



U.S. Customs and Border Protection

PUBLIC VERSION

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Re: Notice of Initiation of Investigation and Interim Measures – EAPA Case Number 7782

Dear Counsel and/or Representatives for the above-referenced Entities:

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 YVC USA Inc. (“YVC” or “the importer”). Specifically, CBP is investigating whether the importer has evaded antidumping duty (“AD”) order A-570-067 and countervailing duty (“CVD”) order C-570-068 by entering into the United States Chinese-origin forged steel fittings (“FSF” or “covered merchandise”) that were transshipped through Sri Lanka without declaring the merchandise as subject to the *Orders*.¹ Because evidence establishes a reasonable suspicion that the importer has entered covered merchandise into the customs territory of the United States through evasion, CBP has imposed interim measures.

Period of Investigation

Pursuant to 19 C.F.R. § 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 for consumption, or withdrawal from warehouse for consumption, of merchandise in the customs territory of the United States.”² Flatlands Holdings, LLC (“Flatlands” or “the allegor”), a domestic wholesaler of domestically produced FSF and an importer of Chinese-

¹ See *Forged Steel Fittings from Italy and the People’s Republic of China: Antidumping Duty Orders*, 83 FR 60397 (November 26, 2018); and *Forged Steel Fittings from the People’s Republic of China: Countervailing Duty Order*, 83 FR 60396 (November 26, 2018) (*Orders*).

² See 19 C.F.R. § 165.1.

origin FSF, filed an Allegation on September 6, 2022.³ CBP acknowledged receipt of the properly filed Allegation on September 21, 2022.⁴ As such, the entries covered by the investigation are those entered for consumption, or withdrawn from warehouse for consumption, from September 21, 2021, through the pendency of this investigation.⁵

Initiation

On October 13, 2022, the Trade Remedy Law Enforcement Directorate (“TRLED”), within CBP’s Office of Trade, initiated EAPA investigation no. 7782 against YVC as the result of the Allegation of evasion of AD/CVD duties submitted by Flatlands.⁶ In the Allegation, Flatlands alleges that the importer evaded the *Orders* by transshipping Chinese-origin FSF through Sri Lanka while falsely declaring the merchandise as a product of Sri Lanka, and therefore, not subject to the *Orders*.⁷ A more detailed description of the alleged transshipment scheme through Sri Lanka follows.

Description of the Alleged Transshipment Scheme

The evasion scheme described by Flatlands in the Allegation involves two exporters in Sri Lanka, Mass Steel Lanka, Pvt., Ltd. (“Mass Steel”) and EFL Global Freeport, Ltd. (“EFL”).⁸ Sri Lankan import data from the Allegation shows that Mass Steel and EFL imported FSF into Sri Lanka from China before exporting it to the United States. Further, the data provided in the Allegation shows that for [#] shipments, the volume, product description, and HTS numbers of merchandise shipped by Kingtrans Container Line (Shenzhen) Co. Ltd. (“Kingtrans”), a Chinese transshipment company, from China to Sri Lanka [description] the volumes, HTS codes and product descriptions of shipments from Sri Lanka to the United States where EFL is listed as the shipper and YVC is listed as the consignee.⁹ Similarly, the Allegation also provides [source] data showing that YVC appears as consignee for U.S-bound shipments of FSF from Mass Steel that have [description], and product descriptions to shipments from China to Sri Lanka by Kingtrans.¹⁰

In the Allegation, Flatlands also points out that Kingtrans openly advertises sending Chinese-made products to third countries in South and Southeast Asia for transshipment to the United States. Further, Kingtrans makes no mention on its website of any manufacturing in any third countries. The Allegation also includes screenshots of a previous version of Kingtrans’ website showing that Kingtrans transships through Sri Lanka and Malaysia.¹¹

³ See Flatlands’ letter, “Enforce and Protect Act (EAPA) Allegation Letter – Alleged Evasion of AD/CVD Order A-570-067 and C-570-068” dated September 6, 2022 (“Allegation”). For more information on Flatlands’ standing as an importer of Chinese-origin FSF, see Flatland’s letter, “Re: EAPA Case 7782 – Supplemental Filing of Exhibits R, S, T, U, and V” dated December 9, 2022 (“Allegation Supplement”) at Exhibit R and Exhibit S. For more information about Flatlands’ status as a wholesaler, see Allegation Supplement at Exhibit T, Exhibit U, and Exhibit V.

