



U.S. Customs and Border Protection

PUBLIC VERSION

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American Kitchen Cabinets Alliance
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Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7618

To the Counsels and Representatives of the above-referenced Entities:

The purpose of this notice 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 CNC Associates N.Y., Inc. dba CNC Cabinetry (CNC and/or the Importer)¹. CBP is investigating whether the Importer evaded antidumping (AD) and countervailing duty (CVD) orders A-570-106 and C-570-107 (collectively, the AD/CVD orders), on wooden cabinets and vanities and components thereof (WCV) from the People's Republic of China (China) when importing WCV into the United States.² CBP has imposed interim measures because evidence

¹ The Importer president and/or principal is Mr. Nathen Indig. and Mr. Indig is also the principal executive officer of [name] located at the same address as the Importer. See concurrent EAPA investigation 7583 for CNC, CBP Memorandum to the File, dated August 31, 2021, at Attachment 2, with the CBP Memorandum, "Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7583," dated May 5, 2021.

² See "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Request for an Investigation under the Enforce and Protect Act of CNC Associates Inc. for Transshipment through Indonesia," dated March 15, 2021, at 2, citing "Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Antidumping Duty Order, 85 Fed. Reg. 22,126 (Dep't Commerce Apr. 21, 2020) attached as Exhibit 1; Wooden Cabinets and Vanities and Components Thereof from the People's Republic of China: Countervailing Duty Order, 85 Fed. Reg. 22,134 (Dep't Commerce Apr. 21, 2020) attached as Exhibit 2." (AD/CVD orders)

supports a reasonable suspicion that the Importer entered merchandise covered by the AD/CVD orders into the customs territory of the United States through evasion.³

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.”⁴ CBP acknowledged receipt of the properly filed allegation against the Importer on May 12, 2021.⁵ Therefore, the entries covered by this investigation are those entered for consumption, or withdrawn from warehouse for consumption, from May 12, 2020, through the pendency of this investigation.⁶

Initiation

On June 3, 2021, the Trade Remedy Law Enforcement Directorate (TRLED), within CBP’s Office of Trade, initiated this investigation under EAPA as a result of an allegation⁷ submitted by American Kitchen Cabinets Alliance (“Alleger”)⁸ on evasion of AD/CVD duties by the Importer.⁹ In its Allegation, the Alleger asserts that available information reasonably suggests the Importer evaded the AD/CVD orders by transshipping the Chinese-origin WCVs through Indonesia by claiming that a company located in Indonesia, named Pt. Aiwood Smart Home (Aiwood and/or the Supplier) is the manufacturer. The summary of this allegation follows.

The Alleger obtained U.S. import trade data from Panjiva showing shipments of kitchen cabinets from the Supplier to the Importer.¹⁰ The Alleger also retained a private investigator to verify the Supplier’s operations.¹¹ According to this private investigation report, the Supplier is either located at International Jalan, Nusantara Km 23 Kp, Budi Mulya Rt 003, Rw 004 Kelurahan, Kijang Kota, Kecamatan Bintan, Timur (International Galan address) or it is located at Galang Batang KM30, Gunung Kijang, Bintan-Riau Islands (Galang Batang address).¹² However, the International Galan address is “only a four-door shop house that has been issued warehouse permits. The warehouse has no real storage and is essentially just a transit point to move

³ See 19 USC 1517(e); *see also* 19 CFR 165.24.

⁴ See 19 USC 1517(a)(4); *see also* 19 CFR 165.1.

⁵ See May 12, 2021, email entitled “EAPA Case 7618 Official Receipt– CNC.”

⁶ See 19 CFR 165.2.

⁷ See “Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Request for an Investigation under the Enforce and Protect Act of CNC Associates Inc. for Transshipment through Indonesia,” dated March 15, 2021. *See also* Wooden Cabinets and Vanities and Components Thereof from the People’s Republic of China: Supplemental Information in Support of Request for an EAPA Investigation of CNC Associates Inc. for Transshipment through Indonesia, dated May 10, 2021 (Allegation).

⁸ The Alleger is an association of domestic producers of WCV, who were the petitioners before the U.S. Department of Commerce (Commerce) and the U.S. International Trade Commission in the original AD/CVD investigations. Thus, the Alleger qualifies as an interested party under 19 CFR 165.1(4) and 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).

