



A Statement from the American Mattress Alliance

In the daily fight to protect American lives against COVID-19, medical personnel have struggled to find enough equipment as infections increase. In addition to respirators, ventilators, masks, and other personal protective equipment, mattresses have been an essential item as hospitals and crisis centers rapidly create new spaces to care for patients.

The need for mattresses during the COVID-19 pandemic has brought out the best in many companies—and the worst in others. Mattress importers have been harnessing their production models designed to satisfy online shoppers to meet the need for beds quickly and efficiently, creating instant solutions for medical suppliers. A group of domestic manufacturers, who typically follow a made-to-order production model, have instead used this time of crisis to make a calculated and manipulative power play.

On March 31, 2020 a group of petitioners, made up of domestic mattress and mattress component manufacturers, filed an antidumping suit against mattress importers. This petition sets a fast-paced trial in motion that may saddle importers with duties up to 1008 percent on imported mattresses from Vietnam, Thailand, Serbia, Turkey, Cambodia, Malaysia, or Indonesia. It ends importers' ability to provide beds for the crisis.

The American Mattress Alliance protests the timing of this petition. But, we also believe the American principle of free trade is being violated so these petitioners can limit competition in a market that has outpaced their innovation. They are manipulating a highly regarded government body designed to uphold trade law. Here's how they're doing it.

1

Petitioners provide the data used in the trial—which often cannot be verified.

In our case, the domestic manufacturers trying to violate free trade—Brooklyn Bedding, Corsicana Mattress Company, Elite Comfort Solutions, FXI Inc., Innocor Inc., Kolcraft Enterprises Inc., Leggett & Platt Incorporated—provide all the data for the trial. In fact, most laws surrounding antidumping trials are written in favor of domestic petitioners.

When filing a petition with the ITC, petitioners are asked to create an “Injury Narrative” that explains why they believe dumping is occurring. This narrative includes specific data that guides the entire process. And, because this case features such a complex product (they usually involve simple commodity products like steel, or sugar, or a pigment in dye), the commissioners of the ITC must rely heavily on this data to understand the “injury.”

The commissioners are not industry experts—nor should they be. The tight timelines of ITC cases limit the research and verification the commissioners can do on their own, so they rely on the data provided by petitioners as being true and correct. If the petitioners present misleading data, it taints every step of the process.

It’s nearly impossible for importers to disprove any misleading data because they can’t even see it—huge portions are confidential. In fact, petitioners are using confidential calculations to suggest the exact percentage of proposed duties they’d like to see enacted.

We believe the petitioners in our case provided misleading data and abused confidentiality to misinform from the start and set incredibly damaging duties.

2

It’s not an “apples to apples” comparison.

A tenant of any antidumping case is an “apple to apples” comparison—comparing products that are exactly alike to assess that dumping is actually occurring. Since the items under review are often simple commodity products, like sugar or steel, this comparison is usually easy. But we know all mattresses are not created equal.

Petitioners get to choose a product they believe is representative of the industry, which in this case is only defined as 12” Queen mattress. Using heavily redacted data and their assumptions, the petitioners run the numbers to get “constructed costs”—how much they claim it should cost to make a mattress in one of the affected countries. Each



country involved in the case is assigned a constructed cost by the petitioners for a mattress.

The petitioners allege that it costs factories in seven developing countries up to \$1124 dollars to manufacture a 12" Queen mattress. Anyone who has

ever purchased a mattress from the petitioners knows these constructed costs are unrealistic and inflated. Why would costs be exponentially higher to produce in countries with the necessary equipment, a willing labor force, and an efficient supply chain?

3

We're punished before we even have our day in court.

The petitioners know that by simply filing this case, they've significantly damaged our business. They use questionable data to create a case that stops competitors in their tracks, especially when "critical circumstances" are enacted.

Specifically requested by the petitioners in our case, "critical circumstances" retroactively adds duties to mattress imports. If companies continue to import mattresses during the trial, they could be slapped with tens of millions in duties when the case concludes.

So right now, if importers try to support an industry already damaged by a crisis—or even to assist the medical community—they are incurring huge amounts of risk and potentially bankrupting themselves if critical circumstances are enacted.

While we are assaulted by data we can't access, we must put our businesses on hold or face the consequences of critical circumstances. Our manufacturing operations across the world stall, or close their doors, unable to support themselves or their workforce through six months of inaction. Before any official ruling, the damage has been done.



We believe the petitioners think they have already won. They're wrong. We believe the petitioners thought they could slip past us as we fight through a global crisis. We caught them. We believe the petitioners thought we would not fight back. We will.

The American Mattress Alliance has united industry powerhouses like American Furniture Warehouse, Ashley Furniture, BedMart, BedTech, City Furniture, Classic Brands, Legends Furniture, El Dorado Furniture, Malouf, Mattress America, Maven, Mlily USA, RC Willey, Zinus USA, and others—with new members joining every day. We are working together to stop the petitioners from misusing a government process that will irreparably damage an industry we love.



Timeline

According to available public data, the DoC will make their preliminary determination on the dumping margin on Sep. 11. Should they find evidence of dumping, they will assign a dumping margin, which can be applied retroactively 90 days to June 13.

To protect importers from paying a potentially high dumping margin, we need to stop shipments in the next 3 to 4 weeks to get the customs entries filed on time. We will be left to whatever stock we have on hand and customs cleared before June 13 to maintain business until the proceedings are finished several months later.

This will inevitably lead to stock-outs and lost business for us and other importers. Not to mention the fact that many of our suppliers may be forced into bankruptcy from not producing orders for several months. Even if we win the antidumping case in the end, we may not have a supply network to come back to and we will have suffered losses to our own business. If the petitioners get this to go past the preliminary hearing, a lot of the damage is already done.

EVENT	SCHEDULE
Petition Filed	31-Mar-20
ITC Preliminary Hearing for Injury Determination	21-Apr-20
ITC Preliminary Vote (approx.)	11-May-20
Last Safe Day to Ship from Factory (approx.)	4-May-20
Last Safe Day to File Customs Entry	13-Jun-20
DOC Determines Dumping Margin	11-Sep-20
ITC AD Final Hearing for Injury Determination	9-Jan-21
Final AD Order Issued	16-Jan-21