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DEPARTMENT OF COMMERCE

International Trade Administration

C-570-057

Certain Tool Chests and Cabinets from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of certain tool chests and cabinets (tool chests) from the People's Republic of China (PRC). The period of investigation is January 1, 2016, through December 31, 2016.

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

FOR FURTHER INFORMATION CONTACT: Hermes Pinilla or Thomas Schauer, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington DC 20230; telephone (202) 482-3477 or (202) 482-0410, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). The Department published the notice of initiation of this investigation on May 9, 2017.<sup>1</sup> On June 12, 2017, the Department postponed the preliminary

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<sup>1</sup> See *Certain Tool Chests and Cabinets from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 82 FR 21516 (May 9, 2017) (*Initiation Notice*).

determination of this investigation and the revised deadline is now September 8, 2017.<sup>2</sup> For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.<sup>3</sup> A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and electronic versions of the Preliminary Decision Memorandum are identical in content.

#### Scope of the Investigation

The products covered by this investigation are tool chests from the PRC. For a complete description of the scope of this investigation, *see* Appendix I.

#### Scope Comments

In accordance with the preamble to the Department's regulations,<sup>4</sup> the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage, (*i.e.*, scope).<sup>5</sup> Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this preliminary determination, and accompanying discussion and

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<sup>2</sup> *See Certain Tool Chests and Cabinets from the People's Republic of China: Postponement of Preliminary Determination of Countervailing Duty Investigation*, 82 FR 31045 (July 5, 2017).

<sup>3</sup> *See* Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination: Countervailing Duty Investigation of Certain Tool Chests and Cabinets from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

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

<sup>5</sup> *See Initiation Notice*, 82 FR at 21517.

analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.<sup>6</sup>

The Department is preliminarily modifying the scope language as it appeared in the *Initiation Notice*. *See* revised scope in Appendix I.

### Methodology

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

The Department notes that, in making these findings, it relied, in part, on facts available and, because it finds that one or more respondents did not act to the best of their ability to respond to the Department’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.<sup>8</sup> For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

### All-Others Rate

Sections 703(d) and 705(c)(5)(A) of the Act provide that in the preliminary determination, the Department shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

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<sup>6</sup> *See* Memorandum, “Certain Tool Chests and Cabinets from the People’s Republic of China: Scope Comments Decision Memorandum for the Preliminary Determination,” dated concurrently with this notice (Preliminary Scope Decision Memorandum).

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

<sup>8</sup> *See* sections 776(a) and (b) of the Act.

In this investigation, the Department calculated individual estimated countervailable subsidy rates for Jiangsu Tongrun Equipment Technology Co., Ltd. (Tongrun) and Zhongshan Geelong Manufacturing Co., Ltd. (Geelong) that are not zero, *de minimis*, or based entirely on facts otherwise available. The Department calculated the all-others' rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged values for the merchandise under consideration.<sup>9</sup>

#### Preliminary Determination

The Department preliminarily determines that the following estimated countervailable subsidy rates exist:

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<sup>9</sup> With two respondents under examination, the Department normally calculates (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. The Department then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. *See, e.g., Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). As complete publicly ranged sales data was available, the Department based the all-others rate on the publicly ranged sales data of the mandatory respondents. For a complete analysis of the data, please *see* the All-Others' Rate Calculation Memorandum.

<b>Company</b>	<b>Subsidy Rate (Percent)</b>
Jiangsu Tongrun Equipment Technology Co., Ltd. <sup>10</sup>	17.32
Zhongshan Geelong Manufacturing Co., Ltd.	32.07
Allround Hardware Co., Ltd.	112.99
Beijing Kang Jie Kong International Cargo Agent Co., Ltd.	112.99
Changshu Zhongcheng Tool Box Co., Ltd.	27.13
Changzhou City Hongfei Metalwork Corporation	112.99
Changzhou Machan Steel Furniture Co., Ltd.	27.13
China National Electronics Import and Export Ningbo Co.	112.99
Foshan Lishida Metal Products Co., Ltd.	112.99
Gem-Year Industrial Co., Ltd.	112.99
Guangdong Hisense Home Appliances Co., Ltd.	27.13
Guerjie Enterprise Co., Ltd.	112.99
Haiyan Dingfeng Fasteners Ltd.	112.99
Hangzhou Xiaoshan Import and Export Trading Co., Ltd.	112.99
Hyxion Metal Industry	27.13
Jiaxing Pinyou Import & Export Co., Ltd.	112.99
Jin Rong Hua Le Metal Manufactures Co., Ltd.	27.13
Jinhua JG Tools Manufacturing Co.	27.13
Jinhua Yahu Tools Co., Ltd.	27.13
Keesung Manufacturing Co., Ltd.	27.13
Kingstar Tools Co., Ltd.	112.99
Liyang Flying Industry Co., Ltd.	112.99
Meridian International Co., Ltd.	27.13

<sup>10</sup> As discussed in the Preliminary Decision Memorandum, the Department has found the following companies to be cross-owned with Jiangsu Tongrun Equipment Technology Co., Ltd.: Changshu Jack Factory, Changshu Tongrun Taron Import and Export Co., Ltd., (also known as Changshu Tongrun Equipment Co., Ltd.), Changshu Tongrun Mechanical & Electrical Equipment Manufacture Co., Ltd., Changshu Taron Machinery Equipment Manufacturing Co., Ltd., and Changshu General Electrical Factory Co., Ltd.