⁴ See Email acknowledging receipt from EAPA Allegation, “Re: EAPA Allegation 7782” dated September 21, 2022.

⁵ See 19 C.F.R. § 165.2.

⁶ See CBP’s Initiation Memo, “Initiation of Investigation for EAPA Case Number 7782” dated October 13, 2022.

⁷ See Allegation.

⁸ *Id.* at 4, 7, Exhibit A, and Exhibit E.

⁹ *Id.* at 9-10, Exhibit K and Exhibit L.

¹⁰ *Id.* at 11-12, Exhibit C, and Exhibit O.

¹¹ *Id.* at 7, Exhibit E, and Exhibit F.

The Allegation also provides evidence that neither EFL nor Mass Steel have the capacity to produce the volume of FSF that YVC received from them. Specifically, the Allegation includes a screenshot of a Google Maps photo of Mass Steel’s address, and the structure at this location is a storefront or residence that appears much too small to be an FSF manufacturing facility.¹² The Allegation also states that EFL’s own website describes the company as a provider of transportation and logistics services, but the website makes no mention of any manufacturing.¹³

TRLED will initiate an investigation if it determines that “the 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.”¹⁴ 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.”¹⁵ Thus, the allegation must reasonably suggest not only that the importer entered merchandise subject to an AD and/or CVD order into the United States, but that such entry was made by a materially 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 totality of circumstances and evidence provided in the allegation, CBP found that the allegation reasonably suggests that YVC engaged in attempts to evade the orders by falsely claiming Sri Lanka as the country of origin. Specifically, RK alleged that YVC imported covered merchandise during the year prior to RK’s filing of the allegation. The allegor also provided reasonably available documents and other information to support its arguments regarding the likelihood of evasion of the *Orders* by means of transshipment of covered FSF through Sri Lanka

Research Conducted by CBP

On October 13, 2022, CBP placed on the record of this investigation a public document including the entirety of EFL’s response to CBP’s request for information (“RFI”) in EAPA 7699.¹⁶ This response includes packing lists, bills of lading, commercial invoices, and a Sri Lankan customs declaration form showing that EFL transported Chinese-origin FSF from China to Sri Lanka on behalf of Kingtrans and then re-exported the merchandise to YVC in the United States. Information from CBP systems also shows that YVC [YVC’s declarations] imports of FSF as [origin] during the period from [date range], but instead declared several shipments as [origin] during that period. One recent shipment of FSF declared as Sri Lankan-origin by YVC is entry number [#]4596 with a declared value of \$[#] and a volume

¹² *Id.* at 10 and Exhibit M. CBP confirmed that Mass Steel’s address in Google Maps matches the photograph in the Allegation. See CBP Memorandum, “EAPA 7782 – Adding Screenshot from Google Maps to the Administrative Record” dated October 12, 2022 (“10-12 Memo”).

¹³ *Id.* at 8.

¹⁴ See 19 C.F.R. § 165.15(b); see also 19 U.S.C. § 1517(b)(1).

¹⁵ See 19 C.F.R. § 165.1; see also 19 U.S.C. § 1517(a)(5)(A).

¹⁶ See CBP Memorandum, “EAPA 7782 – Adding EFL RFI to the Administrative Record” dated October 13, 2022 (“EFL RFI Memo”). EFL is a named supplier/manufacturer in the Allegation. See Allegation at 4. They are also named as a manufacturer/supplier in EAPA 7699. See Notice of Determination as to Evasion – EAPA 7699 at 2.

of [#]kg imported on [date] and with [company] declared as the manufacturer.¹⁷ The volume of 33,750 kg and the value of \$85,658 as listed on EFL's export declaration in its RFI for EAPA 7699¹⁸ are [description] to the value and volume for entry number [#]4596.¹⁹ EFL also submitted a bill of lading and invoice for the shipment covered by its Sri Lankan export declaration indicating that the U.S. consignee for this export shipment was YVC.²⁰ Since importers of record may be listed on bills of lading as consignees, and the volume and value on the export documents from EFL are [description] to the volume and value on entry number [#]4596, it is extremely likely that this entry refers to the same shipment. Further, EFL exported this shipment to the United States on February 23, 2022,²¹ about [#] weeks before the [date] importation date on YVC's entry,²² which is a normal timeframe for a cargo container to cross the Pacific Ocean. Notably, EFL's export declaration to Sri Lankan Customs states that the merchandise was Chinese-origin,²³ but YVC declared its importation of an apparently [description] shipment as Sri Lankan-origin to CBP.²⁴ In summary, comparing the information from EFL's RFI response with information from CBP systems indicates that YVC declared at least one entry of FSF as Sri Lankan-origin to CBP; however, that entry information matches a shipment declared as Chinese-origin to Sri Lankan Customs.

