



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-033]

Large Residential Washers from the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Negative Determination of Critical Circumstances

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

SUMMARY: The Department of Commerce (the Department) determines that imports of large residential washers (LRWs) from the People's Republic of China (PRC) are being, or likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through September 30, 2015. The final weighted-average dumping margins for this investigation are listed in the "Final Determination Margins" section of this notice.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Brian Smith or Rebecca Trainor, AD/CVD Operations, Office VIII, respectively, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1766 or (202) 482-4007.

SUPPLEMENTARY INFORMATION:

Background

The Department published the *Preliminary Determination* in the LTFV investigation of large residential washers from the PRC on July 26, 2016.<sup>1</sup>

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<sup>1</sup> See *Large Residential Washers from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value, Preliminary Affirmative Determination of Critical Circumstances, in Part, and Postponement of Final Determination*, 81 FR 48741 (July 26, 2016) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

A summary of the events that occurred since the Department published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum.<sup>2</sup> The Issues and Decision Memorandum is a public document, and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

#### Period of Investigation

The POI is April 1, 2015, through September 30, 2015.

#### Scope of the Investigation

The products covered by this investigation are LRWs. These products are properly classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 8450.20.0040 and 8450.20.0080. Covered merchandise may also enter under the following HTSUS subheadings: 8450.11.0040, 8450.11.0080, 8450.90.2000, and 8450.90.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive. For a complete description of the scope of this investigation, *see* the "Scope of the Investigation," in Appendix I of this notice.

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<sup>2</sup> *See* Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "Antidumping Duty Investigation of Large Residential Washers from the People's Republic of China: Issues and Decision Memorandum for the Final Determination of Sales at Less-Than-Fair-Value" (Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

## Scope Comments

Since the *Preliminary Determination*, the Department has requested and received comments on the scope of this investigation from the parties in this investigation. See Issues and Decision Memorandum for further details. The scope in Appendix I reflects the final scope language.

## Analysis of Comments Received

All issues raised in the case and rebuttal briefs that were submitted by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of these issues is attached to this notice as Appendix II.

## Verification

As provided in section 782(i) of the Tariff Act of 1930, as amended (the Act), in August and September 2016, we verified the sales and factors of production information submitted by the two mandatory respondents in this case: Nanjing LG-Panda Appliances Co., Ltd. (LG) and Suzhou Samsung Electronics Co., Ltd./Suzhou Samsung Electronics Co. Ltd – Export (collectively, Samsung). We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by both respondents.<sup>3</sup>

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<sup>3</sup> See Memorandum to the File from Brian Smith and Brandon Custard, Senior International Trade Compliance Specialists, “Verification of the Questionnaire Responses of Nanjing LG-Panda Appliances Co., Ltd. in the Antidumping Investigation of Large Residential Washers from the People’s Republic of China (PRC),” dated October 5, 2016; Memorandum to the File from David Goldberger and Kate Johnson, Senior International Trade Compliance Specialists, “Verification of the CEP Sales Response of Nanjing LG-Panda Appliances Co., Ltd. and LG Electronics USA, Inc.,” dated October 6, 2016; Memorandum to the File from Brian Smith and Brandon Custard, Senior International Trade Compliance Specialists, “Verification of the Questionnaire Responses of Suzhou Samsung Electronics Co., Ltd. (SSEC) and Suzhou Samsung Electronics Co., Ltd. – Export (SSEC) (collectively Samsung) in the Antidumping Investigation of Large Residential Washers (LRWs) from the People’s Republic of China (PRC),” dated October 7, 2016; and Memorandum to the File from Kate Johnson and David Goldberger, Senior International Trade Compliance Specialists, “Verification of the CEP Sales Response of Suzhou Samsung Electronics Co., Ltd., Suzhou Samsung Electronics Co., Ltd. – Export, and Samsung Electronics America, Inc.,” dated October 14, 2016.

### Changes to the Dumping Margin Calculations Since the Preliminary Determination

Based on the Department’s analysis of the comments received and findings at verification, we made certain changes to our dumping margin calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

### Combination Rates

In the *Initiation Notice*,<sup>4</sup> the Department stated that it would calculate combination rates for the respondents that are eligible for a separate rate in this investigation.<sup>5</sup>

### Final Determination Dumping Margins

The Department determines, as provided in section 735 of the Act, that the following weighted-average dumping margins exist for the period April 1, 2015, through September 30, 2015:

<b>Exporter</b>	<b>Producer</b>	<b>Weighted-Average Margin (%)</b>
Nanjing LG-Panda Appliances Co., Ltd.	Nanjing LG-Panda Appliances Co., Ltd.	32.12
Suzhou Samsung Electronics Co., Ltd./ Suzhou Samsung Electronics Co. Ltd – Export	Suzhou Samsung Electronics Co., Ltd./ Suzhou Samsung Electronics Co. Ltd – Export	52.51
PRC-Wide Entity		44.28

<sup>4</sup> See *Large Residential Washers from the People’s Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 81 FR 1398 (January 12, 2016) (*Initiation Notice*).