Ningbo Better Design Industry Co., Ltd.	112.99
Ningbo Hualei Tool Co., Ltd.	112.99
Ningbo Jiufeng Electronic Tools	112.99
Ningbo Safewell International Holding Corp.	27.13
Ningbo Xiunan International Co., Ltd.	112.99
Pinghu Chenda Storage Office Equipment Co., Ltd	27.13
Pooke Technology Co., Ltd.	27.13
Shanghai All-Fast International Trade Co., Ltd.	27.13
Shanghai All-Hop Industry Co., Ltd.	27.13
Shanghai Delta International Trading	112.99
Shanghai Fairlong International Trading Co., Ltd.	112.99
Shanghai ITPC Hardware Co., Ltd.	27.13
Shanghai Legsteel Metal Products Co., Ltd.	112.99
Shanghai Tung Hsing Technology Inc.	112.99
Shining Golden Yida Welding & Cutting Machinery Manufacture Ltd.	112.99
Suzhou Aomeijia Metallic Products Co., Ltd.	112.99
Suzhou Goldenline Machinery Co., Ltd.	112.99
Suzhou Xindadi Hardware Co., Ltd.	27.13
Taixing Hutchin Mfg. Co., Ltd.	27.13
Tong Ming Enterprise (Jiaxing) Co., Ltd.	112.99
Trantex Product (Zhong Shan) Co., Ltd.	27.13
Wuyi Yunlin Steel Products Co., Ltd.	112.99
Yangzhou Huayu Pipe Fitting Co., Ltd.	112.99
Yangzhou Triple Harvest Power Tools Limited	27.13
Zhangjiagang Houfeng Machinery Co., Ltd.	112.99
Zhejiang KC Mechanical & Electrical	112.99
Zhejiang Zhenglian Corp.	112.99
Zhuhai Shichang Metals Ltd.	112.99
All-Others	27.13

### Suspension of Liquidation

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

### Disclosure

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

### Verification

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

### Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>11</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this

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

investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

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

#### International Trade Commission Notification

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

Notification to Interested Parties

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

Gary Taverman  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance

Dated: September 8, 2017

## Appendix I

### Scope of the Investigation

The scope of this investigation covers certain metal tool chests and tool cabinets, with drawers, (tool chests and cabinets), from the People's Republic of China (the PRC) and the Socialist Republic of Vietnam (Vietnam). The scope covers all metal tool chests and cabinets, including top chests, intermediate chests, tool cabinets and side cabinets, storage units, mobile work benches, and work stations and that have the following physical characteristics:

- (1) a body made of carbon, alloy, or stainless steel and/or other metals;
- (2) two or more drawers for storage in each individual unit;
- (3) a width (side to side) exceeding 15 inches for side cabinets and exceeding 21 inches for all other individual units but not exceeding 60 inches;
- (4) a body depth (front to back) exceeding 10 inches but not exceeding 24 inches; and
- (5) prepackaged for retail sale.

For purposes of this scope, the width parameter applies to each individual unit, *i.e.*, each individual top chest, intermediate top chest, tool cabinet, side cabinet, storage unit, mobile work bench, and work station.

Prepackaged for retail sale means the units may, for example, be packaged in a cardboard box, other type of container or packaging, and may bear a Universal Product Code, along with photographs, pictures, images, features, artwork, and/or product specifications. Subject tool chests and cabinets are covered whether imported in assembled or unassembled form. Subject merchandise includes tool chests and cabinets produced in the PRC or Vietnam but assembled, prepackaged for retail sale, or subject to other minor processing in a third country prior to importation into the United States. Similarly, it would include tool chests and cabinets produced in the PRC or Vietnam that are later found to be assembled, prepackaged for retail sale, or subject to other minor processing after importation into the United States.

Subject tool chests and cabinets may also have doors and shelves in addition to drawers, may have handles (typically mounted on the sides), and may have a work surface on the top. Subject tool chests and cabinets may be uncoated (*e.g.*, stainless steel), painted, powder coated, galvanized, or otherwise coated for corrosion protection or aesthetic appearance.