As part of its RFI response in EAPA 7699, as mentioned above, EFL also provided CBP with a Sri Lankan import declaration, bills of lading, and packing list for this shipment, and these documents show that before exporting the merchandise to YVC, EFL imported this merchandise from Kingtrans.²⁵ Therefore, the documents from EFL and the information from CBP systems appears to confirm almost every claim in the Allegation because these documents indicate that:

1. YVC imported covered merchandise from [company] and declared it as [source]-origin in entry [#]4596.²⁶
2. Entry [#]4596 appears to be the same merchandise that EFL declared as Chinese-origin to Sri Lankan customs in its export declaration and bills of lading because YVC is the consignee for this shipment and the volume and value are [description] to the declared volume and value of entry [#]4596.
3. Kingtrans shipped the merchandise from China to Sri Lanka before EFL exported it to YVC.

This information indicates that for at least one shipment, YVC imported Chinese-origin FSF transshipped by Kingtrans into the United States, but YVC declared it as Sri Lankan-origin. Because YVC did not declare any imports of FSF as Chinese-origin, because Mass Steel does not appear to be a large-scale producer of FSF, and because information available to CBP indicates that Kingtrans sent several other shipments of Chinese FSF to Sri Lanka that match the volumes, values, and HTS numbers of U.S.-bound shipments from Sri Lanka to YVC, CBP believes there is reasonable suspicion that YVC entered covered merchandise into the customs territory through evasion.

¹⁷ See TRLED Memorandum, "Adding CBP Data to the Administrative Record" dated December 12, 2022 ("12-12 Memo") at Attachment 1 and EFL RFI Memo at Attachment 1 pages 5 and 9.

¹⁸ *Id.* at Attachment 1, page 5/9.

¹⁹ See 12-12 Memo at Attachment 1.

²⁰ See EFL RFI Memo at Attachment 1, pages 3/9 and 4/9.

²¹ *Id.* at Attachment 1, page 5/9.

²² See 12-12 Memo at Attachment 1.

²³ See EFL RFI Memo at Attachment 1, page 5/9.

²⁴ See 12-12 Memo at Attachment 1.

²⁵ See EFL RFI Memo at Attachment 1, page 7/9-9/9.

²⁶ See 12-12 Memo at Attachment 1.

CF-28 Responses and Analysis

On October 27, 2022, CBP issued CBP Form 28 (“CF-28”) requests for information to YVC for entry numbers [#]2789, [#]6886, and [#]2534.²⁷ CBP only issued CF-28s for YVC’s entries from Mass Steel because information is already on the record from EFL.²⁸ Also, EFL stated to CBP that EFL did not act as the customs broker, and is not a manufacturer at all.²⁹ While EFL is not [description of role] for any entries of FSF from Sri Lanka imported by YVC, information on the record shows that EFL arranges shipments that YVC imported.³⁰ CBP asked if YVC is related to the supplier of the merchandise, and if so, how this affects the price; what additional costs YVC incurred, such as packing, commissions, proceeds that accrue to the seller, assists royalties, and license fees; and to furnish the following information:

- 1) A detailed factory profile for the supplier including a copy of the business registration or articles of incorporation, physical location, mailing address, a list of all equipment used in production, the number of employees, employee timecards, turnaround time on orders, annual production capacity for forged steel fittings, the names and nationality of all senior managers, owners, or corporate officeholders, and export documentation;
- 2) Descriptive literature explaining what the merchandise is and how it is used;
- 3) A description of the production process listing all equipment used on site with photographs of this equipment, a flowchart of the production process that explains clearly what raw materials are used at each production step;
- 4) A copy of the sales contract or a purchase order (PO) with the seller’s confirmation for each shipment;
- 5) POs with bills of lading for the shipments covered by each entry;
- 6) Proof of payment to the supplier for each shipment;
- 7) Production record including invoices or POs for raw material, the name and location of the raw materials supplier, material test reports (“MTRs”) for the raw materials; and
- 8) Details of any subcontractors involved in the manufacture of the merchandise, a description of the work contracted out, and any invoices, if applicable.³¹

On December 7, 2022, YVC submitted its responses to the CF-28s.³² None of the importer’s responses provided any information about whether YVC is related to Mass Steel, and the importer did not furnish any requested information about additional costs/expenses incurred in these transactions such as commissions, royalties, assists, or proceeds accruing to the seller.³³

Entry -2789

²⁷ See CBP Form 28 Request for Information (“CF-28”) for entry [#]2789, CF-28 for entry [#]6886, and CF-28 for entry [#]2534 issued to YVC on October 27, 2022 (collectively, “the CF-28s”).

