



U.S. Customs and  
Border Protection

**PUBLIC VERSION**

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Re: Notice of Initiation of Investigation and Interim Measures for Ikadan Systems USA, Inc. and  
Notice of Initiation of Investigation for Weihai Gaosai Metal Product Co., Ltd. - EAPA  
Consolidated Case 7474

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To Mr. Simmons and the Representatives of Ikadan System USA, Inc. and Weihai Gaosai Metal Product Co., Ltd.:

This letter is to inform you that U.S. Customs and Border Protection (CBP) has commenced a formal investigation under Title IV, Section 421 of the Trade Facilitation and Trade Enforcement Act of 2015, commonly referred to as the Enforce and Protect Act (EAPA), against Ikadan System USA, Inc. (Ikadan) and Weihai Gaosai Metal Product Co., Ltd. (Gaosai). CBP is investigating whether Ikadan and Gaosai evaded antidumping (AD) and countervailing duty (CVD) orders A-570-947 and C-570-948 on certain steel grating (steel grating) from the People's Republic of China (China) when importing steel grating into the United States.<sup>1</sup> CBP has imposed interim measures on Ikadan because evidence supports a reasonable suspicion that

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<sup>1</sup> See *Certain Steel Grating from the People's Republic of China: Antidumping Duty Order*, 75 FR 43143 (July 23, 2010); see also *Certain Steel Grating from the People's Republic of China: Countervailing Duty Order*, 75 FR 43144 (July 23, 2010) (collectively, the AD/CVD orders).

Ikadan entered merchandise covered by the AD/CVD orders into the customs territory of the United States through evasion.<sup>2</sup> Because evidence reasonably suggests that Gaosai has also entered merchandise into the United States through evasion, CBP is sending this formal notice of investigation.<sup>3</sup>

### Period of Investigation

Pursuant to 19 CFR 165.2, entries covered by an EAPA investigation are those “entries of allegedly covered merchandise made within one year before the receipt of an allegation...” Entry is defined as an “entry, or withdrawal from warehouse for consumption, of merchandise in the customs territory of the United States.”<sup>4</sup> CBP acknowledged receipt of the properly filed allegations against Ikadan and Gaosai on May 26, 2020.<sup>5</sup> Thus, the entries covered by this investigation are those entered for consumption, or withdrawn from warehouse for consumption, from May 26, 2019, through the pendency of this investigation.<sup>6</sup>

### Initiation

On June 16, 2020, the Trade Remedy Law Enforcement Directorate (TRLED), within CBP’s Office of Trade, initiated an investigation under EAPA as a result of allegations submitted by Hog Slat, Incorporated (the *allegor*)<sup>7</sup> on the evasion of AD/CVD duties by Ikadan and Gaosai.<sup>8</sup> In the Allegations, the *allegor* claimed that available information reasonably suggests that Ikadan and importer Gaosai evaded the *AD/CVD orders* through misclassification of the Tri-Bar Floors product produced by Gaosai and through transshipment of Chinese-origin steel gratings<sup>9</sup> through South Korea. The basis for these Allegations follows:

The *allegor* maintains that Gaosai is a sophisticated manufacturer of metal products, as evidenced by its name, patent rights, ISO certifications, and marketing materials.<sup>10</sup> As such, the *allegor* claims that trade data showing Gaosai largely exporting goods to the United States as articles of

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<sup>2</sup> See 19 USC 1517(e); see also 19 CFR 165.24.

<sup>3</sup> See 19 CFR 165.15(d)(1).

<sup>4</sup> See 19 USC 1517(a)(4); see also 19 CFR 165.1.

<sup>5</sup> See May 26, 2020, email “RE: EAPA 7474: Receipt of EAPA Allegation that Alleges Misclassification and Incorrect Country of Origin Reporting of Certain Steel Grating from PRC;” see also May 26, 2020, email “RE: EAPA 7484: Receipt of EAPA Allegation that Alleges Misclassification and Incorrect Country of Origin Reporting of Certain Steel Grating from PRC.”

<sup>6</sup> See 19 CFR 165.2.