⁹ See CBP Memorandum, “Initiation of Investigation for EAPA Case 7618, Wooden Cabinets and Vanities Components and thereof (WCV),” dated June 3, 2021.

¹⁰ See Allegation at Exhibit 5.

¹¹ *Id.* at Exhibit 6, investigator report by [[company name](#)].

¹² *Id.* at pages 5 and 6.

products to the second address.” The second address the report refers to is located at the Galang Batang address in the Special Economic Zone (the Galang Batang KEK).¹³ The Allegation also noted that the International Galan address is shared with two other entities, PT Mangrove Industry Park Indonesia (PT MIPI) and PT Sunwell Manufacturing Indonesia (Sunwell). The Supplier’s Galang Batang address is co-located in same factory complex in the Galang Batang KEK as another Sunwell location. The investigator’s report describes the Galang Batang KEK as follows: “[name and location description

]”¹⁴ Both PT MIPI and Sunwell are partially owned by the same individual, and it appears that PT MIPI controls both the Sunwell and Aiwood factories at the Galang Batang address within the Galang Batang KEK. Specifically, at the Galang Batang KEK address [name] the investigator that [name and location description]¹⁵ Therefore, the Allegor claims that Aiwood, PT MIPI, and Sunwell are part of a group of affiliated companies.¹⁶

The investigator also [name and action] facility and noted that:

[subject action and production activities

].¹⁷

The Allegor also submitted several news articles, translated from Indonesian, in which both PT MIPI and Sunwell were discussed as being known to import kitchen cabinets from China and export these products to the United States.¹⁸ In one October 2019 article, the owner of PT MIPI and Sunwell complained that Indonesian authorities were holding up his exports of wooden products to the United States, stating according to the English translation provided: “Currently, more or less dozens of containers containing processed ready-to-use wood from China, ready to be exported to America and Canada with a value of 1.687 billion are stuck at Sri Bayintan Port, Kijang, Bintan.”¹⁹ Next, the Allegor provided Indonesian import and export data, showing that PT MIPI purchased WCVs from China, and that the Supplier exports WCVs to the United

¹³ *Id.* at page 6.

¹⁴ *Id.* at Exhibit 6.

¹⁵ *Id.*

¹⁶ *Id.* at pages 5-6.

¹⁷ *Id.* at pages 6-7 and Exhibit 6.

¹⁸ *Id.* at pages 8-9, at Exhibits 8, 9, and 12.

¹⁹ *Id.* at page 8 and Exhibit 12.

States.²⁰ Additionally, the Supplier's majority ownership is in China. *See* Table 1 for the Supplier shareholder's detail.²¹

Table 1.

names and numbers

Finally, the Allegor provided U.S. Census trade data showing a significant increase in U.S. imports from Indonesia of kitchen cabinets for permanent installation, not including vanities and parts, under the Harmonized Tariff Schedule of the United States (HTSUS) number 9403.40.9060, with a nearly 939 percent (%) change between 2019 and 2020, since the imposition of preliminary AD/CVD duties.²² *See* Table 2 for values.²³

Table 2.

U.S. Consumption Imports of Kitchen Cabinets for Permanent Installation (Excludes Vanities and Parts)						
Sum of Value (US\$)	Source: Census through January					2019 - 2020
	2016	2017	2018	2019	2020	% Change
HTSUS codes: 9403.40.9060 (Kitchen Cabinets for Permanent Installation)						
Indonesia	165,460	499,581	901,654	8,325,034	86,497,163	939.00%

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 into the customs territory of the United States through evasion.”²⁴ 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.”²⁵ 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.

²⁰ *Id.* at page 9 and Exhibit 6.

²¹ *Id.* at Exhibit 6.

²² *Id.* at page 10.

²³ *Id.*

²⁴ *See* 19 CFR 165.15(b); *see also* 19 USC 1517(b)(1).

²⁵ *See* 19 CFR 165.1; *see also* 19 USC 1517(a)(5)(A).

