane Technology Ltd. (Zhejiang Sinomax) is a producer and exporter of subject goods, located in Zhejiang, China.

[196] Zhejiang Sinomax provided a response to the Subsidy RFI.³² For purposes of the final determination, Zhejiang Sinomax was found to have received countervailable benefits from the following twelve subsidy programs:

³¹ Exhibits 162 (PRO) & 163 (NC) – Exporter Subsidy RFI Response – Jinlongheng Furniture Co., Ltd (Jinlongheng Furniture)

³² Exhibits 149 (PRO) & 150 (NC) – Exporter Subsidy RFI Response – Sinomax (ZheJiang) Polyurethane Technology Ltd. and Dongguan Sinohome Limited

Program 4 – Preferential Export Financing and Export Credit Guarantee/Insurance
Program 6 – Design, Research and Development Grants
Program 7 – Export Development Performance Grants
Program 8 – Performance Award Grants
Program 9 – Reductions in Land Use and/or Rental Fees
Program 11 – Environment Protection Grant
Program 15 – Subsidies Related to Employment, Training and Recruitment
Program 18 – Subsidies Related to Science and Technology
Program 22 – Subsidies for Utilities for Certain Enterprises
Program 25 – Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)
Program 27 – Preferential Tax Policies for Foreign-Invested Enterprises (FIEs)
Program 28 – Preferential Tax Policies Related to Research and Investment

[197] For purposes of the final determination, the amount of subsidy for Zhejiang Sinomax is 2.3%, expressed as a percentage of the export price.

Xianghe Kaneman Furniture Ltd.

[198] Xianghe Kaneman Furniture Ltd. (Kaneman) is a producer and exporter of subject goods located in Heibei, China.

[199] Kaneman provided a response to the Subsidy RFI.³³ For purposes of the final determination, Kaneman was found to have received countervailable benefits from the following three subsidy programs:

Program 11 – Environment Protection Grant
Program 14 – Subsidies Related to Company/Enterprise Development and Innovation
Program 28 – Preferential Tax Policies Related to Research and Investment

[200] For purposes of the final determination, the amount of subsidy for Kaneman is 0.1%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Zhejiang Glory Home Furnishings Co., Ltd.

[201] Zhejiang Glory Home Furnishings Co., Ltd. (Glory) is a producer and exporter of subject goods located in Jiashan county, China.

[202] Glory provided a response to the Subsidy RFI³⁴. For the purposes of the final determination, Glory was found to have received countervailable benefits from the following eight subsidy programs:

³³ Exhibits 164 (PRO) & 165 (NC) – Exporter Subsidy RFI Response – Xianghe Kaneman Furniture Ltd.

³⁴ Exhibit 97 (PRO) & 98 (NC) – Exporter Subsidy RFI Response – Zhejiang Glory Home Furnishings Co., Ltd (Glory)

Program 6 – Design, Research and Development Grants
Program 14 – Subsidies Related to Company/Enterprise Development and Innovation
Program 15 – Subsidies Related to Employment, Training and Recruitment
Program 17 – Subsidies Related to Quality & Improvement
Program 18 – Subsidies Related to Science and Technology
Program 19 – Subsidies Related to Social Security
Program 20 – Subsidies Related to Talent and Skills
Program 21 – Subsidies to Provide Business Support

[203] For purposes of the final determination, the amount of subsidy for Glory is 1.2%, expressed as a percentage of the export price.

Zinus Xiamen Inc.

[204] Zinus Xiamen Inc. (Zinus Xiamen) is a producer and exporter of subject goods, located Xiamen, China.

[205] Zinus Xiamen provided a response to the Subsidy RFI.³⁵ For the purposes of the final determination, Zinus Xiamen was found to have received countervailable benefits from the following four subsidy programs:

Program 1 – Loans from State-Owned Banks at Preferential Rates
Program 15 – Subsidies Related to Employment, Training and Recruitment
Program 19 – Subsidies Related to Social Security
Program 35 – Exemption or Refund of Value-Added Tax (VAT) for Purchases of Domestic Machinery

[206] For purposes of the final determination, the amount of subsidy for Zinus Xiamen is 0.3%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

Zinus Zhangzhou Inc.

[207] Zinus Zhangzhou Inc. (Zinus Zhangzhou) is a producer and exporter of subject goods, located ZhangPu-Xian, China.

[208] Zinus Zhangzhou provided a response to the Subsidy RFI.³⁶ For the purposes of the final determination, Zinus Zhangzhou was found to have received countervailable benefits from the following six subsidy programs:

³⁵ Exhibits 101 (PRO) & 102 (NC) – Exporter Subsidy RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

³⁶ Exhibits 101 (PRO) & 102 (NC) – Exporter Subsidy RFI Response – Zinus Inc./Zinus (“Xiamen”) Inc./Zinus (“Zhangzhou”) Inc.