<sup>7</sup> See Letter from the *Allegor*, “Certain Steel Grating: Request for an Investigation under the Enforce and Protect Act,” dated March 27, 2020 (Ikadan Allegation). Pages 2 and 3 of the Ikadan Allegation indicate that the *allegor* is a producer of domestic like product and thus meets the definition of an interested party that is permitted to submit an EAPA allegation pursuant to 19 USC 1517(a)(6)(A)(iv), 19 CFR 165.1(2), and 19 CFR 165.11(a). See also Letter from the *Allegor*, “Certain Steel Grating: Request for an Investigation under the Enforce and Protect Act,” dated April 29, 2020 (Gaosai Importer Allegation) at 2-3 (collectively, Allegations).

<sup>8</sup> See CBP Memorandum, “Initiation of Investigation for EAPA Consolidated Case Number 7474 – Ikadan and Gaosai,” dated June 16, 2020 (Initiation).

<sup>9</sup> As of the date of this notice, TRLED has yet to see evidence that transshipment is occurring, as described in the Allegations.

<sup>10</sup> See Allegations at 3-5.

plastic under Harmonized Tariff Schedule (HTS) number 3926 is suspect since the company primarily produces metal products.<sup>11</sup>

Furthermore, the allegor claims that the Tri-Bar Floors produced by Gaosai are subject to the scope of the *AD/CVD orders*. The allegor states that Gaosai's Tri-Bar Floors are rolled steel rods, which are welded to a cross rod, also made of steel, which essentially makes it a product of two or more pieces of steel joined together by welding.<sup>12</sup> Since the scope of the *AD/CVD orders* covers "certain steel grating, consisting of two or more pieces of steel, including load-bearing pieces and cross pieces, joined by any assembly process..." Gaosai's Tri-Bar Floors meet the scope definition.<sup>13</sup> The allegor also claims that none of the scope exclusions applies to Gaosai Tri-Bar Floors, nor has Gaosai received a scope ruling from the Department of Commerce to specifically exclude its product.<sup>14</sup> Finally, the allegor argues that the U.S. International Trade Commission's final report on steel grating further supports that Gaosai's Tri-Bar Floors are subject to the scope of the *AD/CVD orders* as it contains descriptions and photos showing that Gaosai's product is similar in appearance to the images of subject merchandise in the report.<sup>15</sup>

The allegor also supplied trade data that indicated that shipments from Gaosai to [ ] contained the HTSUS heading 3926 for plastic products and showed ports of lading in South Korea.<sup>16</sup> The allegor claims the trade data shows that, despite producing a product clearly subject to the scope of the *AD/CVD orders*, none of the shipments that Gaosai exported to [ ] over the past 12 months have been classified under the HTSUS heading recommended in the scope, 7308.90.7000.<sup>17</sup>

Finally, the allegor claims that the trade data shows that the shipments that Gaosai exported to [ ] primarily consist of farrowing crates and parts thereof.<sup>18</sup> From its knowledge of the marketplace as a producer of domestic like products, the allegor states that the farrowing crates and parts thereof being shipped to the United States must include the Tri-Bar Floors product and may even be primarily Tri-Bar Floors based on the quantity to be found currently in the U.S. marketplace.<sup>19</sup> The allegor also claims that Tri-Bar Floors are currently being sold at prices in the U.S. market that the allegor believes could not include the cash deposit rates under the *AD/CVD orders*, which are currently 145.18% (AD) and 62.46% (CVD) ad valorem.<sup>20</sup>

### *Initiation Assessment*

TRLED will initiate an investigation if it determines that "{t}he information provided in the allegation ... reasonably suggests that the covered merchandise has been entered for consumption

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<sup>11</sup> *Id.* at 4 and Attachment 4.

<sup>12</sup> *Id.* at 5-6 and Attachment 5.

<sup>13</sup> *Id.* at 5-6 and Attachments 2 and 3.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 6-7 and Attachment 10.

<sup>16</sup> *Id.* at 8-9 and Attachment 4.

<sup>17</sup> *Id.* at 8-10 and Attachment 4.

<sup>18</sup> *Id.* at 10 and Attachment 4.

<sup>19</sup> *Id.* at 10 and Attachment 5.

<sup>20</sup> *Id.*

into the customs territory of the United States through evasion.”<sup>21</sup> 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 covered merchandise.”<sup>22</sup> Thus, the allegation must reasonably suggest not only that the importer alleged to be evading entered merchandise subject to an AD and/or CVD order into the United States, but that such entry was made by a material false statement or act, or material omission, that resulted in the reduction or avoidance of applicable AD and/or CVD cash deposits or other security.

