



U.S. Customs and Border Protection

July 23, 2020

EAPA CASE NO. 7352

PUBLIC VERSION

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RE: Notice of Determination as to Evasion

Pursuant to an examination of the record in Enforce and Protect Act (EAPA) Investigation 7352, U.S. Customs and Border Protection (CBP) has determined there is substantial evidence that Rayson Global, Incorporated (Rayson Global) entered merchandise covered by antidumping duty (AD) order A-570-928 on uncovered innerspring units (innersprings) from the People's Republic of China (China)¹ into the customs territory of the United States through evasion. Substantial evidence demonstrates that Rayson Global imported Chinese-origin innersprings that were transshipped and the country of origin claimed as Thailand. As a result, no cash deposits were applied to the merchandise at the time of entry.

Background

On August 29, 2019, the Trade Remedy Law Enforcement Directorate (TRLED), within CBP's Office of Trade, acknowledged receipt of the properly filed allegation by Leggett & Platt, Incorporated (the Alleger), a domestic manufacturer of innersprings.² TRLED found the

¹ See *Uncovered Innerspring Units from the People's Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009) (AD Order).

² See August 29, 2019 email entitled, "Receipt of EAPA 7352: Transshipment of Uncovered Innersprings Unit from the People's Republic of China."

information provided in the allegation reasonably suggested that Rayson Global entered covered merchandise into the customs territory of the United States through evasion. Consequently, CBP initiated an investigation with respect to Rayson Global on September 20, 2019, pursuant to Title IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as the “Enforcement and Protect Act” or EAPA.³

After evaluating all of the information on the record, TRLED determined that reasonable suspicion exists that innersprings imported into the United States from Thailand by Rayson Global were in fact, manufactured in China. Specifically, TRLED based its determination on several elements introduced through the course of the investigation, including information provided in the allegation, multiple discrepancies in Rayson Global’s CF-28 responses, CBP’s determination of non-existent production facilities in Thailand, and Thai trade data confirming a one-to-one correlation of imports of innersprings from China to Green Asia and exports of innersprings to the United States from Green Asia.⁴ Consequently, based upon the information stated above, CBP imposed interim measures on December 19, 2019.⁵

On February 10, 2020, pursuant to 19 CFR 165.5, CBP sent Request for Information (RFI)’s to Rayson Global and the claimed manufacturers Green Asia, [], and [], requesting information on the manufacturers’ shipments to Rayson Global, as well as their production capabilities and capacities.⁶ Rayson Global

³ See CBP Memorandum, “Initiation of Investigation for EAPA Case Number 7352 – Rayson Global,” dated September 20, 2019 (Rayson Global Initiation).

⁴ See CBP letter, “Notice of Initiation of Investigation and Interim Measures – EAPA Case No. 7352,” dated December 19, 2019 (NOI).

⁵ *Id.* at 7.

⁶ See Memorandum to Rayson Global, “Request for Information to Importer with regard to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated February 10, 2020 (Rayson Global RFI); Memorandum to Green Asia Parts Ltd., “Request for Information to Identified Manufacturer/Supplier with regards to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated February 10, 2020 (Green Asia RFI); Memorandum to [] Co., Ltd. (Company A), “Request for Information to Identified Manufacturer/Supplier with regards to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated February 10, 2020 (Company A RFI); Memorandum to [] Co., Ltd. (Company B), “Request for Information to Identified Manufacturer/Supplier with regards to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated February 10, 2020 (Company B RFI); Memorandum to [] (Company C), “Request for Information to Identified Manufacturer/Supplier with regards to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated February 10, 2020 (Company C RFI). See also Memorandum to the File, “Issuance of Request for Information to Identified Manufacturers,” dated February 11, 2020, and Memorandum to the File, “Issuance of Request for Information to Identified Manufacturers,” dated April 22, 2020.

submitted a properly bracketed response, pursuant to 19 CFR 165.4, on March 2, 2020.⁷ On March 12, 2020, CBP issued a supplemental RFI to Rayson Global, seeking additional information.⁸ Rayson Global did not respond to this supplemental request for information. Rayson Global ceased communication with CBP following its initial RFI submission. Further, none of the claimed manufacturers responded to the RFIs.

The Alleger submitted its written arguments on May 7, 2020.⁹ Rayson Global did not submit any arguments.

Analysis as to Evasion

Under 19 USC 1517(c)(1)(A), to reach a determination as to evasion, CBP must “make a determination, based on substantial evidence, with respect to whether such covered merchandise entered into the customs territory of the United States through evasion.” Evasion is defined as “the entry of covered merchandise into the customs territory of the United States for consumption by means of any document or electronically transmitted data or information, written or oral statement, or act that is material and false, or any omission that is material, and that results in any cash deposit or other security or any amount of applicable antidumping or countervailing duties being reduced or not being applied with respect to the merchandise.”