Program 6 – Design, Research and Development Grants
Program 7 – Export Development Performance Grants
Program 8 – Performance Award Grants
Program 15 – Subsidies Related to Employment, Training and Recruitment
Program 16 – Subsidies Related to Pandemic Support
Program 35 – Exemption or Refund of Value-Added Tax (VAT) for Purchases of Domestic Machinery

[209] For purposes of the final determination, the amount of subsidy for Zinus Zhangzhou is 0.5%, expressed as a percentage of the export price. This amount is insignificant, and as such, the subsidy investigation in respect of the goods of this exporter was terminated pursuant to paragraph 41(1)(a) of SIMA.

All Other Exporters – China

[210] For all other exporters of subject goods originating in or exported from China during the POI that did not provide a response to the Subsidy RFI or did not furnish sufficient information, the CBSA determined an amount of subsidy on the basis of the following methodology:

- 1) the highest amount of subsidy for each of the 24 programs, as found at the final determination, for the producers/exporters located in China for whom the CBSA has sufficient information to determine an amount of subsidy, plus;
- 2) the highest amount of subsidy for the 24 programs listed in (1), applied to each of the remaining 11 potentially actionable subsidy programs for which sufficient information is not available or has not been provided at the final determination.

[211] In establishing the methodology for determining the amount of subsidy for all other exporters from China, the CBSA considered all of the information on the administrative record, including the complaint filed by the domestic industry, the CBSA's estimates at the initiation of the investigation, and information submitted by exporters of subject goods from China.

[212] The CBSA further considered that the GOC did not provide a response to the Government Subsidy RFI, which impeded the CBSA's ability to make a fully informed decision.

[213] This methodology relies on information related to potentially actionable subsidies in China, it recognizes that the GOC did not provide a response to the Subsidy RFI (thereby impeding the CBSA's ability to make a fully informed decision), and it limits the advantage that an exporter may gain from not providing necessary information requested in a subsidy investigation as compared to an exporter that did provide the necessary information.

[214] Using the above methodology, for the final determination, the amount of subsidy for all other exporters in China is 24.1%, expressed as a percentage of the export price.

Summary of Results – Subsidy

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

Summary of Results - Subsidy Period of Investigation (January 1, 2021 to December 31, 2021)

Exporter	Amount of Subsidy (% of Export Price) †	Volume of Subject Goods (% of Total Imports)*
Dongguan Sinohome Ltd.	0.5%	2.69%
Foshan EON Technology Industry Co., Ltd.	1.6%	2.31%
Foshan Suilong Furniture Co., Ltd.	1.6%	0.14%
Gold Lion Furniture (Shanghai) Co., Ltd.	0.0%	0.02%
Guangdong Eonjoy Technology Ltd.	0.1%	0.29%
Healthcare Co., Ltd.	1.3%	8.48%
Jiaxing Taien Springs Co., Ltd.	1.4%	0.37%
Jinlongheng Furniture Co., Ltd.	0.8%	0.60%
Sinomax (Zhejiang) Polyurethane Technology Ltd.	2.3%	0.69%
Xianghe Kaneman Furniture Ltd.	0.1%	0.39%
Zhejiang Glory Home Furnishings Co. Ltd.	1.2%	2.86%
Zinus Xiamen Inc.	0.3%	14.32%
Zinus Zhangzhou Inc.	0.5%	2.10%
All Other Exporters – China	24.1%	16.53%
Total – China		51.79%
All Other Countries		48.21%
All Countries		100.00%

* The CBSA's import documentation was used to determine the imports of subject goods during the POI.

† Some percent totals appear as 0.0% due to no subsidy.

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

[217] Pursuant to subsection 2(1) of SIMA, an amount of subsidy of less than 1% of the export price of the goods, for a developed country, is defined as insignificant.

[218] The amount of subsidy for Dongguan Sinohome Limited, Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc. and Zinus Zhangzhou Inc. are below 1% of the export price and were, therefore, determined to be insignificant.

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

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

DECISIONS

[221] On October 5, 2022, pursuant to paragraph 41(1)(a) of SIMA, the CBSA terminated the dumping investigation with respect to certain mattresses originating in or exported from China by Jiaxing Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd.

[222] On the same date, pursuant to paragraph 41(1)(a) of SIMA, the CBSA terminated the subsidy investigation with respect to certain mattresses originating in or exported from China by Dongguan Sinohome Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc.

[223] On the same date, pursuant to paragraph 41(1)(b) of SIMA, the CBSA made final determinations respecting the dumping and subsidizing of certain mattresses originating in or exported from China, with respect to exporters for which the investigations have not been terminated.

FUTURE ACTION

[224] The provisional period began on July 7, 2022, and will end on the date the CITT issues its finding. The CITT is expected to issue its decision by November 4, 2022. Provisional anti-dumping duties will continue to apply until this date on imports of subject goods from China, with the exception of goods exported from China by Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd. Provisional countervailing duties will also continue to apply until this date on imports of subject goods from China, with the exception of goods exported from China by Dongguan Sinohome Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc., and Zinus Zhangzhou Inc. Any provisional anti-dumping or countervailing duty paid or security posted in respect of such goods will be returned. For further details on the application of provisional duty, refer to the Statement of Reasons issued for the preliminary determination, which is available through the CBSA's website at: www.cbsa-asfc.gc.ca/sima-lmsi/menu-eng.html.