In assessing the alleged’s claims and evidence provided in its Allegations, TRLED found that the Allegations reasonably suggested that Ikadan and importer Gaosai entered covered merchandise into the customs territory of the United States and may have evaded AD/CVD orders A-570-947 and C-570-948 through misclassification. Specifically, the alleged established that Ikadan and importer Gaosai likely imported covered merchandise from Gaosai by demonstrating that Gaosai’s Tri-Bar Floors product is covered by the scope of the *AD/CVD orders*, by providing trade data supporting manufacturer Gaosai’s exports of farrowing crates and parts thereof, and through its knowledge of the U.S. marketplace.<sup>23</sup>

For the reasons previously set forth, TRLED initiated a consolidated investigation under the authority of 19 USC 1517(b)(1) on imports of steel grating that are alleged to be entered through evasion.<sup>24</sup> Therefore, TRLED is investigating the extent to which Ikadan and importer Gaosai engaged in evasion. While TRLED must reach a determination as to whether merchandise entered the customs territory of the United States through evasion, the statute does not limit this determination to only the type of evasion for which the investigation was initiated.<sup>25</sup>

#### Interim Measures and Initiation of Investigation

Not later than 90 calendar days after initiating an investigation under EAPA, TRLED will decide based on the record of the investigation if there is reasonable suspicion that merchandise covered by the *AD/CVD orders* was entered into the United States through evasion. CBP need only have sufficient evidence to support a reasonable suspicion that the importer alleged to be evading entered merchandise covered by an AD or CVD order into the United States by a material false statement or act, or material omission, that resulted in the reduction or avoidance of applicable AD or CVD cash deposits or other security. If reasonable suspicion exists, CBP will impose interim measures pursuant to 19 USC 1517(e) and 19 CFR 165.24. As explained below, CBP is imposing interim measures on Ikadan because there is reasonable suspicion that Ikadan entered covered merchandise into the United States through evasion by means of misclassification.<sup>26</sup>CBP

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<sup>21</sup> See 19 CFR 165.15(b); see also 19 USC 1517(b)(1).

<sup>22</sup> See 19 CFR 165.1; see also 19 USC 1517(a)(5)(A).

<sup>23</sup> See Allegations at 1-13 and Attachments 2-5.

<sup>24</sup> See also 19 CFR 165.15.

<sup>25</sup> See 19 USC 1517(c)(1)(A).

<sup>26</sup> See 19 CFR 165.24(a).

is also initiating an investigation on importer Gaosai because evidence reasonably suggests evasion.<sup>27</sup>

*Other Record Evidence*

CBP verified that Ikadan and importer Gaosai imported merchandise into the United States described [ ] and confirmed that between 2018 and September 2020 neither Ikadan’s nor importer Gaosai’s imports were [

] HTSUS 7308.90.7000 is the heading for steel grating as specified in the *AD/CVD orders*. As shown in the chart below, the majority of merchandise the two importers entered into the United States during this time was classified as [

]<sup>28</sup> and which is not specified in the *AD/CVD orders*.<sup>29</sup> However, as shown below, CBP found that certain items classified by Ikadan under [ ] were subject to the scope of the *AD/CVD orders* and should have been classified under HTSUS 7308.90.7000.

Importer Name	U.S. Import Product Description	Importer Percentage (%) of total Product Imports
[ ]	[ ]	[ ]
[ ]	[ ]	[ ]

*CF-28 Responses*

On June 30, 2020, CBP issued a CBP Form 28 (CF-28) request for information to Ikadan on entry number [ ]2835.<sup>30</sup> CBP requested that Ikadan provide the commercial invoice, packing list, bill of lading, descriptive literature, photos, illustrations, and drawings for merchandise entered. CBP received Ikadan’s response to the CF-28 on July 30, 2020.<sup>31</sup> In its CF-28 response, Ikadan provided the CBP entry summary form, commercial invoice, packing list, a bill of lading describing the commodity as parts for farrowing crates, and the arrival notice.