<sup>5</sup> See Enforcement and Compliance’s Policy Bulletin No. 05.1, regarding, “Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries,” dated April 5, 2005 (Policy Bulletin 05.1), available on the Department’s Web site at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

## PRC-Wide Rate

In calculating rates for non-individually investigated respondents in the context of non-market economy cases, the Department looks to section 735(c)(5)(A)-(B) of the Act, which provides instructions for calculating the all-others rate in an investigation.<sup>6</sup> Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be equivalent to the weighted average of the estimated weighted-average dumping margins calculated for exporters and producers individually investigated, excluding any margins that are zero, *de minimis*, or based entirely on facts available. Section 735(c)(5)(B) of the Act provides that where all individually investigated exporters or producers receive rates that are zero, *de minimis*, or based entirely on facts available, the Department may use “any reasonable method” to establish the all-others rate for those companies not individually investigated.

In this investigation, the Department examined all known exporters/producers of the subject merchandise. In addition, no other PRC exporters of the subject merchandise during the POI established entitlement to a separate rate.<sup>7</sup> Thus, no non-individually-examined separate rates are being assigned in this investigation. Furthermore, there currently exist no respondents that have failed to cooperate in this investigation, and there are no zero or *de minimis* margins. Therefore, consistent with the *Preliminary Determination*, we have based the PRC-wide rate on a weighted-average of the calculated rates determined for the mandatory respondents,<sup>8</sup> consistent with section 735(c)(5)(A) of the Act.<sup>9</sup>

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<sup>6</sup> See *Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 78 FR 33351 (June 4, 2013), and accompanying Issues and Decision Memorandum at page 4-5.

<sup>7</sup> See *Preliminary Determination*, 81 FR at 48742.

<sup>8</sup> With two respondents, we normally calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company’s publicly-ranged values for the merchandise under consideration. We then compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for all other companies. See *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative*

### Critical Circumstances

In the *Preliminary Determination*,<sup>10</sup> we found that critical circumstances did not exist for entries of subject merchandise from LG, but did exist for entries of subject merchandise from Samsung and the PRC-wide entity. Based on an analysis of updated shipment data provided by LG and Samsung (*i.e.*, including July 2016 data), as is our practice, we continue to find that critical circumstances do not exist with respect to LG, and for this final determination, we also find that critical circumstances do not exist with respect to Samsung and the PRC-wide entity. For further discussion, *see* the Issues and Decision Memorandum.<sup>11</sup>

### Continuation of Suspension of Liquidation

As noted above, the Department has found that critical circumstances do not longer exist with respect to imports of the subject merchandise from Samsung or the PRC-wide entity. Accordingly, for Samsung and the PRC-wide entity, in accordance with section 735(c)(3) of the Act, we will instruct Customs and Border Protection (CBP) to discontinue the suspension of liquidation, and to liquidate, without regard to antidumping duties, subject merchandise exported by Samsung and the PRC-wide entity and entered, or withdrawn from warehouse, on or after April 27, 2016, and before July 26, 2016.

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*Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). Since the *Preliminary Determination*, we requested and received complete publicly-ranged quantities from both respondents to properly conduct this comparison. *See* Samsung's August 11, 2016 Sections A and D Supplemental Questionnaire Response at Exhibit SAD-1, and LG's July 29, 2016, Section A Supplemental Questionnaire Response. For the final determination, we are using a weighted-average of the dumping margins calculated using the publicly-ranged quantities for the mandatory respondents as the PRC-wide rate. *See also*, Memorandum to the File, "Large Residential Washers from the People's Republic of China: Calculation of the Final Margin for the PRC-Wide Entity" dated December 8, 2016.

<sup>9</sup> *See Welded Stainless Pressure Pipe from the Socialist Republic of Vietnam: Final Determination of Sales at Less Than Fair Value*, 79 FR 31092 -93 (May 30, 2014); and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Small Diameter Carbon and Alloy Seamless Standard, Line and Pressure Pipe from Romania*, 65 FR 39125, 39127 (June 23, 2000).

<sup>10</sup> *See Preliminary Determination*, 81 FR at 48742.

<sup>11</sup> *See also* Memorandum to the File from Brian C. Smith, "Final Critical Circumstances Analysis," dated December 8, 2016.