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

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

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

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[228] 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.

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

PUBLICATION

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

[231] A notice of the termination of the dumping investigation with respect to certain mattresses exported to Canada from China by Jiaxing Taien Springs Co., Ltd. and Xianghe Kaneman Furniture Ltd., and of the termination of the subsidy investigation with respect to certain mattresses exported to Canada from China by Dongguan Sinohome Ltd., Gold Lion Furniture (Shanghai) Co., Ltd., Guangdong Eonjoy Technology Ltd., Jinlongheng Furniture Co., Ltd., Xianghe Kaneman Furniture Ltd., Zinus Xiamen Inc. and Zinus Zhangzhou Inc. will be published in the *Canada Gazette* pursuant to paragraph 41(4)(a) of SIMA.

INFORMATION

[232] 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, 11 th floor Ottawa, Ontario K1A 0L8 Canada
Telephone:	Rebecca Akuoko-Asibey 343-553-1411 Hugo Dumas 343-553-2007
E-mail:	simaregistry@cbsa-asfc.gc.ca
Web site:	www.cbsa-asfc.gc.ca/sima-lmsi

Doug Band
Director General
Trade and Anti-dumping Programs Directorate

ATTACHMENTS

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

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

Exporter	Margin of Dumping (% of Export Price)	Amount of Subsidy (% of Export Price) †
Dongguan Sinohome Ltd.	23.9%	0.5%
Foshan EON Technology Industry Co., Ltd.	37.9%	1.6%
Foshan Suilong Furniture Co., Ltd.	13.2%	1.6%
Gold Lion Furniture (Shanghai) Co., Ltd.	22.9%	0.0%
Guangdong Eonjoy Technology Ltd.	10.0%	0.1%
Healthcare Co., Ltd.	71.3%	1.3%
Jiaying Taien Springs Co., Ltd.	0.0%	1.4%
Jinlongheng Furniture Co., Ltd.	4.4%	0.8%
Sinomax (Zhejiang) Polyurethane Technology Ltd.	14.1%	2.3%
Xianghe Kaneman Furniture Ltd.	0.0%	0.1%
Zhejiang Glory Home Furnishings Co. Ltd.	3.7%	1.2%
Zinus Xiamen Inc.	22.4%	0.3%
Zinus Zhangzhou Inc.	25.1%	0.5%
All Other Exporters – China	146.6%	24.1%
Total – China		51.79%
All Other Countries		48.21%
All Countries		100.00%

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

†An amount of subsidy of less than 1% of the export price of the goods is insignificant for a developed country.

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

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

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

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

APPENDIX 2 – DUMPING AND SUBSIDY REPRESENTATIONS

During the investigations, submissions containing representations were received on behalf of one of the complainants, Restwell Sleep Products (Restwell).³⁷

Following the closing of the record on August 15, 2022, case arguments were received on behalf of the following parties:

- Foshan EON Technology Industry Co., Ltd. (Foshan EON)³⁸
- Guangdong Eonjoy Technology Ltd. (Guangdong Eonjoy)³⁹
- Healthcare Co., Ltd. (Healthcare)⁴⁰
- Restwell⁴¹
- Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)⁴²
- Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)⁴³

³⁷ Exhibits 82 (PRO) and 83 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Zinus Canada Inc. (“Zinus Canada”), Exhibits 84 (PRO) and 85 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Mellow Inc. (“Mellow”), Exhibits 114 (PRO) and 115 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the request for information from Zhejiang Glory Home Furnishings Co. Ltd (“Glory”), Exhibits 135 (PRO) and 136 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Zinus Inc., Zinus (Xiamen) Inc. and Zinus (Zhangzhou) Inc.'s request for information (RFI) - dumping responses, Exhibits 169 (PRO) and 170 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding The Government of China's failure to respond to the request for information (RFI), Exhibits 181 (PRO) and 182 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Sinomax (Zhejiang) Polyurethane Technology Limited, Sinohome Household Products Shenzhen Ltd., and Dongguan Sinohome Limited's (“Sinomax”), Exhibits 183 (PRO) and 184 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Healthcare Co., Ltd. (“Healthcare”)’s request for information (RFI) response, Exhibits 197 (PRO) and 198 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Foshan EON Technology Industry Co., Ltd (“EON”)’s exporter request for information (RFI) responses, Exhibits 199 (PRO) and 200 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Guangdong Eonjoy Technology Limited's request for information (RFI) response, Exhibits 224 (PRO) and 225 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Sinomax (Zhejiang) Polyurethane Technology Limited and Dongguan Sinohome Limited's deficiency letter response, Exhibits 245 (PRO) and 246 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the deficiency response of Foshan EON Technology Industry Co., Ltd. & EON HK Co., Limited, Exhibits 438 (PRO) and 439 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding responses to supplemental requests for information (SRFI) - section 19(a)

³⁸ Exhibits 511 (PRO) & 512 (NC) – Case brief filed on behalf of Foshan EON Technology Industry Co., Ltd.