²⁸ See EFL RFI Memo,

²⁹ See EFL RFI Memo at Attachment 1, page 1.

³⁰ See 12-12 Memo at Attachment 1.

³¹ See CF-28s.

³² See email from [name] “RE: [#]6886 and [#]2534” dated December 7, 2022 (“CF-28 Response for entries -6886 and -2534”) and email from [name] “Re: [#]2789” dated December 7, 2022 (“CF-28 Response -2789”). (We refer to these collectively as “the CF-28 Responses”). Although the CF-28s were sent to YVC on October 27, 2022, with instructions to provide the requested information within 30 days. YVC submitted its responses later than instructed by CBP.

³³ See the CF-28 Responses.

Although YVC provided a list of Mass Steel’s senior managers for entry -2789, YVC did not provide any information about Mass Steel’s owners or indicate their nationality. YVC provided a copy of Mass Steel’s business registration in a foreign language. Some of this text was translated into English, and according to the translated portion of the business registration, Mass Steel was first registered with the Sri Lankan Registrar General of Companies on November 30, 2018. However, there is untranslated text on this business registration,³⁴ even though CBP requested that all documents in any language other than English be fully translated.³⁵

YVC also provided the requested factory profile for Mass Steel stating that Mass Steel was first “set up” in 2019 and produces butt-weld pipe fittings, forged steel fittings, and valves. The factory profile further states that Mass Steel has [#] employees with a registered capital of \$[#]. Mass Steel’s lead time on orders, according to this profile, is [#] days. YVC furnished documents, including the factory profile, with Mass Steel’s address on them, but YVC did not specify if its supplier has a separate physical address, as requested. Although the profile also states that the factory’s annual production output value is [#], it does not specify any currency unit for this value. It is also not clear what percentage of this production consists of steel pipe fittings (butt-weld pipe fittings and forged steel fittings) and what percentage of this capacity is comprised of valves that are not steel pipe fittings.³⁶ Thus, the CF-28 Responses do not fully provide all the information CBP’s requested.

The importer provided monthly employee attendance records from [#] for entry -2789 indicating which days and how many hours per day each employee worked during these months. However, these timecards have no information specific to the production of forged steel fittings that YVC imported in entry -2789 such as which employees worked on this shipment or what equipment each worker operated.³⁷ Further, the factory profile indicated that Mass Steel takes [#] days to produce FSF,³⁸ which is much less time than the [#] months of employee attendance records YVC provided for entry -2789.³⁹

YVC also provided a processing card for the goods shipped for entry -2789 showing dates when production steps occurred. According to this document, production began on [#] and the merchandise was completed and packaged on [#],⁴⁰ which is inconsistent with the [#]-day turnaround time stated in the factory profile.⁴¹ This timeframe is also inconsistent with the period covered by the employee attendance records YVC provided for this entry.⁴²

YVC provided only a partial description of the merchandise for entry -2789, stating that forged steel fittings are “pipe fittings that are made from forged carbon steel material.” This is an incomplete explanation because CBP also requested an explanation of how forged steel fittings are used, and illustrative literature.⁴³

³⁴ See CF-28 Response -2789 at “Business License.”

³⁵ See CF-28s.

³⁶ See CF-28 Response -2789 at “Factory Profile.”

³⁷ *Id.* at “Working Timecard.”

³⁸ *Id.* at “Mass Steel Profile.”

³⁹ *Id.* at “Working Timecard.”

⁴⁰ *Id.* at “Processing Card.”

⁴¹ *Id.* at “Mass Steel Profile.”

⁴² *Id.* at “Working Timecard.”

⁴³ *Id.* at “Mass Steel Profile.”