Subject tool chests and cabinets may be packaged as individual units or in sets. When packaged in sets, they typically include a cabinet with one or more chests that stack on top of the cabinet. Tool cabinets act as a base tool storage unit and typically have rollers, casters, or wheels to permit them to be moved more easily when loaded with tools. Work stations and mobile work benches are tool cabinets with a work surface on the top that may be made of rubber, plastic, metal, wood, or other materials.

Top chests are designed to be used with a tool cabinet to form a tool storage unit. The top chests may be mounted on top of the base tool cabinet or onto an intermediate chest. They are often packaged as a set with tool cabinets or intermediate chests, but may also be packaged separately. They may be packaged with mounting hardware (*e.g.*, bolts) and instructions for assembling them onto the base tool cabinet or onto an intermediate tool chest which rests on the base tool cabinet. Smaller top chests typically have handles on the sides, while the larger top chests typically lack handles. Intermediate tool chests are designed to fit on top of the floor standing tool cabinet and to be used underneath the top tool chest. Although they may be packaged or used separately from the tool cabinet, intermediate chests are designed to be used in conjunction with tool cabinets. The intermediate chests typically do not have handles. The intermediate and top chests may have the capability of being bolted together.

Side cabinets are designed to be bolted or otherwise attached to the side of the base storage cabinet to expand the storage capacity of the base tool cabinet.

Subject tool chests and cabinets also may be packaged with a tool set included. Packaging a subject tool chest and cabinet with a tool set does not remove an otherwise covered subject tool chest and cabinet from the scope. When this occurs, the tools are not part of the subject merchandise.

All tool chests and cabinets that meet the above definition are included in the scope unless otherwise specifically excluded.

Excluded from the scope of the investigation are tool boxes, chests, and cabinets with bodies made of plastic, carbon fiber, wood, or other non-metallic substances.

Also excluded from the scope of the investigation are industrial grade steel tool chests and cabinets. The excluded industrial grade steel tool chests and cabinets are those:

- (1) having a body that is over 60 inches in width; or
- (2) having each of the following physical characteristics:
  - (a) a body made of steel that is 0.047 inches or more in thickness;
  - (b) a body depth (front to back) exceeding 21 inches; and
  - (c) a unit weight that exceeds the maximum unit weight shown below for each width range:

Weight to Width Ratio
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Weight to Width Ratio
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Tool Chests		Tool Cabinets	
Inches	Maximum Pounds	Inches	Maximum Pounds
21 > ≤ 25	90	21 > ≤ 25	155
25 > ≤ 28	115	25 > ≤ 28	170
28 > ≤ 30	120	28 > ≤ 30	185
30 > ≤ 32	130	30 > ≤ 32	200
32 > ≤ 34	140	32 > ≤ 34	215
34 > ≤ 36	150	34 > ≤ 36	230
36 > ≤ 38	160	36 > ≤ 38	245
38 > ≤ 40	170	38 > ≤ 40	260
40 > ≤ 42	180	40 > ≤ 42	280
42 > ≤ 44	190	42 > ≤ 44	290
44 > ≤ 46	200	44 > ≤ 46	300
46 > ≤ 48	210	46 > ≤ 48	310
48 > ≤ 50	220	48 > ≤ 50	320
50 > ≤ 52	230	50 > ≤ 52	330
52 > ≤ 54	240	52 > ≤ 54	340
54 > ≤ 56	250	54 > ≤ 56	350
56 > ≤ 58	260	56 > ≤ 58	360
58 > ≤ 60	270	58 > ≤ 60	370

Also excluded from the scope of the investigation are service carts. The excluded service carts have all of the following characteristics:

- (1) casters, wheels, or other similar devices which allow the service cart to be rolled from place to place;
- (2) a flat top or flat lid on top of the unit that opens;
- (3) a space or gap between the casters, wheels, or other similar devices, and the bottom of the enclosed storage space (e.g., drawers) of at least 10 inches; and
- (4) a total unit height, including casters, of less than 48 inches.

Also excluded from the scope of the investigation are non-mobile work benches. The excluded non-mobile work benches have all of the following characteristics:

- (1) a solid top working surface;
- (2) no drawers, one drawer, or two drawers in a side-by-side configuration; and
- (3) the unit is supported by legs and has no solid front, side, or back panels enclosing the body of the unit.

Also excluded from the scope of the investigation are metal filing cabinets that are configured to hold hanging file folders and are classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 9403.10.0020.

Merchandise subject to the investigation is classified under HTSUS categories 9403.20.0021, 9403.20.0026, 9403.20.0030 and 7326.90.8688, but may also be classified under HTSUS category 7326.90.3500. While HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Injury Test
- VI. Application of the CVD Law to Imports from the PRC
- VII. Use of Facts Otherwise Available and Adverse Inferences
- VIII. Subsidies Valuation
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- X. Analysis of Programs
- XI. Calculation of the All-Others Rate
- XII. ITC Notification
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