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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[C-580-866]

**Bottom Mount Combination  
Refrigerator-Freezers From the  
Republic of Korea: Initiation of  
Countervailing Duty Investigation**

**AGENCY:** Import Administration,  
International Trade Administration,  
Department of Commerce.

**DATES:** *Effective Date:* April 26, 2011.

**FOR FURTHER INFORMATION CONTACT:**  
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1391, respectively.

**SUPPLEMENTARY INFORMATION:**

**The Petition**

On March 30, 2011, the Department of Commerce (the Department) received a countervailing duty (CVD) petition concerning imports of bottom mount combination refrigerator-freezers (bottom mount refrigerators) from the Republic of Korea (Korea) filed in proper form by Whirlpool Corporation (the petitioner), a domestic producer of bottom mount refrigerators. See "Bottom Mount Combination Refrigerator-Freezers From the Republic of Korea and Mexico: Antidumping and Countervailing Duty Petitions on Behalf of Whirlpool Corporation," dated March 30, 2011 (Korea CVD Petition). On April 5, 6, 12, and 14, 2011, the Department issued additional requests for information and clarification of certain

areas of the Korea CVD Petition. Based on the Department's requests, the petitioner timely filed additional information pertaining to the Korea CVD Petition on April 11, 14, and 18, 2011.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended, (the Act), the petitioner alleges that producers/exporters of bottom mount refrigerators from Korea received countervailable subsidies within the meaning of sections 701 and 771(5) of the Act, and that imports from these producers/exporters materially injure, or threaten material injury to, an industry in the United States.

The Department finds that the petitioner has filed this CVD petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act, and the petitioner has demonstrated sufficient industry support with respect to the CVD investigation that it is requesting the Department to initiate (*see* "Determination of Industry Support for the CVD Petition," below).

#### Period of Investigation

The period of investigation (POI) is calendar year 2010, *i.e.*, January 1, 2010, through December 31, 2010. *See* 19 CFR 351.204(b)(2).

#### Scope of Investigation

The products covered by this investigation are bottom mount refrigerators from Korea. For a full description of the scope of this investigation, please see the "Scope of Investigation" Appendix to this notice.

#### Comments on Scope of Investigation

During our review of the Korea CVD Petition, we discussed the scope with the petitioner to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments by May 9, 2011, twenty calendar days from the signature date of this notice. All comments must be filed on the records of the Korea and Mexico antidumping duty investigations as well as the Korea countervailing duty investigation. Comments should be addressed to Import Administration's APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is

intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

#### Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department held consultations in Washington, DC with the Government of Korea (GOK) with respect to the Korea CVD Petition on April 13, 2011. *See* Memorandum to the File, "Consultations With the Government of Korea Regarding the Countervailing Duty Petition on Bottom Mount Combination Refrigerator-Freezers From Korea," dated April 14, 2011, a public document on file in the Central Records Unit (CRU), Room 7046 of the main Department of Commerce building.

#### Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (*see* section

771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that bottom mount refrigerators constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, *see* Countervailing Duty Investigation Initiation Checklist: Bottom Mount Combination Refrigerator-Freezers from Korea (Korea CVD Initiation Checklist) at Attachment II, "Analysis of Industry Support for the Petitions Covering Bottom Mount Combination Refrigerator-Freezers," on file in the CRU.

In determining whether the petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the petition with reference to the domestic like product as defined in the "Scope of Investigation" section above. To establish industry support, the petitioner provided its production volume of the domestic like product in 2010, and compared it to the estimated total production of the domestic like product for the entire domestic industry. *See* Volume I of the Korea CVD Petition, at 8–11, Volume 2A of the petition, at Exhibits 4 and 5, and Supplement to the AD/CVD petitions, dated April 11, 2011 at 2–4 and Exhibits S–1, S–2, and S–3. The petitioner estimated 2010 production of the domestic like product by non-

petitioning companies based on its knowledge of its competitors and their production capacity. We have relied upon data the petitioner provided for purposes of measuring industry support. For further discussion, *see* Korea CVD Initiation Checklist, at Attachment II.

Our review of the data provided in the petition, supplemental submissions, and other information readily available to the Department indicates that the petitioner has established industry support. First, the petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* section 702(c)(4)(D) of the Act and Korea CVD Initiation Checklist, at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the petition account for at least 25 percent of the total production of the domestic like product. *See* Korea CVD Initiation Checklist, at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See id.*

The Department finds that the petitioner filed the petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the countervailing duty investigation that it is requesting the Department initiate. *See id.*

### Injury Test

Because Korea is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from Korea materially injure, or threaten material injury to, a U.S. industry.