³⁹ Exhibits 513 (PRO) & 514 (NC) – Case brief filed on behalf of Guangdong Eonjoy Technology Ltd.

⁴⁰ Exhibits 519 (PRO) & 520 (NC) – Case brief filed on behalf of Healthcare Co., Ltd.

⁴¹ Exhibits 517 (PRO) & 518 (NC) – Case brief filed on behalf of Restwell Sleep Products

⁴² Exhibits 515 (PRO) & 516 (NC) – Case brief filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)

⁴³ Exhibits 521 (PRO) & 522 (NC) – Case brief filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

The CBSA received a reply submission on behalf of Healthcare,⁴⁴ Kaneman and Jinlongheng Furniture,⁴⁵ Zinus Group,⁴⁶ and Restwell.⁴⁷

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

DUMPING REPRESENTATIONS

Particular Market Situation (PMS)

Comments Made During the Investigations

During the investigations, counsel for Restwell submitted comments alleging that a PMS exists in China.⁴⁸ The allegations focused on the potential purchases of inputs from State Owned Enterprises for less than fair market value. Counsel further submitted that the CBSA should investigate whether a particular market situation exists with respect to the mattresses market in China.

Case Briefs

Counsel for Jinlongheng and Kanemen submitted that there is no evidence of a PMS in the mattress industry in China.⁴⁹ Counsel alleged that there were no known support programs offered by the Chinese government, or regulations, policies, or plans that relate to the production or sale of mattresses or any of its co-products.

CBSA's Response

The CBSA reviewed the information submitted by the complainants and found the evidence did not sufficiently support the allegation that a PMS existed in China with respect to mattresses. As a result, the CBSA could not form an opinion under paragraph 16(2)(c) of the *Special Import Measures Act* (SIMA) that a PMS exists in the Chinese mattresses market.

⁴⁴ Exhibits 523 (PRO) & 524 (NC) – Reply Submission filed on behalf of Healthcare Co., Ltd.

⁴⁵ Exhibits 529 (PRO) & 530 (NC) – Reply Submission filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)

⁴⁶ Exhibits 527 (NC) – Reply Submission filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

⁴⁷ Exhibits 525 (PRO) & 526 (NC) – Reply Submission filed on behalf of Restwell Sleep Products

⁴⁸ Exhibits 114 (PRO) and 115 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the request for information from Zhejiang Glory Home Furnishings Co. Ltd (“Glory”), Exhibits 135 (PRO) and 136 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Zinus Inc., Zinus (Xiamen) Inc. and Zinus (Zhangzhou) Inc.'s request for information (RFI) - dumping responses, Exhibits 197 (PRO) and 198 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Foshan EON Technology Industry Co., Ltd (“EON”)’s exporter request for information (RFI) responses

⁴⁹ Exhibits 515 (PRO) & 516 (NC) – Case brief filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)

Completeness and Reliability of Submissions

Comments Made During the Investigations

During the investigations, counsel for Restwell made representations concerning the completeness and accuracy of the information submitted by the exporters and importers, making specific allegations of deficiencies in the response.⁵⁰

CBSA's Response

The CBSA has reviewed the responses from the exporters and suppliers to the RFIs and to the Supplemental RFIs. The CBSA has also conducted verifications of the exporters' submissions by way of verification questionnaires. In instances where an exporter's submission was considered substantially complete for the purposes of the final determination, the CBSA determined normal values, export prices and a margin of dumping on the basis of the exporter's submission. For exporters who did not respond to the RFI or who did not provide sufficient information or whose submissions were considered unreliable, the CBSA determined normal values based on a ministerial specification pursuant to subsection 29(1) of SIMA.

Determination of Normal Values Pursuant to Paragraph 19(a)

Comments Made During the Investigations

During the investigation, counsel for Restwell submitted comments concerning the 19(a) information provided by exporters, alleging that the information is unreliable. Counsel made allegations of deficiencies regarding the responses of specific exporters.⁵¹

⁵⁰ Exhibits 82 (PRO) and 83 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Zinus Canada Inc. ("Zinus Canada"), Exhibits 84 (PRO) and 85 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Mellow Inc. ("Mellow"), Exhibits 114 (PRO) and 115 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the request for information from Zhejiang Glory Home Furnishings Co. Ltd ("Glory"), Exhibits 135 (PRO) and 136 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Zinus Inc., Zinus (Xiamen) Inc. and Zinus (Zhangzhou) Inc.'s request for information (RFI) - dumping responses, Exhibits 181 (PRO) and 182 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the response to the request for information from Sinomax (Zhejiang) Polyurethane Technology Limited, Sinohome Household Products Shenzhen Ltd., and Dongguan Sinohome Limited's ("Sinomax"), Exhibits 183 (PRO) and 184 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Healthcare Co., Ltd. ("Healthcare")'s request for information (RFI) response, Exhibits 197 (PRO) and 198 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Foshan EON Technology Industry Co., Ltd ("EON")'s exporter request for information (RFI) responses, Exhibits 199 (PRO) and 200 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Guangdong Eonjoy Technology Limited's request for information (RFI) response, Exhibits 224 (PRO) and 225 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding Sinomax (Zhejiang) Polyurethane Technology Limited and Dongguan Sinohome Limited's deficiency letter response, Exhibits 245 (PRO) and 246 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding the deficiency response of Foshan EON Technology Industry Co., Ltd. & EON HK Co., Limited, , Exhibits 438 (PRO) and 439 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding responses to supplemental requests for information (SRFI) - section 19(a)