In accordance with section 735(c)(1)(B) of the Act, we will instruct CBP to continue to suspend liquidation of all imports of the merchandise subject to the investigation from the respondents and the PRC-wide entity, that were entered or withdrawn from warehouse, for consumption on or after July 26, 2016, the date of publication of the *Preliminary Determination* in the *Federal Register*, and require a cash deposit as noted below.

The Department will instruct CBP to require a cash deposit equal to the amount by which the normal value exceeds U.S. price as follows: (1) for the exporter/producer combinations listed in the table above, the cash deposit rate is the weighted-average dumping margin listed for that combination in the table; (2) for all combinations of PRC exporters/producers of merchandise under consideration not listed in the table above, the cash deposit rate is the weighted average dumping margin listed for the PRC-wide entity in the table above; and (3) for all non-PRC exporters of merchandise under consideration not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter. The suspension of liquidation instructions will remain in effect until further notice.

#### Disclosure

We intend to disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

#### International Trade Commission (ITC) Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final

determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of subject merchandise from the PRC no later than 45 days after our final determination. If the ITC determines that such injury does not exist, this proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders

This notice will serve as a reminder to the parties subject to administrative protective order (APO) of their responsibility concerning the disposition of propriety information disclosed under APO in accordance with 19 CFR 351.305. Timely written notification of return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

We are issuing and publishing this determination in accordance with sections 735(d) and 777(i)(1) of the Act and 19 CFR 351.210(c).

*Dated: December 8, 2016*

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

## Appendix I: Scope of the Investigation

The products covered by this investigation are all large residential washers and certain parts thereof from the People's Republic of China.

For purposes of this investigation, the term "large residential washers" denotes all automatic clothes washing machines, regardless of the orientation of the rotational axis, with a cabinet width (measured from its widest point) of at least 24.5 inches (62.23 cm) and no more than 32.0 inches (81.28 cm), except as noted below.

Also covered are certain parts used in large residential washers, namely: (1) all cabinets, or portions thereof, designed for use in large residential washers; (2) all assembled tubs<sup>12</sup> designed for use in large residential washers which incorporate, at a minimum: (a) a tub; and (b) a seal; (3) all assembled baskets<sup>13</sup> designed for use in large residential washers which incorporate, at a minimum: (a) a side wrapper;<sup>14</sup> (b) a base; and (c) a drive hub;<sup>15</sup> and (4) any combination of the foregoing parts or subassemblies.

Excluded from the scope are stacked washer-dryers and commercial washers. The term "stacked washer-dryers" denotes distinct washing and drying machines that are built on a unitary frame and share a common console that controls both the washer and the dryer. The term "commercial washer" denotes an automatic clothes washing machine designed for the "pay per use" segment meeting either of the following two definitions:

(1) (a) it contains payment system electronics;<sup>16</sup> (b) it is configured with an externally mounted steel frame at least six inches high that is designed to house a coin/token operated payment system (whether or not the actual coin/token operated payment system is installed at the time of importation); (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners;<sup>17</sup> or

(2) (a) it contains payment system electronics; (b) the payment system electronics are enabled (whether or not the payment acceptance device has been installed at the time of importation)

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<sup>12</sup> A "tub" is the part of the washer designed to hold water.

<sup>13</sup> A "basket" (sometimes referred to as a "drum") is the part of the washer designed to hold clothing or other fabrics.

<sup>14</sup> A "side wrapper" is the cylindrical part of the basket that actually holds the clothing or other fabrics.

<sup>15</sup> A "drive hub" is the hub at the center of the base that bears the load from the motor.

<sup>16</sup> "Payment system electronics" denotes a circuit board designed to receive signals from a payment acceptance device and to display payment amount, selected settings, and cycle status. Such electronics also capture cycles and payment history and provide for transmission to a reader.

<sup>17</sup> A "security fastener" is a screw with a non-standard head that requires a non-standard driver. Examples include those with a pin in the center of the head as a "center pin reject" feature to prevent standard Allen wrenches or Torx drivers from working.

such that, in normal operation,<sup>18</sup> the unit cannot begin a wash cycle without first receiving a signal from a bona fide payment acceptance device such as an electronic credit card reader; (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners.

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a vertical rotational axis; (2) are top loading;<sup>19</sup> (3) have a drive train consisting, *inter alia*, of (a) a permanent split capacitor (PSC) motor,<sup>20</sup> (b) a belt drive,<sup>21</sup> and (c) a flat wrap spring clutch.<sup>22</sup>

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a horizontal rotational axis; (2) are front loading;<sup>23</sup> and (3) have a drive train consisting, *inter alia*, of (a) a controlled induction motor (CIM),<sup>24</sup> and (b) a belt drive.

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a horizontal rotational axis; (2) are front loading; and (3) have cabinet width (measured from its widest point) of more than 28.5 inches (72.39 cm).