In assessing the claims made and evidence provided in the allegation, TRLED found that the Allegation reasonably suggests that the Importer may have engaged in attempts to evade the AD/CVD orders by transshipping Chinese-origin WCV through Indonesia and by failure to declare the merchandise as subject to the AD/CVD orders. Specifically, the Allegor has submitted documentation reasonably available to support these claims, including: establishing shipments of merchandise from the Supplier to the Importer; establishing links via ownership and co-location between PT MIPI, Sunwell, and the Supplier; providing information from [

action and production activities

]; company-specific shipment

data where the Supplier's linked company imported WCV from China; news articles reporting about the transshipment of product from the Supplier's linked company to the United States; and the Chinese ownership of the Supplier.

Interim Measures

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 materially 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 because there is a reasonable suspicion that the Importer entered covered merchandise into the United States through evasion by means of transshipment.²⁶

CF-28 Response

On June 15, 2021, CBP issued a CF-28 Request for Information (CF-28) for entry number [no.]0968, entry dated January 5, 2021 to the importer, with a goal to review and validate the classification and country of origin of the imported merchandise.²⁷ On July 15, 2021, the Importer submitted the following documents in response to the CF-28: the CBP Form 7501, sales contracts (proforma invoice) dated September 4, 2020, purchase order forms dated September 4, 2020, the Supplier invoice dated December 3, 2020, bill of lading, packing list, arrival notice and proof of payment, a Ministry of Trade of the Republic of Indonesia Certificate of Origin Form B certification, a manufacturing processing flow chart, production records dated November 2020, invoices for raw materials, a Supplier's affidavit, employees' daily attendance records, photographs of the exterior and interior of the plant and equipment, a registration certificate, and a cost sheet.

The commercial invoice for the entry described [no.] pieces of kitchen cabinets classified under HTSUS 9403.40.9060 with a total value of \$[no.]. The invoices for the major raw materials included: (1) [no.] of surface lumber boards, purchased from [name

], dated July 20, 2020; (2) [no.] pieces of plywood from [name], dated October

²⁶ See 19 CFR 165.24(a).

²⁷ See CF-28 response to entry number [no.]0968.

26, 2020; (3) [no.] medium density fiberboard (MDF) from [name], dated June 15, 2020, and August 2, 2020; (4) Paint from [name], dated October 29, 2020; (5) hardware from [name], dated November 2, 2020; (6) Cartons from [name], dated November 15, 2020; and (7) a [statement

product description and name
].²⁸

While the CF-28 provided raw material invoices for both surface lumber boards and for MDF, the Importer did not provide sufficient explanation as to how much of those raw materials are needed to produce the number of cabinets declared in the entry documents. The Importer also did not sufficiently explain the Supplier's production process indicated in the flow chart;²⁹ CBP is unclear on what stage of the production process the surface lumber boards and MDF are used. It appears that the majority of the main raw material inputs were purchased prior to receiving the Importer's purchase order for the shipment made in this entry.

Cargo Exams

On July 23, 2021, CBP conducted a cargo exam on the shipment for entry number [no.]6519,³⁰ which originated from the Supplier and was purchased by the Importer. The exam resulted in the discovery of the failure to mark the WCV with the proper country of origin required by 19 USC 1304 (Section 304).³¹ Consequently, CBP requested a Single Transaction Bond (STB) to protect the potential loss of the AD/CVD duties. The Importer posted an STB and marked the WCV prior to release as "Made in Indonesia." This is similar to the results that CBP found in the related EAPA investigation of the Importer, concurrent EAPA investigation 7583, which is looking into whether or not CNC is transshipping WCV from China via Malaysia. In that investigation, CBP imposed interim measures, in part, because of lack of country-of-origin markings on two examined shipments.³²

In an effort to further investigate the country of origin of the Imported WCV, CBP conducted a second cargo exam on shipment entry number [no.]9983 on August 30, 2021, which revealed that the WCV boxes were marked with hand stamped "made in Indonesia" on random location of each box.³³ These country-of-origin markings appeared on CNC-imported WCV only well after CNC was notified in May 2021 that CBP was investigating it for evasion of AD/CVD duties in EAPA investigation 7583.

²⁸ *Id.*

²⁹ *Id.* at exhibit 6.

³⁰ See entry summary documents for [no.]6519.