⁵¹ Exhibits 438 (PRO) and 439 (NC) - Comments submitted by counsel for Restwell Sleep Products regarding responses to supplemental requests for information (SRFI) - section 19(a)

Case Briefs

Counsel for several exporters submitted that normal values should be calculated in accordance with paragraph 19(a) of SIMA, stating that sufficient information was provided, and the sales accurately reflect the market value of subject goods sold to Canada.⁵²

Counsel for Restwell submitted that the CBSA should not determine Normal Values in accordance with paragraph 19(a) of SIMA. Counsel noted that mattresses from China are subject to both an anti-dumping and countervailing duty order in the United States, and further alleges that exporters are continuing to dump to the United States, and as a result, the CBSA should not use information regarding sales to the United States for purposes of determining normal values. In addition, counsel reiterated its arguments from their comments made during the investigations.⁵³

Reply Submissions

Counsel for Healthcare, Zinus Xiamen, Zinus Zhangzhou, Kaneman, and Jinlongheng reiterated arguments from their case briefs, submitting that sales to third countries is the most appropriate information.⁵⁴

Counsel for Restwell reiterated arguments from their case briefs, submitting that Normal Values should not be determined pursuant to paragraph 19(a) of SIMA.⁵⁵

CBSA's Response

The CBSA notes that the information regarding exporters' export sales to other markets was submitted late in the investigations, and as a result, the CBSA was not able to issue Supplemental Requests for Information, or completely verify all of the information provided. In addition, the CBSA notes that export sales to other markets may not fairly reflect the market value of the goods at the time of the sale of the goods to the importer in Canada. As such, the cost of production information used to determine normal values pursuant to paragraph 19(b) was determined to be the best information available. Where there were insufficient domestic sales to determine normal values pursuant to section 15, normal values were determined pursuant to paragraph 19(b) of SIMA.

⁵² Exhibits 519 (PRO) & 520 (NC) – Case brief filed on behalf of Healthcare Co., Ltd., Exhibits 515 (PRO) & 516 (NC) – Case brief filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng), Exhibits 521 (PRO) & 522 (NC) – Case brief filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

⁵³ Exhibits 517 (PRO) & 518 (NC) – Case brief filed on behalf of Restwell Sleep Products

⁵⁴ Exhibits 523 (PRO) & 524 (NC) – Reply Submission filed on behalf of Healthcare Co., Ltd., Exhibits 527 (NC) – Reply Submission filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”), Exhibits 529 (PRO) & 530 (NC) – Reply Submission filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)

⁵⁵ Exhibits 525 (PRO) & 526 (NC) – Reply Submission filed on behalf of Restwell Sleep Products

Cost Allocation Methodology

Case Briefs

Counsel for Restwell argued that several exporters presented deficient and inaccurate model-specific costs for mattresses. Counsel argued that the allocation methodology used by the exporters are unreliable and do not reasonably reflect the cost of producing the goods. As such, counsel stated that the CBSA should apply a Ministerial Specification to determine normal values for the exporters who have used the methodology.

Counsels for several exporters argued that normal values should be determined using their submitted information.

Reply Submissions

In response to the exporters, counsel for the complainant submitted that the CBSA should continue to determine normal values under ministerial specification.

CBSA Response

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

Normal Value Determinations (Foshan EON and Guangdong Eonjoy)

Case Briefs

Counsel for Foshan EON and Guangdong Eonjoy submitted that normal values must be determined pursuant to section 19 of SIMA. Counsel also argued that subparagraph 11(1)(b)(ii) of the *Special Import Measures Regulations* (SIMR) should be applied for the exporters, as they both have made a number of sales of goods that are of the same general category as the subject goods, and where the domestic sales permit a proper comparison.⁵⁶

Reply Submissions

Counsel for Restwell argued that despite the arguments made by Foshan EON and Guangdong Eonjoy, the CBSA should apply a ministerial specification to determine normal values for the exporters.⁵⁷

⁵⁶ Exhibits 511 (PRO) & 512 (NC) – Case brief filed on behalf of Foshan EON Technology Industry Co., Ltd.