CBP reviewed the CF-28 response and noted that the merchandise described as [ ] was being classified under HTSUS [ ], was described in shipping documents as “parts for farrowing crates,” and was not declared as subject

<sup>27</sup> See 19 CFR 165.15(d)(1) and Gasosai Importer Allegation.

<sup>28</sup> See NTAC Entry Data Report (7474), dated May 29, 2020. See also NTAC Entry Data Report (7484), dated May 29, 2020.

<sup>29</sup> The HTSUS subheading in the *AD/CVD orders* is provided for convenience and customs purposes. The written description of the scope of the orders is dispositive, and CBP makes determinations about scope issues based on the merchandise imported and the written description of the scope.

<sup>30</sup> See CF-28 sent to Ikadan, dated June 30, 2020.

<sup>31</sup> See Ikadan’s Response to the CF-28, dated July 30, 2020.

to the *AD/CVD orders*. However, CBP determined that this merchandise should have been classified under HTSUS 7308.90.7000, which provides in part, for parts of structures of iron or steel, other, other, steel grating; therefore, the merchandise is subject to the *AD/CVD orders*. As a result, CBP rejected the entry summary and had the importer refile with the correct classification and AD/CVD duties included.

On June 30, 2020, CBP issued a CF-28 request for information to importer Gaosai on entry number [ ]1828.<sup>32</sup> CBP requested that importer Gaosai provide the following documents: technical literature, diagrams, photographs, brochures, and/or other pertinent information; a manufacturer's affidavit from Weihai Gaosai Metal Product Co., Ltd. with the description of the product; entry transaction information including the original commercial invoice(s), proof of payment(s), purchase order and all bills of lading (master bills of lading and including through bills of lading); an explanation as to why the product qualifies for the HTSUS classification [ ]; and an explanation as to why the product being imported is not subject to AD/CVD orders.

On July 30, 2020, CBP received a response to the CF-28 from Gaosai.<sup>33</sup> In its CF-28 response, Gaosai provided the commercial invoice, a packing list, descriptive literature with photos, a business voucher, an online bank electronic receipt, a sales confirmation, a shipper document that indicated the commodity description as "parts for farrowing crates," a sea waybill that indicated the commodity description as "parts for farrowing crates," and the manufacturer's affidavit from Gaosai's General Manager stating that Gaosai is a foreign producer.

CBP reviewed the CF-28 response and noted that the commercial invoice described the product being imported as [ ]," the merchandise was classified under HTSUS [ ], and was not declared as subject to the *AD/CVD orders*. The manufacturer also provided an explanation as to why its products should not be subject to the AD/CVD orders for steel racks, A-570-088 and C-570-089,<sup>34</sup> but did not address the applicability of the merchandise to the steel grating AD/CVD orders.<sup>35</sup> This entry did not appear to contain parts subject to the *AD/CVD orders*.

### *Cargo Exams*

CBP examined Ikadan entry [ ]6958. Based on the cargo exam, CBP determined that one of the listed invoice products, product number [ ], manifested as parts for farrowing crates, was misclassified under HTSUS [ ]. CBP determined that the [ ] is more appropriately classified under HTSUS 7308.90.7000; therefore, this product is subject to the *AD/CVD orders*.<sup>36</sup> [ ] is one of several custom produced slatted flooring components for Ikadan's "Ultraflex" flooring system

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<sup>32</sup> See CF-28 sent to Gaosai, dated June 30, 2020.

<sup>33</sup> See Gaosai's Response to the CF-28, dated July 30, 2020.

<sup>34</sup> Referring to *Certain Steel Racks and Parts Thereof From the People's Republic of China: Amended Final Affirmative Antidumping Duty Determination and Antidumping Duty Order; and Countervailing Duty Order*, 84 Fed. Reg. 48587 (Sep. 16, 2019).

<sup>35</sup> See CF-28 response for Entry Summary [ ]1828.