### Allegations and Evidence of Material Injury and Causation

The petitioner alleges that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threatening to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

The petitioner contends that the industry’s injured condition is illustrated by reduced market share, reduced shipments, underselling and price depression or suppression, decline in financial performance, lost sales and revenue, and increase in the volume of imports and import penetration. *See* Volume I of the Korea CVD Petition, at 114–138, Volume 2A of the petition, at Exhibit 6, Volume 2B of the petition, at Exhibits 35 and 38–42, and Supplement to the AD/CVD petitions, at 5–10 and Exhibits S–1, S–2, S–4, and S–5. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* Korea CVD Initiation Checklist at Attachment III, “Analysis of Allegations and Evidence of Material Injury and Causation for the Petitions Covering Bottom Mount Combination Refrigerator-Freezers from the Republic of Korea and Mexico.”

### Initiation of Countervailing Duty Investigation

Section 702(b)(1) of the Act requires the Department to initiate a CVD investigation whenever an interested party files a CVD petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioner supporting the allegations.

The Department has examined the countervailing duty petition on bottom mount refrigerators from Korea and finds that it complies with the requirements of section 702(b)(1) of the Act. Therefore, in accordance with section 702(b)(1) of the Act, we are initiating a CVD investigation to determine whether Korean producers/exporters of bottom mount refrigerators receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see* Korea CVD Initiation Checklist.

We are including in our investigation the following programs alleged in the Korea CVD Petition to provide countervailable subsidies to producers/exporters of the subject merchandise:

1. Korean Export-Import Bank (KEXIM) Subsidy Programs
  - a. KEXIM Short-Term Export Credit
  - b. KEXIM Export Factoring
  - c. KEXIM Export Loan Guarantees
  - d. KEXIM Trade Bill Rediscounting Program
2. Korea Development Bank (KDB) and Industrial Bank of Korea (IBK) Short-Term Discounted Loans for Export Receivables
3. Korea Trade Insurance Corporation—Export Insurance and Export Credit Guarantees
  - a. Short-Term Export Insurance
  - b. Export Credit Guarantees
4. Production Facilities Subsidies: Gwangju Metropolitan City Programs
  - a. Tax Reductions/Tax Exemptions
  - b. Relocation Grants
  - c. Facilities Grants
  - d. Employment Grants
  - e. Training Grants
  - f. Consulting Grants
  - g. Preferential Financing for Business Restructuring
  - h. Interest Grants for the Stabilization of Management Costs
  - i. “Special Support” for Large Corporate Investors
  - j. Research and Development and Other Technical Support Services
5. Production Facilities Subsidies: Changwon City Subsidy Programs
  - a. Relocation Grants
  - b. Employment Grants
  - c. Training Grants
  - d. Facilities Grants
  - e. Grant for “Moving Metropolitan Area-Base Company to Changwon”
  - f. Preferential Financing for Land Purchase
  - g. Tax Reductions and Exemptions
  - h. Financing for the Stabilization of Business Activities
  - i. Special Support for Large Companies
6. Gyeongsangnam-do Province and Korea Energy Management Corporation Energy Savings Subsidies
7. Government of Korea Facilities Investment Support: Article 26 of the Restriction of Special Taxation Act (RSTA)
8. Government of Korea Targeted Subsidies
  - a. Research, Supply, or Workforce Development Investment Tax Deductions for “New Growth Engines” Under RSTA Art. 10(1)(1)
  - b. Research, Supply, or Workforce Development Expense Tax

- Deductions for “Core Technologies” Under RSTA Art. 10(1)(2)
- c. RSTA Art. 25(2) Tax Deductions for Investments in Energy Economizing Facilities
- d. Targeted Facilities Subsidies through Korea Finance Corporation (KoFC), KDB, and IBK “New Growth Engines Industry Fund”
- e. Government of Korea Green Fund Subsidies

For a description of each of these programs and a full discussion of the Department’s decision to initiate an investigation of these programs, see Korea CVD Initiation Checklist.

We are not including in our investigation the following program alleged to benefit producers/exporters of the subject merchandise in Korea:

*1. Changwon City Provision of Waste Heat Electricity*

For further information explaining why the Department is not initiating an investigation of this program, see *CVD Initiation Checklist*.

**Respondent Selection**

Although the Department normally relies on import data from CBP to select respondents in countervailing duty investigations, the Harmonized Tariff Schedule of the United States (HTSUS) categories under which bottom mount refrigerators may be entered are basket categories which include many other types of refrigerators and freezers. Therefore, the CBP data cannot be isolated to identify imports of subject merchandise during the POI. Accordingly, the Department must rely on an alternate methodology for respondent selection.