Substantial evidence on the record of this investigation supports a determination that Rayson Global’s imports were covered merchandise entered through evasion, resulting in the avoidance of applicable AD deposits or other security. As noted in the Notice of Investigation and Interim Measures (NOI), Rayson Global submitted documents containing multiple discrepancies in its CF-28 responses.¹⁰ In addition, CBP conducted several site visits to facilities associated with claimed manufacturers of innersprings imported by Rayson Global, including Green Asia Parts Limited (Green Asia) and [REDACTED], in Thailand on December 2, 2019.¹¹ CBP officials visited the registered business addresses for Green Asia, [REDACTED], [REDACTED], and two additional sites associated with [REDACTED]’s registered director and shareholder of the company. CBP officials confirmed, at each site, that there was no evidence of production of innersprings.¹² Furthermore, CBP acquired Thai trade data that provided import and export volume and value data for Green Asia for 2018 and 2019 for HTS 94042920 and HTS 94042990, *i.e.*, uncovered innerspring units.¹³ The weight and quantity of imports from China for 2018, [REDACTED] kg and [REDACTED] units, and January to

⁷ Rayson Global originally submitted its RFI response on February 24, 2020, however CBP rejected the submission and requested the company to resubmit a properly bracketed business confidential and public versions of the RFI response pursuant to 19 CFR 165.4.

⁸ See Memorandum to Rayson Global, “Request for Information to Importer with regard to Enforce and Protect Act (EAPA) investigation of whether Rayson Global, Inc. has evaded the antidumping duty order on uncovered innerspring units (innersprings) from the People’s Republic of China (China), A-570-928, with entries of merchandise into the United States,” dated March 12, 2020 (Rayson Global Supp RFI).

⁹ See Letter from Leggett, “EAPA Case No. 7352: Written Argument of Leggett & Platt, Incorporated,” dated May 7, 2020 (Written Argument).

¹⁰ See NOI at 4 – 5.

¹¹ See Memorandum from Robert Thommen, Regional CBP Attaché to Deborah Augustin, Executive Director, Trade Remedy Law Enforcement Division, dated December 7, 2019 (Onsite Visit Memorandum).

¹² *Id.* at 3.

¹³ *Id.* at Attachment 3.

October 2019, [] kg and [] units equals the weight and quantity of exports to the United States for the same period, which is contemporaneous with the investigation period.¹⁴ There is a direct correlation of imports of innersprings from China to Green Asia and exports of innersprings to the United States from Green Asia, thus suggesting that the Chinese-origin innersprings were transshipped through Green Asia in Thailand to Rayson Global.¹⁵

As noted above, Green Asia and the other identified claimed manufacturers, [] and [], did not provide a response to the RFIs issued. Furthermore, while Rayson Global submitted a response to the initial RFI, the response was significantly deficient. Rayson did not provide complete documentation for the entries requested by CBP, *i.e.*, CBP Form 7501 and 3461, and did not respond to detailed questions regarding those entries. Further, Rayson Global did not provide a response to CBP's supplemental request to clarify the deficiencies. Further, neither Rayson Global nor the claimed manufacturers of innersprings in Thailand have provided sufficient evidence that the innersprings were manufactured in Thailand.

Consequently, based on the full record of this investigation, CBP determines that there is substantial evidence Rayson Global entered merchandise into the United States through evasion. Based on the aforementioned analysis, CBP determines that substantial evidence exists demonstrating that the innersprings entered by Rayson Global during the period of investigation were of Chinese-origin and transshipped through Thailand, thus avoiding AD duties on the orders, as the merchandise is subject to the China-wide entity rate for the AD order on innersprings from China.

Actions Taken Pursuant to the Affirmative Determination of Evasion

In light of CBP's determination that Rayson Global entered merchandise into the customs territory of the United States through evasion, and pursuant to 19 USC 1517(d) and 19 CFR 165.28, CBP will continue to suspend the liquidation for any entry imported by Rayson Global on or after September 20, 2019, the date of initiation. CBP will continue to extend the period for liquidation for all unliquidated entries that entered before that date until instructed to liquidate these entries. For future entries, CBP will continue to require live entry, which requires that the importers post the applicable cash deposits prior to the release of the merchandise. Finally, CBP will evaluate the continuous bond of the importer in accordance with CBP's policies, and may

¹⁴ *Id.*

¹⁵ *See* NOI at 6 – 7.

require single transaction bonds as appropriate. None of the above actions precludes CBP or other agencies from pursuing additional enforcement actions or penalties.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian M. Hoxie". The signature is fluid and cursive, with the first name being the most prominent.

Brian M. Hoxie
Director, Enforcement Operations Division
Trade Remedy Law Enforcement Directorate
Office of Trade