⁵⁷ Exhibits 525 (PRO) & 526 (NC) – Reply Submission filed on behalf of Restwell Sleep Products

CBSA Response

Based on the information on the administrative record and in accordance with SIMA and the SIMR, the CBSA took the representations on these issues into account when determining normal values and amounts of subsidy. As such, for Foshan EON, normal values were determined pursuant to paragraph 19(b) of SIMA. For Guangdong Eonjoy, some normal values were determined in accordance with section 15 of SIMA based on prices of domestic sales of like goods. For all other exports of subject goods by Guangdong Eonjoy, the CBSA determined normal values in accordance with paragraph 19(b) of SIMA.

Normal Value Determinations (Kaneman)

Case Briefs

Counsel for Kaneman submitted that normal values should have been determined in accordance with section 15 of SIMA. Kaneman's counsel argued that the company had a sufficient number of sales of like goods in the domestic market.⁵⁸

CBSA Response

Based on the information on the administrative record and in accordance with SIMA and the SIMR, the CBSA took the representations on these issues into account when determining normal values. As such, normal values for Kaneman were determined pursuant to section 15 and paragraph 19(b) of SIMA.

Amount for Profits

Case Briefs

Counsel for Kaneman and Jinlongheng submitted that profits should be determined under 11(1)(b)(i) and 11(1)(b)(ii) respectively. Kaneman's counsel argued that their domestic sales volume is greater than 5%, and therefore sufficient to make a proper comparison with the sales to Canada. Counsel for Jinlongheng argued that determining an amount for profit pursuant to subparagraph 11(1)(b)(iv) was unreasonable. Counsel for Jinlongheng submitted that the profits earned on its domestic sales of goods of the same general category were sufficient to determine profit under subparagraph 11(1)(b)(ii).⁵⁹

⁵⁸ Exhibits 515 (PRO) & 516 (NC) – Case brief filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng)

⁵⁹ Ibid.

Counsel for the Zinus Group submitted that the amount for profit should be determined pursuant to a Ministerial Specification, pursuant to paragraph 29(1) of SIMA, based on Zinus Inc.'s publicly available information, or alternatively, based on information from other global producers of mattresses. Counsel further alleged that the profit calculated for the purposes of final determination was not reasonable.⁶⁰

Reply Submissions

Counsel for Restwell argued that the CBSA should continue to determine a reasonable amount for profit under subparagraph 11(1)(b)(iv).⁶¹

Counsel for the Zinus Group reiterated in its reply submission that the President must determine a reasonable amount for profits according to paragraph 11(b) of the SIMR.⁶²

CBSA Response

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

For the purposes of paragraph 19(b), the CBSA determined a reasonable amount for profits under the hierarchy of subparagraphs 11(1)(b)(i) to 11(1)(b)(vi) of the SIMR, taking into consideration section 13 of the SIMR and sections 15 and 16 of SIMA. In order to determine a reasonable amount for profits for exporters in China where profit could not be determined under subparagraphs 11(1)(b)(i) to 11(1)(b)(iii) of SIMR, the CBSA determined a reasonable amount for profits under subparagraph 11(1)(b)(iv) of the SIMR, the weighted-average profit from domestic sales of the same general category of good made by other producers in China.

As such, for the purposes of the final determination, for Kaneman the amounts for profit was determined pursuant to subparagraph 11(1)(b)(i) of SIMR. For Jinlongheng, Zinus Xiamen, and Zinus Zhangzhou, the amounts for profit was determined pursuant to subparagraph 11(1)(b)(iv) of SIMR.

⁶⁰ Exhibits 521 (PRO) & 522 (NC) – Case brief filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

⁶¹ Exhibits 525 (PRO) & 526 (NC) - Reply submission filed on behalf of Restwell Sleep Products / Contre-exposé déposé au nom de Restwell Sleep Product

⁶² Exhibits 527 (NC) – Reply Submission filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

Export Price Determination (Zinus Xiamen and Zinus Zhangzhou)

Case Briefs

Counsel for the Zinus Group submitted that export prices for both Zinus Xiamen and Zinus Zhangzhou should be determined pursuant to section 24 of SIMA based on the lesser of the exporter's selling price and the importer's purchase price, with adjustments.⁶³ Counsel further noted that Reliability Analyses were performed at the Preliminary Determinations, and the section 24 export prices were found to be reliable.

CBSA's Response

For the subject goods exported by Zinus Xiamen or Zinus Zhangzhou to Canada during the POI sold to unrelated importers, export prices were determined in accordance with section 24 of SIMA, based on the lesser of the exporter's selling price and the importer's purchase price less all costs, charges and expenses resulting from the exportation of the goods.

For the subject goods exported by Zinus Xiamen and sold to related importers, reliability tests were performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. The test for sales to Zinus Canada revealed that the export prices determined in accordance with section 24 of SIMA were reliable and, therefore, export prices for sales of subject goods sold by Zinus Xiamen to Zinus Canada were determined in accordance with section 24 of SIMA. The test for sales to Mellow revealed that the export prices determined in accordance with section 24 of SIMA were unreliable and, therefore, export prices for sales of subject goods sold by Zinus Xiamen to Mellow were determined in accordance with section 25 of SIMA.

