

SUPPORTING STATEMENT FOR
UNITED STATES INTERNATIONAL TRADE COMMISSION QUESTIONNAIRE

**WOOD FLOORING AND HARDWOOD PLYWOOD: COMPETITIVE CONDITIONS
AFFECTING THE U.S. INDUSTRIES**

A. Justification

1. Request

On March 16, 2006, the U.S. International Trade Commission (Commission), at the request of the Chairman of Senate Finance Committee (attachment 1), instituted investigation number 332-487, Wood Flooring and Hardwood Plywood: Competitive Conditions Affecting the U.S. Industries.

The Commission has the responsibility of providing reports on issues affecting trade under Section 332 of the Tariff Act of 1930. Section 333(a) of the Act authorizes the Commission to obtain information. Copies of the sections of the statute that authorize the provision of reports and the collection of information are attached to the supporting statement (attachments 2 and 3).

2. Purpose

The information collected will be consolidated by the Commission in a report and sent to the Senate Finance Committee by June 6, 2008. The information to be collected is critical to the Commission's task in addressing the request letter elements, as it will provide production, capacity, employment, consumption, and trade patterns for calendar years 2002 through 2006 and the periods January-June 2006 and 2007. In addition, the information collected will address U.S. market conditions including raw materials, illegal logging, technological capabilities, labor practices, environmental programs, and substitutes for wood flooring and hardwood plywood.

3. Use of technology

All available information technology has been incorporated into the questionnaire design.

4. Non-duplication of available data

The Commission's investigation will also rely on existing publicly available data to the extent possible. After a thorough background search of data sources for this investigation, it has been determined that no other industry, government, or academic organizations collect or publish data which are duplicative of the data requested in the questionnaire.

Data from existing sources (such as the Department of Commerce, the Bureau of the Census, and the Department of Energy) which could be modified for use in the report are being used to the maximum extent possible. Data in other areas do not exist in a form or at a detailed level which could be modified to meet project needs.

5. Impact on small businesses

Some of the companies that will receive a questionnaire are likely to be "small businesses," as specified under the Small Business Administration Rules (13 CFR Part 121). To minimize the reporting burden, the producer questionnaires were designed to be as brief as possible, consistent with information requirements. Check-in type questions are used where appropriate to simplify questionnaire response. Also, the questionnaires indicate that carefully prepared estimates are acceptable; this should further reduce the potential burden on smaller firms that may not have the administrative resources or automated record systems of larger firms in the industry. Small business are typically involved in a limited number of activities, so large parts of the questionnaire will not be applicable to their operations.

6. Consequences of non-collection

Due to the lack of suitable data from other sources, without this information collection, the Commission would be unable to fulfill the request of the Senate Finance Committee, and therefore would not be able to satisfactorily discharge its responsibility under section 332 of the Tariff Act of 1930 (19 U.S.C. 1332(g)).

7. Frequency of data collection

This is a one-time, nonrecurring data collection.

8a. Consistency with 5 CFR 1320.6 guidelines

No special circumstances exist that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.6. If any respondents do not maintain information in the format requested by the questionnaires, they are permitted to submit carefully prepared estimates based upon available information and their best estimates.

8b. Consultations with affected public

The Commission's notice of submission to OMB requesting clearance under emergency approval provisions was submitted to the Federal Register on September 04, 2007 and is expected to be published September 07, 2007. The notice will be posted on the Commission's Internet site (<http://www.usitc.gov>) on September 10, 2007.

From June-July 2007, the Commission field-tested the wood flooring and hardwood plywood producer and importer questionnaires with regard to the availability of data, reporting burden, product coverage and definitions, clarity of instructions, disclosure, and reporting format. The following representatives of associations and companies were consulted on the content of the questionnaires and all received copies of the questionnaire.