<sup>36</sup> See entry summary documents for Cargo Exam on entry [ ]6958.

for pig production, and it consisted of two or more pieces of steel joined together by welding into a cross rod.<sup>37</sup>

In addition, CBP examined Gaosai entry [ ]8260. Based on the cargo exam, CBP found that the merchandise, which was manifested as parts for farrowing crates, was made of [ ] and did not appear to contain parts subject to the *AD/CD orders*.<sup>38</sup>

#### *Enactment of Interim Measures for Ikadan*

Based on the record evidence described above, CBP determines that reasonable suspicion exists that Ikadan imported steel grating into the United States from China that was misclassified and should have been subject to AD/CVD orders A-570-947 and C-570-948. Therefore, CBP is imposing interim measures pursuant to this investigation.<sup>39</sup> Specifically, in accordance with 19 USC 1517(e)(1-3), CBP shall:

- (1) suspend the liquidation of each unliquidated entry of such covered merchandise that entered on or after June 16, 2020, the date of the initiation of the investigation;
- (2) pursuant to the Commissioner's authority under section 504(b), extend the period for liquidating each unliquidated entry of such covered merchandise that entered before the date of the initiation of the investigation June 16, 2020; and
- (3) pursuant to the Commissioner's authority under section 623, take such additional measures as the Commissioner determines necessary to protect the revenue of the United States, including requiring a single transaction bond or additional security or the posting of a cash deposit with respect to such covered merchandise.<sup>40</sup>

In addition, CBP will require live entry and reject any entry summaries that do not comply with live entry and require refile of entries that are within the entry summary rejection period. CBP will also evaluate Ikadan's continuous bonds to determine their sufficiency. Finally, CBP may pursue additional enforcement actions, as provided by law, consistent with 19 USC 1517(h).

#### *Notice of Investigation for Gaosai*

According to 19 CFR 165.15(d)(1), CBP will issue notification of its decision to initiate an investigation to all parties to the investigation no later than 95 calendar days after the decision has been made, and the actual date of initiation will be specified therein. Based on the record evidence described above, CBP determines that reasonably available information from the Gaosai Importer Allegation suggests that Gaosai has engaged in evasion; therefore, TRLED has initiated an investigation concerning the evasion of the *AD/CVD orders* for Gaosai.

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<sup>37</sup> See CF-28 response for entry [ ]2835 at photo of [ ] .jpg.

<sup>38</sup> See entry summary documents for Cargo Exam on entry [ ]8260. CBP is also [ ] to make sure the merchandise contained within this entry is [ ] AD or CVD order.

<sup>39</sup> See 19 USC 1517(e); see also 19 CFR 165.24.

<sup>40</sup> See also 19 CFR 165.24(b)(1)(i-iii).

## Consolidation of the Investigations

CBP has consolidated EAPA investigations 7474 and 7484 on Ikadan and Gaosai, respectively, into a single investigation.<sup>41</sup> The new consolidated case number is EAPA Consolidated Case 7474, and CBP is maintaining a single administrative record. At its discretion, CBP may consolidate multiple allegations against one or more importers into a single investigation, pursuant to 19 CFR 165.13(b). The factors that CBP may consider in consolidating multiple allegations include, but are not limited to, whether the multiple allegations involve: 1) relationships between the importers; 2) similarity of covered merchandise; 3) similarity of AD/CVD orders; and 4) overlap in time periods of entries of covered merchandise.<sup>42</sup> Both importers' entries fall within a common period of investigation. Moreover, both importers have a common Chinese supplier, Gaosai, and the merchandise being imported falls within the scope of the same *AD/CVD orders*. Because factors warranting consolidation are present in these investigations, CBP is consolidating them and will provide notice pursuant to 19 CFR 165.13(c). We note that the deadlines for the consolidated investigation have been set from the date of initiation for the Allegations, which was June 16, 2020.<sup>43</sup>

For future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a public version to CBP and to the parties identified at the top of this notice.<sup>44</sup> Should you have any questions regarding this investigation, you may contact us at [eapallegations@cbp.dhs.gov](mailto:eapallegations@cbp.dhs.gov) with "EAPA Cons. Case 7474" in the subject line of your email. Additional information on this investigation, including the applicable statute and regulations, may be found on CBP's website at: <https://www.cbp.gov/trade/tradeenforcement/tftea/enforce-and-protect-act-eapa>.

Sincerely,



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

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<sup>41</sup> See Initiation.

<sup>42</sup> See also 19 USC 1517(b)(5).

<sup>43</sup> See 19 CFR 165.13(a); see also 19 USC 1517(b)(5)(B).

<sup>44</sup> See 19 CFR 165.4; see also 19 CFR 165.23(c); see also 19 CFR 165.26.