The products subject to this investigation are currently classifiable under subheadings 8450.20.0040 and 8450.20.0080 of the Harmonized Tariff Schedule of the United States (HTSUS). Products subject to this investigation may also enter under HTSUS subheadings 8450.11.0040, 8450.11.0080, 8450.90.2000, and 8450.90.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this investigation is dispositive.

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<sup>18</sup> “Normal operation” refers to the operating mode(s) available to end users (*i.e.*, not a mode designed for testing or repair by a technician).

<sup>19</sup> “Top loading” means that access to the basket is from the top of the washer.

<sup>20</sup> A “PSC motor” is an asynchronous, alternating current (AC), single phase induction motor that employs split phase capacitor technology.

<sup>21</sup> A “belt drive” refers to a drive system that includes a belt and pulleys.

<sup>22</sup> A “flat wrap spring clutch” is a flat metal spring that, when engaged, links abutted cylindrical pieces on the input shaft with the end of the concentric output shaft that connects to the drive hub.

<sup>23</sup> “Front loading” means that access to the basket is from the front of the washer.

<sup>24</sup> A “controlled induction motor” is an asynchronous, alternating current (AC), polyphase induction motor.

## **Appendix II: List of Topics in the Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Margin Calculations
- VI. Discussion of the Issues:

### **General**

- Comment 1: Critical Circumstances
- Comment 2: Differential Pricing and Use of Average-to-Average Comparisons
- Comment 3: Differential Pricing and Use of “Zeroing”
- Comment 4: Scope – Subassemblies and Cabinet Portions
- Comment 5: Scope – Pedestal Washers
- Comment 6: Use of Acquisition Costs for Surrogate Value Selection
- Comment 7: Use of Subheading 8450.90 to Value Certain Parts
- Comment 8: Surrogate Financial Ratios
- Comment 9: Factors of Production Underreporting

### **Samsung**

- Comment 10: Seven Assembled Parts Containing Multiple Materials
- Comment 11: Other Washer Parts
- Comment 12: Assembly S. Panel Control
- Comment 13: Weight Balancer (also known as Concrete Counterweight)
- Comment 14: Drain Pump Assembly
- Comment 15: Thermistors and Thermistor Assemblies, Pressure Sensors, and MEMS Sensors
- Comment 16: Motor Drain Clutch
- Comment 17: Assembly Hinge
- Comment 18: Assembly Hose Circulation
- Comment 19: Flange Shaft Spider
- Comment 20: Inlay Panel
- Comment 21: Tapping Screws
- Comment 22: Warranty Expenses
- Comment 23: Corrections from Verification
- Comment 24: Programming Clerical Error in the Preliminary Determination

### **LG**

- Comment 25: Motor and Pump Assembly
- Comment 26: Water Level Controller Assembly
- Comment 27: Temperature Sensor
- Comment 28: Printed Circuit Boards (PCBs)
- Comment 29: Top Load Aluminum Inner Tub Base

Comment 30: Hose Assembly  
Comment 31: Electrical Connector  
Comment 32: Rubber Gasket  
Comment 33: Washer Door Hinge Assembly  
Comment 34: Shaft Housing Assembly  
Comment 35: Microswitches  
Comment 36: Brackets  
Comment 37: Concrete Counterweights  
Comment 38: By-Product Scrap  
Comment 39: Steel Wire Clamps  
Comment 40: Tapping Screw  
Comment 41: Washer Mixed Trim Piece, Washer Trim Piece, and Trim Piece  
Comment 42: Leaf Spring and Leaf Hinge Spring  
Comment 43: Metal Nameplate  
Comment 44: Carbon Film Resistor  
Comment 45: Check Valve  
Comment 46: Thinner  
Comment 47: Owner's Manual Package  
Comment 48: Cold Rolled Steel (51mm x 1mm)  
Comment 49: Galvanized Steel Coil (Greater Than 600mm)  
Comment 50: Steel Cold-Rolled Carbon Sheet Hot Dipped Galvanized (540mm x 0.4mm x 380.7 and 526mm x 0.4mm x 575)  
Comment 51: Steel Cold-Rolled Stainless Sheet Uncoated (645mm x 0.6mm x 645; 685mm x 0.6mm x 685; 720mm x 1mm x 720; and 700mm x 0.5mm x 700)  
Comment 52: Stainless Steel Coil (365mm x 0.5mm)  
Comment 53: U.S. Indirect Selling Expense Ratio Expense Calculation  
Comment 54: Commissions on Rebates  
Comment 55: Warranty Expenses  
Comment 56: Corrections from Verification  
Comment 57: Programming Clerical Errors in the Preliminary Determination

## VII. Recommendation