1. Grace Terpstra, Terpstra Associates (202-828-9487)
2. Peter Hart, Hardwood Federation (202-463-2452)
3. E.T. "Bill" Altman, Hardwood Plywood and Veneer Association (703-629-5130)
4. Timm Locke, Wood Flooring Manufacturers Association (901-526-5016)
5. Suzanne Morgan, International Wood Products Association (703-820-6696)
6. Brent J. McClendon, International Wood Products Association (703-820-6696)
7. Edward S. Korczak, Nation Wood Flooring Association (636-519-9663)
8. Phill Guay, Columbia Forest Products (503-224-5300)
9. Gail Overgard, Timber Products Company (541-744-4209)
10. Don Finkell, Anderson Flooring (864-939-1316)
11. Laurie Showers, Armstrong and Company (717-396-4771)

The following table provides comments from industry sources and actions taken during preparation of the questionnaire for producers and imports of wood flooring and hardwood plywood.

Section	Comments/Suggestions	Adjustments to Questionnaire
Timm Locke, Wood Flooring Manufacturers Association Tel. (901) 526-5016		
Instructions	Separate plywood from flooring in the producers questionnaire. Often companies that manufacture both plywood and flooring do so under separate division	Separated products, although kept information within one questionnaire
Instructions	Definition for end-matched flooring: note that in order to be considered end-matched, flooring does not also need to be side-matched	Clarified definition
II-2	Separate solid wood flooring into two categories: solid unfinished and solid pre-finished	Separated product into two categories
II-7	Add "species other than oak"	Added as suggested
Brent McClendon, International Wood Products Association Tel. (703) 820-6696		
Part II: Importers and Producers Questionnaire	The follow-up question "During the last five years, has this percentage changed? If so please explain how." Please clarify for what data is expected (percent change or companies perspective of the change)	Clarified questions as suggested
II-13	Add question regarding existing forest certification or chain of custody	Added questions regarding specific types of certifications
II-13	Add "Please estimate the percentage of your firm's value of total purchases of raw materials that are certified by an existing certification program. During 2002-2006, has the percentage changed?"	Added question covering certification of raw material purchases
Don Finkell, Anderson Flooring Tel. (864) 939-1316		
	Clarify the reporting of plywood and veneer produced and internally used in the production of other finished products such as flooring or plywood.	Clarified reporting of internally consumed products to limit double counting of production statistics
Section	Comments/Suggestions	Adjustments to Questionnaire
Gail Overgard, Timber Products Tel. (541) 744-4209		
Instructions	Please clarify the definition and grading of "architectural" as AA or Better. Otherwise exclude architectural and use grades AA, A, and B.	Clarified as "AA or Better"
Instructions	Please clarify the definition for stock panel and custom panel	Reworded question to eliminate reference to stock and custom panels
Ed Korczak, Nation Wood Flooring Association Tel. (636) 519-9663		

Importer Q, Pg 4	Engineered definition excludes some construction types, please clarify	Clarified definition
Instructions	Plank definition should read “all widths greater than 3 inches”	Clarified definition to include measurements
Laurie Showers, Armstrong and Company Tel. (717) 396-4771		
	Separate into two questions, one for engineered wood flooring and another for solid wood flooring	Separated as suggested
II-11	Separate into three questions, one for engineered wood flooring, another for solid wood flooring and one for hardwood plywood	Separated as suggested
Pricing	Ask for information on species “other than oak”, such as Exotic (not oak)	Modified pricing groups to include other than oak species.
II-11a	Add “for any country-pair producing wood flooring which is sometimes or never interchangeable, please explain the factors that limit or preclude interchangeability”	Added as suggested.

9. Payments or gifts

Not applicable. Questionnaire recipients will not be provided with any payments or gifts for their responses.

10. Assurances of confidentiality

The first page of the questionnaires states: “the Commission may not release information which the Commission considers to be confidential business information, unless the party submitting the confidential business information had notice, at the time of submission, that such information would be released by the Commission, or such party subsequently consents to the release of the information.” Furthermore, the Senate Finance Committee, the requestor of this investigation, has requested that the Commission provide a nonconfidential report. The authority for accepting submissions of information as confidential is codified under 19 CFR 201.6.

