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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: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (the Department) 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. For information on the estimated subsidy rates, *see* the "Final Determination" section of this notice.

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.

Background

The Department published its affirmative *Preliminary Determination* on September 15, 2017.¹ A summary of the events that occurred since the publication of the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final

¹ *See Certain Tool Chests and Cabinets from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination*, 82 FR 43331 (September 15, 2017) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

determination, may be found in the Issues and Decision Memorandum.² The Issues and Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty (CVD) 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.

Scope of the Investigation

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

Scope Comments

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

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs submitted by interested parties in this proceeding are discussed in the Issues and Decision Memorandum. A list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

² *See* Memorandum, "Issues and Decision Memorandum for the Final 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 (Issues and Decision Memorandum).

Verification

As provided in section 782(i) of the Tariff Act of 1930, as amended (the Act), in September 2017, the Department verified the subsidy information reported by the Government of China (GOC) and the respondents. We used standard verification procedures, including an examination of relevant accounting and production records, and original source documents provided by the GOC and the respondents.³

Use of Adverse Facts Available

In making this final determination, the Department relied, in part, on facts available. As discussed in the Issues and Decision Memorandum, because the GOC and companies that did not respond to our quantity-and-value questionnaire did not act to the best of their abilities in responding to the Department's requests for information, we drew an adverse inference where appropriate in selecting from among the facts otherwise available, pursuant to section 776(a) and (b) of the Act.⁴ For further information, *see* the section "Use of Facts Otherwise Available and Adverse Inferences" in the accompanying Issues and Decision Memorandum.

Changes Since the Preliminary Determination

Based on our analysis of the information requested and received from the GOC and the company respondents since the *Preliminary Determination*, the results of verification, and the comments received from parties, we made certain changes to the subsidy rate calculations since the *Preliminary Determination*. For a discussion of these changes, *see* the Issues and Decision Memorandum.

³ *See* Memorandum to the File, "Verification of the Questionnaire Responses Submitted by Jiangsu Tongrun Equipment Technology Ltd.," dated October 10, 2017; Memorandum to the File, "Verification Report: Zhongshan Geelong Manufacturing Co. Ltd.," dated October 10, 2017; and Memorandum to the File, "Verification Report: the Government of the People's Republic of China," dated October 10, 2017.

⁴ *See* Issues and Decision Memorandum at "USE OF FACTS OTHERWISE AVAILABLE AND ADVERSE INFERENCES" section.

All-Others Rate

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we calculated a CVD rate for each individually-investigated producer/exporter of the subject merchandise. Consistent with section 705(c)(5)(A)(i) of the Act, we calculated an estimated “all-others” rate for exporters/producers not individually examined. Section 705(c)(5)(A)(i) of the Act provides that the “all-others” rate shall be an amount equal to the weighted-average of the countervailable subsidy rates established for individually investigated exporters/producers, excluding any rates that are zero or *de minimis* or any rates determined entirely under section 776 of the Act. Neither of the mandatory respondents’ rates in this final determination was zero or *de minimis* or based entirely on facts otherwise available. Accordingly, in order to ensure that business proprietary information is not disclosed, we calculated the all-others rate using a weighted average of the individual countervailable subsidy rates calculated for the examined respondents using each company’s publicly-ranged values for the merchandise under consideration.⁵

Final Determination

We determine the total estimated countervailable subsidy rates to be:⁶

Company	Subsidy Rate (Percent)
Jiangsu Tongrun Equipment Technology Co., Ltd.	15.09
Zhongshan Geelong Manufacturing Co., Ltd.	14.03
Allround Hardware Co., Ltd.	95.96
Beijing Kang Jie Kong International Cargo Agent Co., Ltd.	95.96

⁵ See Memorandum to the File, “Calculation of the All-Others Rate,” dated concurrently with this final determination.

⁶ As discussed in the Issues and Decision Memorandum, the Department 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.