³¹ See CBP Marking Notice on entry number [no.]6519, dated July 23, 2021.

³² See CBP Memorandum to the File, dated August 31, 2021, at Attachment 2, with the CBP Memorandum, "Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7583," dated May 5, 2021.

³³ See CBP Memorandum to the File, dated August 31, 2021, at Attachment 3, with pictures from CBP cargo exam result.

Other Research

CBP learned from a news article dated February 7, 2020, obtained from pjarkepri.com, which reported on January 10, 2020, the Free Trade Zone and Free Port (FTZ) Concession Agency in Bintan, Riau Islands inspected the PT Mangrove Industry Park Indonesian (PT MIPI) in Batu 23, Bintan. The news article stated officials did not find any industrial activity at the PT MIPI facility and quoted an Indonesian official as saying that “the company uses the FTZ facility not for its intended purpose.”³⁴ The article also found that the PT MIPI compound includes Sunwell and Aiwood, and that the totality of the company’s investment values come from China.³⁵ The article stated that the FTZ would send a warning letter to PT MIPI, and concluded that “all activities in Galang Batang, Bintan are not licensed.”³⁶ However, PT MIPI’s owner denied any illegal activities.

The totality of evidence, namely the Allegation, along with CF-28 response, the cargo exam, and the newspaper article, cast doubt as to the country of origin of the imported merchandise.

Evidence from the Allegation includes established links via ownership and co-location between PT MIPI, Sunwell, and the Supplier; information from [[subject action and production activities](#)

]; company-specific shipment data where PT MIPI, which is affiliated with the Supplier, imports WCV from China; news articles from the *Allegor* reporting about the transshipment of product from PT MIPI, the Supplier’s affiliated company, to the United States; and the Chinese ownership of the Supplier. The CF-28 response did not adequately explain the production process or how the documents submitted tied to the merchandise that was shipped for the entry. The cargo exam for entry number [[no. 6519](#)] showed merchandise that did not conform to U.S. country-of-origin marking regulations,³⁷ tying to CBP’s findings in EAPA case 7583, while the country-of-origin markings for [[no. 9983](#)] were marked with only a hand stamped “made in Indonesia” and did not include the manufacturer’s name or address anywhere on the boxes. Finally, the news article from pjarkepri.com shows that Indonesian authorities have many doubts about the manufacturing capabilities of the PT MIPI compound in the Bintan free trade zone, where the Supplier is located and supposedly operating from.

Therefore, the totality of the evidence on the record indicates that there is reasonable suspicion that the true country of origin for the WCV imported by the Importer may be China and not Indonesia.

Enactment of Interim Measures

Based on the record evidence, reasonable suspicion exists that the Importer imported WCV into the United States from Indonesia that was, in fact, from China and should have been subject to AD/CVD orders A-570-106 and C-570-107. Therefore, CBP is imposing interim measures on

³⁴ See CBP Memorandum to the File, dated August 31, 2021, at Attachment 1, with an article from pjarkepri.com, entitled “Suspected Data Manipulation, these are 10 Findings by BP in the Bintan Area when Supervising PT MIPI,” dated February 7, 2020.

³⁵ *Id.*

³⁶ *Id.*

³⁷ See CBP Memorandum to the File, dated August 31, 2021, at Attachment 2, with the CBP Memorandum, “Re: Notice of Initiation of Investigation and Interim Measures - EAPA Case 7583,” dated May 5, 2021.

CNC's imports of WCV into the United States.³⁸ Specifically, in accordance with 19 USC 1517(e) (1-3), CBP will:

- (1) suspend the liquidation of each unliquidated entry of such covered merchandise that entered on or after June 3, 2021, 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 on June 3, 2021; 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.³⁹

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

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.⁴⁰ Should you have any questions regarding this investigation, you may contact us at epa allegations@cbp.dhs.gov with "EAPA Case 7618" 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/trade-enforcement/tftea/eapa>.

Sincerely,



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

³⁸ See 19 USC 1517(e); *see also* 19 CFR 165.24.

³⁹ *See also* 19 CFR 165.24(b)(1)(i-iii).

⁴⁰ *See* 19 CFR 165.4; *see also* 19 CFR 165.23(c); *see also* 19 CFR 165.26.