YVC also provided an incomplete response to CBP's request for a detailed explanation of the manufacturing process. Specifically, YVC explained that "the process of manufacturing forged steel fittings include {sic}: cutting and heating billets, put pressure on heated billets under dies into desired shape, trimming and shot blasting. Then machine forged blank fittings for net shape and dimensions." Although this description explains that dies are used to put pressure on billets and shape them, this is not a complete response to CBP's request for a list of all equipment used on site because no equipment other than dies is listed. Specifically, it is not clear from this description of the production process what equipment is used for shot blasting, trimming, cutting, heating billets, or forging them into the desired dimensions.⁴⁴ The importer also provided factory photos that show equipment, but they are unlabeled, and it is not clear if they are used to make forged steel fittings, butt weld pipe fittings, or valves.⁴⁵

YVC did not provide a sales contract or a purchase order with confirmation from the seller for entry -2789. YVC provided a bill of lading for the shipments covered by entry -2789 stating that it was loaded onboard a ship bound for the United States on [**date**], which appears consistent with the date of importation, the dates on the processing card, and the last date on the employee attendance records.⁴⁶

YVC provided MTRs and invoices for the purchase of raw materials used in the production of FSF for entry -2789. The MTRs provide the name and address of the supplier, as requested. These MTRs are dated [**date**] and the invoice date is the same. Since this date is earlier than the first day of production listed on the processing cards, these documents appear consistent.⁴⁷

The importer provided two bank statements showing a total of \$[**#**] paid to Mass Steel. This amount almost matches the total invoice amount of \$[**#**] listed on the commercial invoice YVC provided for entry -2789. YVC also furnished raw material invoices and mill test reports for round bar with the name and address of the raw material supplier for entry -2789 as requested in the CF-28. However, YVC provided none of the requested information about any potential subcontractors.⁴⁸

Entries -2534 and -6886

YVC's response for entries -2534, and -6886 included the same list of Mass Steel's senior managers provided for -2789, but YVC did not indicate the nationality of these managers or provide the requested information about Mass Steel's owners. YVC provided another copy of Mass Steel's business registration for entries -2534 and -6886 that it provided for -2789, not fully translated into English with the same foreign language text and partial English translation.⁴⁹

The importer provided the same factory profile for entries -6886 and -2534 that it provided for -2789; therefore, the factory profile was missing the same information. The profile did not specify a unit for Mass Steel's purported [**#**] production value or explain what percentage of this value consists of steel pipe fittings, as requested in the CF-28s. Because the profile indicated

⁴⁴ *Id.* at "Mass Steel Profile."

⁴⁵ *Id.* at "Forged Steel Fittings Processing Flow."

⁴⁶ *Id.*

⁴⁷ *Id.* at "Raw Material MTR" and "Raw Material Invoice."

⁴⁸ *Id.* at "Payment."

⁴⁹ See CF-28 Response for entries -6886 and -2534 and CF-28 Response -2789 at "Business License."

that Mass Steel also produces valves and this profile does not disaggregate Mass Steel's capacity for pipe fittings from its capacity for valve production, it is unclear how much FSF production Mass Steel has from this CF-28 Response. The factory profile for -6886 and -2534 restated the claim that Mass Steel's turnaround time on orders is only [#] days.⁵⁰

For entry -6886 and entry -2534, YVC provided a single processing card indicating that the FSF for these entries were manufactured between [date range]. There is no information indicating days when production steps occurred for these entries. The processing card also had no information about which employees performed each task, or what equipment was used.⁵¹ YVC also furnished a single set of employee attendance records for both entry -6886 and -2534 showing which employees were present from [date range] but there is no information tying the attendance of these workers to the production of FSF in either entry -6886 or -2534. Notably, the [#]⁵² month time range is substantially longer than the [#] days turnaround time on orders stated in the factory profile.⁵³

YVC also provided an incomplete response to CBP's request for a detailed explanation of the manufacturing process. Specifically, YVC explained that "the process of manufacturing forged steel fittings include {sic}: cutting and heating billets, put pressure on heated billets under dies into desired shape, trimming and shot blasting. Then machine forged blank fittings for net shape and dimensions." Although this description explains that dies are used to put pressure on billets and shape them, this is not a complete response to CBP's request for a list of all equipment used on site because no equipment other than dies is listed. Specifically, it is not clear from this description of the production process what equipment is used for shot blasting, trimming, cutting, heating billets, or forging them into the desired dimensions.⁵⁴ The importer also provided factory photos that show equipment, but they are unlabeled, and it is not clear if they are used to make forged steel fittings, butt weld pipe fittings, or valves.⁵⁵