Changshu Zhongcheng Tool Box Co., Ltd.	14.39
Changzhou City Hongfei Metalwork Corporation	95.96
Changzhou Machan Steel Furniture Co., Ltd.	14.39
China National Electronics Import and Export Ningbo Co.	95.96
Foshan Lishida Metal Products Co., Ltd.	95.96
Gem-Year Industrial Co., Ltd.	95.96
Guangdong Hisense Home Appliances Co., Ltd.	14.39
Guerjie Enterprise Co., Ltd.	95.96
Haiyan Dingfeng Fasteners Ltd.	95.96
Hangzhou Xiaoshan Import and Export Trading Co., Ltd.	95.96
Hyxion Metal Industry	14.39
Jiaxing Pinyou Import & Export Co., Ltd.	95.96
Jin Rong Hua Le Metal Manufactures Co., Ltd.	14.39
Jinhua JG Tools Manufacturing Co.	14.39
Jinhua Yahu Tools Co., Ltd.	14.39
Keesung Manufacturing Co., Ltd.	14.39
Kingstar Tools Co., Ltd.	95.96
Liyang Flying Industry Co., Ltd.	95.96
Meridian International Co., Ltd.	14.39
Ningbo Better Design Industry Co., Ltd.	95.96
Ningbo Hualei Tool Co., Ltd.	95.96
Ningbo Jiufeng Electronic Tools	95.96
Ningbo Safewell International Holding Corp.	14.39
Ningbo Xiunan International Co., Ltd.	95.96
Pinghu Chenda Storage Office Equipment Co., Ltd	14.39
Pooke Technology Co., Ltd.	14.39
Shanghai All-Fast International Trade Co., Ltd.	14.39
Shanghai All-Hop Industry Co., Ltd.	14.39
Shanghai Delta International Trading	95.96

Shanghai Fairlong International Trading Co., Ltd.	95.96
Shanghai ITPC Hardware Co., Ltd.	14.39
Shanghai Legsteel Metal Products Co., Ltd.	95.96
Shanghai Tung Hsing Technology Inc.	95.96
Shining Golden Yida Welding & Cutting Machinery Manufacture Ltd.	95.96
Suzhou Aomeijia Metallic Products Co., Ltd.	95.96
Suzhou Goldenline Machinery Co., Ltd.	95.96
Suzhou Xindadi Hardware Co., Ltd.	14.39
Taixing Hutchin Mfg. Co., Ltd.	14.39
Tong Ming Enterprise (Jiaxing) Co., Ltd.	95.96
Trantex Product (Zhong Shan) Co., Ltd.	14.39
Wuyi Yunlin Steel Products Co., Ltd.	95.96
Yangzhou Huayu Pipe Fitting Co., Ltd.	95.96
Yangzhou Triple Harvest Power Tools Limited	14.39
Zhangjiagang Houfeng Machinery Co., Ltd.	95.96
Zhejiang KC Mechanical & Electrical	95.96
Zhejiang Zhenglian Corp.	95.96
Zhuhai Shichang Metals Ltd.	95.96
All-Others	14.39

Disclosure

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

Continuation of Suspension of Liquidation

In accordance with section 703(d) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of tool chests from the PRC, as described in Appendix I of this notice, which were entered, or withdrawn from warehouse, for consumption on or after September 15, 2017, the date of the publication of the

Preliminary Determination in the *Federal Register*. Furthermore, we will instruct CBP to require a cash deposit for such entries of merchandise in the amounts indicated above, pursuant to section 705(c)(1)(B)(ii) of the Act.

U.S. International Trade Commission (ITC) Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our final affirmative CVD determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, we will issue a CVD order directing CBP to assess, upon further instruction by the Department, CVDs 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, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding Administrative Protective Orders (APOs)

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/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 violation that is subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: November 22, 2017.

Carole Showers,
Executive Director, Office of Policy
performing the duties of the Deputy Assistant Secretary
for Enforcement and Compliance.

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 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 Tool Chests	
Inches	Maximum Pounds

Weight to Width Ratio Tool Cabinets	
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) an open top for storage, 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 Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Application of the Countervailing Duty Law to Imports from the PRC
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Subsidies Valuation
- VIII. Benchmarks and Interest Rates
- IX. Analysis of Programs
- X. Analysis of Comments

- Comment 1: Whether to Countervail Steel Inputs Not Purchased in Coils
- Comment 2: Whether Certain Steel Producers Are Authorities
- Comment 3: Whether Steel Suppliers That Are Trading Companies Are Authorities
- Comment 4: Whether the Provision of Steel Coils is Specific
- Comment 5: Whether to Use Certain Sources as Benchmarks for Steel Inputs
- Comment 6: What to Use as Benchmark for Certain of Geelong's Steel Purchases
- Comment 7: Whether to Use a Certain Source as a Benchmark for Ocean Freight
- Comment 8: Whether to Countervail Export Buyer's Credits
- Comment 9: Whether to Apply Adverse Facts Available With Respect to the Government of China's Response Regarding Electricity
- Comment 10: Whether the Department's Selection of Electricity Rates Was Proper
- Comment 11: Whether to Countervail Certain Tongrun "Other Subsidies"

XI. Recommendation

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