For the subject goods exported to Canada by Zinus Zhangzhou that were sold to Zinus Canada, a related importer, a reliability test was performed to determine whether the section 24 export prices were reliable as envisaged by SIMA. The test revealed that the export prices determined in accordance with section 24 of SIMA were reliable and, therefore, export prices for Zinus Zhangzhou were determined in accordance with section 24 of SIMA.

⁶³ Exhibits 521 (PRO) & 522 (NC) – Case brief filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

SUBSIDY REPRESENTATIONS

Determination of Amount of Subsidy

Representations Made During the Investigations

During the investigations, counsel for Restwell submitted comments concerning the lack of response from the Government of China (GOC) to the government Subsidy RFI.⁶⁴ Counsel submitted that due to the lack of response from the GOC, the CBSA should not consider the responses from the exporters while determining the amount of subsidy, and should consider other information.

Case Briefs

Counsel for Restwell reiterated its arguments in their case brief submission, and stated that the CBSA should determine amounts of subsidy under ministerial specification.⁶⁵

Counsels for several exporters submitted in their case briefs that a number of programs are not countervailable because they are not specific or are generally available programs, and the amount of subsidy received is insignificant.⁶⁶

Reply Submissions

In their reply submission, counsel for Restwell repeated its arguments from their comments and case brief, reiterating that the amount for subsidy should be determined pursuant to a ministerial specification.⁶⁷ In addition, counsel argued that the CBSA should disregard comments made on behalf of exporters concerning the insignificance of subsidies received and the specificity of programs, due to the lack of response from the GOC.

In their reply submissions, counsel for several exporters reiterated arguments from case briefs, and submitted that the exporters' submissions should be used to determine amounts of subsidy.⁶⁸

⁶⁴ Exhibits 169 (PRO) and 170(NC) - Comments submitted by counsel for Restwell Sleep Products regarding The Government of China's failure to respond to the request for information (RFI)

⁶⁵ Exhibits 517 (PRO) & 518 (NC) – Case brief filed on behalf of Restwell Sleep Products

⁶⁶ Exhibits 511 (PRO) & 512 (NC) – Case brief filed on behalf of Foshan EON Technology Industry Co., Ltd., Exhibits 513 (PRO) & 514 (NC) – Case brief filed on behalf of Guangdong Eonjoy Technology Ltd., Exhibits 519 (PRO) & 520 (NC) – Case brief filed on behalf of Healthcare Co., Ltd., Exhibits 517 (PRO) & 518 (NC) – Case brief filed on behalf of Restwell Sleep Products, Exhibits 515 (PRO) & 516 (NC) – Case brief filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng), Exhibits 521 (PRO) & 522 (NC) – Case brief filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

⁶⁷ Exhibits 525 (PRO) & 526 (NC) – Reply Submission filed on behalf of Restwell Sleep Products

⁶⁸ Exhibits 523 (PRO) & 524 (NC) – Reply Submission filed on behalf of Healthcare Co., Ltd., Exhibits 529 (PRO) & 530 (NC) – Reply Submission filed on behalf of Xianghe Kaneman Furniture Limited (Kaneman) and Jinlongheng Furniture Co., Ltd. (Jinlongheng), Exhibits 527 (NC) – Reply Submission filed on behalf of Zinus (Xiamen) Inc., Zinus (Zhangzhou) Inc., Zinus Canada Inc., and Mellow Inc. (collectively “Zinus Group”)

CBSA's Response

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

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

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

APPENDIX 3 – DESCRIPTION OF IDENTIFIED PROGRAMS AND INCENTIVES

This Appendix consists of descriptions of the subsidy programs which the responding companies benefited from during the course of the Period of Investigation (POI), and other potentially actionable subsidy programs identified by the Canada Border Services Agency (CBSA) that were not used by the responding exporters/producers during the 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 provided by the exporters and related suppliers, information included in the complaint, as well as information obtained from the CBSA's research on potential subsidy programs in China.

Subsidy Programs Used by the Responding Exporters

Category 1: 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

For the purposes of the final determination, this program may be considered 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 final 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 4: Preferential Export Financing and Export Credit Guarantee/Insurance

General Information

This program was offered by the GOC to provide export financing and export credit aids to the targeted companies.

For example, The China Export & Credit Insurance Corporation (Sinosure) 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 Sinosure 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 final determination, this program may be considered 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 final 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.