YVC also furnished a single set of MTRs and a single invoice for the raw material used in the production of both entry -2534 and entry -6886. It is therefore unclear what raw material was used to manufacture -2534 and what raw material was used in -6886. The raw material invoice is dated [date], which is earlier than the date on the MTRs, [date]. This indicates that Mass Steel received an invoice for raw materials before the raw materials were produced.⁵⁶

For entries -2534 and -6886, YVC did not provide any sales contract, purchase order, or confirmation from the seller as requested. The importer provided bills of lading for entry -2534, and -6886.⁵⁷ YVC also provided bank statements showing it paid a total of \$[#] with Mass Steel as the beneficiary, which matches the invoice values associated with these entries.⁵⁸ YVC furnished raw material invoices and mill test reports for round bar with the name and address of

⁵⁰ See CF-28 Response for entries -6886 and -2534 at "Mass Steel Profile."

⁵¹ *Id.* at "Mass Steel Profile."

⁵² *Id.* at "Working Timecard."

⁵³ *Id.* at "Mass Steel Profile."

⁵⁴ *Id.* at "Mass Steel Profile."

⁵⁵ *Id.* at "Forged Steel Fittings Processing Flow."

⁵⁶ *Id.* at "Raw Material MTR" and "Raw Material Invoice."

⁵⁷ *Id.* at "BL [#]6886" and "BOL [#]2534."

⁵⁸ *Id.* at "INV_PL [#]6886," "INV_PL [#]2534," and "PAYMENT [#]6886 [#]2534."

the raw material supplier for entries -2534 and -6886.⁵⁹ However, YVC provided none of the information about subcontractors CBP requested for these entries.

Analysis

The incompleteness of YVC's CF-28 Responses contributes to a reasonable suspicion that YVC's supplier, Mass Steel, may not have produced the FSF that YVC imported under entries -2789, -2534, and -6886. CBP expects timely and complete responses to CF-28s. Based on the information YVC provided, CBP cannot tie worker attendance to actual production tasks performed,⁶⁰ and it is not clear that Mass Steel even has all necessary equipment to produce forged steel fittings. Because YVC's response does not indicate Mass Steel's FSF production capacity, but only describes total combined capacity (in value, without any currency units) for valves, butt weld pipe fittings, and forged steel fittings, the CF-28 Responses suggest that Mass Steel may not be able to produce the volume of FSF that YVC purchased from Mass Steel.⁶¹ Further, the inconsistency between the [#]-day turnaround time on the factory profile, compared with the much longer production times indicated by the attendance records and processing cards indicates that these documents may not contain true and accurate information.

Interim Measures

There is reasonable suspicion that YVC entered covered merchandise into the customs territory of the United States through evasion based on the following:

1. YVC is the consignee on a shipment of FSF declared to Sri Lankan Customs as Chinese-origin,⁶² but YVC has not declared to CBP any covered merchandise on its importations as [**source**] merchandise.⁶³ Instead, YVC declared entry number [**#**]4596 as Sri Lankan-origin, even though the volume and value of this entry [**description**] to the Sri Lankan export shipment of Chinese-origin FSF listing YVC as the consignee. Therefore, it is extremely likely that this shipment of Chinese-origin merchandise is the same as entry number [**#**]4596 which YVC entered as Sri Lankan-origin;⁶⁴
2. Trade data from the Allegation show [**description**] the values and volumes of [**#**] FSF shipments from China to Sri Lanka by Kingtrans, with subsequent shipments from Sri Lanka to YVC between [**date range**].⁶⁵ This indicates that YVC has imported other shipments of Chinese-origin covered merchandise through Sri Lanka. The fact that YVC has not declared any entries of FSF as Chinese-origin between [**date range**] indicates that YVC declared an incorrect country of origin for these shipments;⁶⁶
3. EFL has stated that it is not a manufacturer of covered merchandise and a screenshot of Mass Steel's address in the Allegation does not appear to be a factory.⁶⁷ CBP confirmed

⁵⁹ *Id.* at "Raw Material MTR" and "Raw Material Invoice."

⁶⁰ *Id.* at "Working Timecard", and CF-28 Response -2789 at "Working Timecard." See also CF-28 Response -2789 at "Processing Card."

⁶¹ See the CF-28 Responses at "Mass Steel Profile."

⁶² See EFL RFI Memo at Attachment 1.

⁶³ See 12-12 Memo at Attachment 1.