The petition names two companies as producers and/or exporters in Korea of bottom mount refrigerators: Samsung Electronics Co., Ltd. (Samsung) and LG Electronics, Inc. (LG). The petition identifies these two companies as accounting for virtually all of the imports of bottom mount refrigerators from Korea. Moreover, we know of no further exporters or producers of the subject merchandise because, as noted above, the CBP data does not provide for the isolation of such sales from the general “refrigerator-freezer” or “household refrigerator” basket HTSUS categories. Accordingly, the Department is selecting Samsung and LG as mandatory respondents in this investigation pursuant to section 777A(e)(1) of the Act. We will consider comments from interested parties on this respondent selection. Parties wishing to comment must do so within five days of the publication of this notice in the **Federal Register**.

**Distribution of Copies of the CVD Petition**

In accordance with section 702(b)(4)(A)(i) of the Act, copies of the public versions of the Korea CVD Petition and amendments thereto have been provided to the GOK. To the extent practicable, we will attempt to provide a copy of the public version of the Korea CVD Petition to each exporter named in the petition, as provided under 19 CFR 351.203(c)(2).

**ITC Notification**

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

**Preliminary Determination by the ITC**

The ITC will preliminarily determine, within 45 days after the date on which the petition was filed, whether there is a reasonable indication that imports of allegedly subsidized bottom mount refrigerators from Korea materially injure, or threaten material injury to, a U.S. industry. See section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; see section 703(a)(1) of the Act. Otherwise, the investigation will proceed according to statutory and regulatory time limits.

**Notification to Interested Parties**

Interested parties must submit applications for disclosure under administrative protective orders in accordance with 19 CFR 351.305. On January 22, 2008, the Department published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures* (73 FR 3634). Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

Any party submitting factual information in an AD/CVD proceeding must certify to the accuracy and completeness of that information. See section 782(b) of the Act. Parties are hereby reminded that revised certification requirements are in effect for company/government officials as well as their representatives in all segments of any AD/CVD proceedings initiated on or after March 14, 2011. See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings: Interim Final Rule*, 76 FR 7491 (February 10, 2011) (*Interim Final Rule*) amending 19 CFR 351.303(g)(1) and (2). The formats for the revised certifications are provided at the end of

the *Interim Final Rule*. The Department intends to reject factual submissions in any proceeding segments initiated on or after March 14, 2011, if the submitting party does not comply with the revised certification requirements.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: April 19, 2011.

**Ronald K. Lorentzen**,  
*Deputy Assistant Secretary for Import Administration*.

**Appendix**

**Scope of the Investigation**

The products covered by the investigation are all bottom mount combination refrigerator-freezers and certain assemblies thereof from Korea.

For purposes of the investigation, the term “bottom mount combination refrigerator-freezers” denotes freestanding or built-in cabinets that have an integral source of refrigeration using compression technology, with all of the following characteristics:

- The cabinet contains at least two interior storage compartments accessible through one or more separate external doors or drawers or a combination thereof;
- The upper-most interior storage compartment(s) that is accessible through an external door or drawer is either a refrigerator compartment or convertible compartment, but is not a freezer compartment;<sup>1</sup> and
- There is at least one freezer or convertible compartment that is mounted below the upper-most interior storage compartment(s).

For purposes of the investigation, a refrigerator compartment is capable of storing food at temperatures above 32 degrees F (0 degrees C), a freezer compartment is capable of storing food at temperatures at or below 32 degrees F (0 degrees C), and a convertible compartment is capable of operating as either a refrigerator compartment or a freezer compartment, as defined above.

Also covered are certain assemblies used in bottom mount combination refrigerator-freezers, namely: (1) Any assembled cabinets designed for use in bottom mount combination refrigerator-freezers that incorporate, at a minimum: (a) an external metal shell, (b) a back panel, (c) a deck, (d) an interior plastic liner, (e) wiring, and (f) insulation; (2) any assembled external doors designed for use in bottom mount combination refrigerator-freezers that incorporate, at a minimum: (a) an external metal shell, (b) an interior plastic liner, and (c) insulation; and (3) any assembled external drawers designed for use in bottom mount combination refrigerator-freezers that incorporate, at a minimum: (a) an external metal shell, (b) an interior plastic liner, and (c) insulation.

The products subject to the investigation are currently classifiable under subheadings 8418.10.0010, 8418.10.0020, 8418.10.0030,

<sup>1</sup> The existence of an interior sub-compartment for ice-making in the upper-most storage compartment does not render the upper-most storage compartment a freezer compartment.

and 8418.10.0040 of the Harmonized Tariff System of the United States (HTSUS). Products subject to the investigation may also enter under HTSUS subheadings 8418.21.0010, 8418.21.0020, 8418.21.0030, 8418.21.0090, and 8418.99.4000, 8418.99.8050, and 8418.99.8060. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this scope is dispositive.

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