Category 2: 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 final determination, this may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 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.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 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.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 9: Reductions in Land Use and/or Rental Fees

General Information

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

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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 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's 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's document associated with this program for Shanghai may include: "The administrative measures regarding the financial support/subsidy for Patents by Shanghai". In Jiangsu province, this program was administrated by Jiangsu Intellectual Property Office.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 14: Subsidies Related to Company/Enterprise Development and Innovation

General Information

Subsidies under this program are related to company and enterprise development and innovation grants and awards.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 15: Subsidies Related to Employment, Training and Recruitment

General Information

Subsidies under this program are related to employment, training and recruitment programs.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 16: Subsidies Related to Pandemic Support

General Information

Subsidies under this program are related to pandemic support programs.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 17: Subsidies Related to Quality & Improvement

General Information

Subsidies under this program are related to quality and improvement programs.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 18: Subsidies Related to Science and Technology

General Information

Subsidies provided under this program are related to science and technology grants and awards.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 19: Subsidies Related to Social Security

General Information

Subsidies provided under this program are related to social security programs.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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: Subsidies Related to Talent and Skills

General Information

Subsidies provided under this program are related to talent and skills awards and grants.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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: Subsidies to Provide Business Support

General Information

Subsidies provided under this program are related to programs providing business support.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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 22: Subsidies for Utilities for Certain Enterprises

General Information

Subsidies provided under this program related to utilities for specific enterprise classes.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it confers a direct benefit to the recipient equal to the amount of the grant.

Specificity

For the purposes of the final 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.

Category 3: Preferential Tax Programs

Program 25: Corporate Income Tax Reduction for New High Tech Enterprises (“NHTE”)

General Information

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

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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 26: Municipal/Local Income Tax Property Reductions

General Information

This program covers reductions and exemptions in tax provided from Municipal/Local Income tax units. 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.”

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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 27: Preferential Tax Policies for Foreign-Invested Enterprises (FIEs)

General Information

Despite the implementation of the new Enterprise Income Tax Law (EITL) 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. Under this program, the companies in China may also receive the incentives for the reinvestment of profits earned by FIEs.

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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 28: Preferential Tax Policies Related to Research and Investment

General Information

Under this program, high- or new-technology enterprises may deduct an additional 50 to 100 percent of their total R&D expenses from their taxable income. Eligible expenses include design costs, expenses for materials and fuel consumed through R&D activities, wages, salaries, and benefits for personnel engaged in R&D activities, depreciation expenses on instruments and equipment, and many other expenses.

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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.

Category 5: Good / Services Provided by the Government at Less Than Fair Market Value

Program 33: 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) from SOEs or state-controlled enterprises used in the production of subject goods.

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

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

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”.

Financial Contribution

For the purposes of the final determination, this program may be considered 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

For the purposes of the final 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 Potentially Actionable Subsidy Programs Identified by the CBSA that were Not Used by the Responding Exporters

Based on the information available, for purposes of the final determination, the CBSA has found that these programs were not used by the participating exporters in China. 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 final determination, these programs appear to be countervailable.

Category 1: Preferential Loans and Loan Guarantees

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

For the purposes of the final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

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 final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Category 2: Grants and Grant Equivalents

Program 12: Grants for the Retirement of Capacity

General Information

The GOC's 12th Five-Year Plan for Energy Conservation and Emission Reduction calls for accelerating and eliminating "backward production capacity" in certain industrial sectors, including the elimination of 48 million metric tonnes of steel production. In 2013, the State Council issued the "Guiding Opinion on Resolving the Problem of Severe Excess Capacity," which called for establishing special funds to accelerate the elimination of backwards capacity and to also support industries with excess production capacity.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 13: Grants for Relocating Production Facilities

General Information

As part of the GOC's 12th Five-Year Steel Development Plan, the PRC has been locating urban based steel producers to locations outside of their current city. The GOC's 12th Five-Year Plan for Energy Conservation and Emission Reduction calls for the relocation for "heavy polluting enterprises" and for measures to optimize the "regional spatial layout" of "key industries".

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 23: Award for the Establishment of Non-Manufacturing Facilities

General Information

Subsidies provided under this program relate to assistance in establishing non-manufacturing facilities.

Financial Contribution

For the purposes of the final determination, this program may be considered a financial contribution pursuant to paragraph 2(1.6)(a) of SIMA as a direct transfer of funds from the government, and it 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Category 3: Preferential Tax Programs

Program 24: 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 final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Category 4: Relief from Duties and Taxes

Program 29: 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 final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 30: 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 final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Program 32: Deed tax exemption for SOEs undergoing mergers or restructuring

General Information

The GOC imposes a deed tax on transfers of land and real estate. In the context of an ownership transfer by means of an asset sale, as opposed to a stock sale, a deed tax of three to five percent is levied on the amount of the purchase price, and the purchaser is responsible for paying the tax. The GOC's "Notice of the Ministry of Finance and the State Administration of Taxation on Several Deed Tax Policies Concerning Enterprise Reorganization and Restructuring," exempts this deed tax where the transfer of ownership occurs as part of the restructuring or merger of an SOE.

Financial Contribution

For the purposes of the final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Category 5: Goods/Services Provided by the Government at Less Than Fair Market Value

Program 34: 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 final determination, this program may be considered 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, this program does not appear to be generally available to all enterprises in China and thus appears to be specific.

Other Programs Received by Exporters but Not Previously Addressed

Category 4: Relief from Duties and Taxes

Program 35: Exemption or Refund of Value-Added Tax (VAT) for Purchases of Domestic Machinery

General Information

Under this program, machinery and equipment necessary for production that are purchased domestically are exempted from taxes.

Financial Contribution

For the purposes of the final determination, this program may be considered 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 final 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.