⁶⁴ See EFL RFI Memo at Attachment 1, page 5-9 and 12-12 Memo at Attachment 1.

⁶⁵ See Allegation at 8-11, Exhibit G, Exhibit K, Exhibit L, and Exhibit O.

⁶⁶ See 12-12 Memo.

⁶⁷ See EFL RFI Memo at 1 and Allegation at 10 and Exhibit M. See also 10-12 Memo at Attachment 1.

that this is a screenshot of Mass Steel's address in Google Maps.⁶⁸ This indicates that neither EFL nor Mass Steel manufactured the merchandise in Sri Lanka;

4. YVC's CF-28 Responses contain inconsistencies between the turnaround time on the factory profile it provided for Mass Steel and actual production records. Further, these production records do not match employees with actual production tasks, and the CF-28 Responses do not list every piece of equipment used to produce FSF. Information on Mass Steel's production capacity from the CF-28 Responses does not indicate that Mass Steel was capable of producing the volume of covered merchandise YVC purchased from Mass Steel because the capacity is only in value, with no currency units, and does not disaggregate pipe fittings capacity from valve production.⁶⁹ This supports the information from the Allegation that Mass Steel is likely not capable of producing the volume of FSF YVC purchased from Mass Steel;
5. Screenshots of Kingtrans' old website in the Allegation show that Kingtrans once openly advertised transshipment of Chinese FSF through third countries without any mention of any manufacturing in the third countries;⁷⁰ and
6. Shipping documents from EFL's RFI response in EAPA 7699 show that EFL imported Chinese FSF from Kingtrans into Sri Lanka before subsequently re-exporting it to YVC.⁷¹

The totality of these facts indicates that neither Mass Steel nor EFL had the capacity to produce the volume of FSF YVC imported from Sri Lanka. Further, the subscription trade data provided in the Allegation, the information from EFL's RFI response in EAPA 7699, and data from CBP systems all indicate that YVC imported Chinese-origin FSF that was transshipped through Sri Lanka without declaring the merchandise as Chinese-origin.

Enactment of 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 U.S.C. § 1517(e) and 19 C.F.R. § 165.24. As explained below, CBP is imposing interim measures because the evidence establishes reasonable suspicion that the importer entered covered merchandise into the United States through evasion by means of transshipment through Sri Lanka.⁷²

Based on the record evidence described above, CBP finds that reasonable suspicion exists that the importer entered covered merchandise through evasion into the United States by transshipping Chinese-origin FSF through Sri Lanka and such merchandise should have been declared as subject to AD/CVD orders A-570-067 and C-570-068. Therefore, CBP is imposing interim measures

⁶⁸ See 10-12 Memo at Attachment 1.

⁶⁹ See the CF-28 Responses.

⁷⁰ See Allegation at Exhibit E and Exhibit F.

⁷¹ See EFL RFI Memo at Attachment 1, especially pages 5-7.

⁷² See 19 C.F.R. § 165.24(a).

pursuant to this investigation.⁷³ 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 October 13, 2022, the date of the initiation of the investigation;
- (2) pursuant to the Commissioner's authority under section 1504(b), extend the period for liquidating each unliquidated entry of such covered merchandise that entered before the date of the initiation of the investigation, October 13, 2022; and
- (3) pursuant to the Commissioner's authority under section 1623, 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.⁷⁴

For future submissions or factual information that you submit to CBP pursuant to this EAPA investigation, please provide a business confidential version and a public version with a public summary⁷⁵ using the EAPA Case Management System (CMS), found at <https://eapallegations.cbp.gov>. All public versions will be accessible to the parties to the investigation via the CMS.⁷⁶ Please note that CBP is requiring that all documents submitted via the CMS are made text searchable, especially if those documents are submitted as PDFs.

Should you have any questions regarding this investigation, you may contact us at eapallegations@cbp.dhs.gov with "EAPA Case Number 7782" 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,



Kristina Horgan, Acting Director,
Enforcement Operations Division
Trade Remedy Law Enforcement Directorate
CBP Office of Trade

⁷³ See 19 U.S.C. §1517(e); see also 19 C.F.R. § 165.24.

⁷⁴ See also 19 C.F.R. § 165.24(b)(1)(i-iii).

⁷⁵ See 19 C.F.R. § 165.4, 165.23(c), and 165.26.

⁷⁶ You will need a login name and password to use the CMS. The website will direct you how to obtain those.