11. Sensitive information

Information on issues of a sensitive nature involving persons is not being sought.

12. Respondents project cost

The Commission attempted to reduce burden on respondents by designing the questionnaire so that firms can easily identify those sections which apply to their operations. A key portion of the requested data being collected is largely qualitative in nature and should require relatively little time to complete.

The Commission estimates the following burden will be placed on respondents:

U.S. wood flooring and hardwood plywood questionnaires:

		Producers	Importers	Total
Number of respondents	(No.)	422	422	844
Frequency of response:	(No.)	1	1	1
Annual burden per respondent:	(hours)	40	40	40
Total burden:	(hours)	16,880	16,880	33,760

Because many of the U.S. producers of wood flooring and or hardwood plywood are also importers, as one product can be an input to the other, and each questionnaire contains questions related to both subject products, all recipients will receive both a producers and an importers questionnaire. This will allow the opportunity for parties to respond to either one or both questionnaires.

These estimates are based on past Commission experience with similar questionnaires and from consulting with potential respondents. The burden on individual respondents may vary widely. The variance is due to the fact that questionnaires are constructed so that meaningful data can be obtained from firms with complex business operations; many sections of the questionnaires may not apply to respondents with comparatively simple operations.

The Commission included a notice of the above response burden averages in the questionnaires, along with a request that respondents send comments to the Commission and to OMB. The Commission used the standard format recommended by OMB.

The maximum combined annualized cost to all respondents for the estimated hour burdens identified above is as follows:

$$\text{Cost} = 33,760 \text{ hours} \times \$53.43^* \text{ per hour} = \$1,803,797$$

*This is the same hourly cost estimate used in item 14 below. The Commission projects that this is an accurate cost estimate of personnel who will likely complete the questionnaire.

The Commission estimates that each producer will require 40 hours to complete the requested information including time to gather and synthesize the information requested. This estimate is based on past Commission experience with similar questionnaires. The burden on individual respondents may vary slightly.

13. Annual public response burden.

This is a one-time collection of information so, as explained below, the total annual cost burden is zero.

a. Total capital and start-up cost component: The Commission does not expect any capital and start-up costs because all information already exists in records storage facilities in office and resides with the firms' personnel.

b. Total operation and maintenance and purchase of service component: The Commission does not expect respondents will need to purchase any services in completing the questionnaires.

14. Federal change in burden

The estimated total cost to the Federal Government is \$546,408 as detailed below. No new equipment will be purchased because existing equipment will be used to process the questionnaires.

The estimated number of work hours includes designing the questionnaires, soliciting field test comments, editing results (i.e., contacting respondents after completion of the questionnaires to clarify responses), and compiling and tabulating questionnaire responses.

Personnel cost*	= \$500,108
Operational costs**	= \$ 46,300
Total cost	= \$546,408

*The hourly figure was approximated by dividing the Commission's average salary level (\$111,135) by the number of work hours per year (4.5).

**Operational costs include travel, training, printing, reports, contract editing, and contract programming

15. Program change justification

The requested data is not publicly available. This is a one-time collection for such data. The request letter is attached as a supplemental document.

16. Project plan and schedule

After receiving completed questionnaires, the Commission's staff will edit and review each response for accuracy, resolve any questions with the respondent and tabulate the returns. Data will be analyzed, compiled in a form that will not reveal the individual operations of any respondent, and prepared for publication. The questionnaire is scheduled to be mailed on or after October 5, 2007. The respondents are requested to respond by October 30, 2007. The report, incorporating questionnaire information, will be transmitted to Congress June 6, 2008.

17. Non-display of expiration date

Not applicable.

18. Exceptions to certification statement to form OMB 83-I

Not applicable.

B. Collections of Information Employing Statistical Methods

Not applicable. This information collection does not employ statistical methods.