



FACT SHEET

Commerce Issues Affirmative Preliminary Determination in the Countervailing Duty Investigation of Imports of Steel Racks from the People's Republic of China

- On November 20, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of steel racks from the People's Republic of China (China).
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of a CVD investigation, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods by foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce assigned a preliminary subsidy rate of 5.04 percent for mandatory respondent Nanjing Dongsheng Shelf Manufacturing Co., Ltd. Commerce assigned a preliminary subsidy rate of 10.45 percent for mandatory respondent Xiamen Aifei Metal Manufacturing Co., Ltd. Sixteen companies that failed to respond to Commerce's requests for information received a rate of 150.49. The preliminary subsidy rate for all other Chinese producers and exporters is 8.81 percent.
- Commerce will instruct U.S. Customs and Border Protection (CBP) to collect cash deposits from importers of steel racks from China based on these preliminary rates.
- The petitioner is the Coalition for Fair Rack Imports, the members of which are Bulldog Rack Company (Weirton, WV), Hannibal Industries, Inc. (Los Angeles, CA), Husky Rack and Wire (Denver, NC), Ridg-U-Rak, Inc. (North East, PA), SpaceRak (Marysville, MI), Speedrack Products Group, Ltd. (Sparta, MI), Steel King Industries, Inc. (Stevens Point, WI), Tri-Boro Shelving & Partition Corp. (Farmville, VA), and UNARCO Material Handling, Inc. (Springfield, TN).
- The merchandise covered by the investigation is steel racks and parts thereof, assembled, to any extent, or unassembled, including but not limited to, vertical components (*e.g.*, uprights, posts, or columns), horizontal or diagonal components (*e.g.*, arms or beams), braces, frames, locking devices (*i.e.*, end plates and beam connectors), and accessories (including, but not limited to, rails, skid channels, skid rails, drum/coil beds, fork clearance bars, pallet supports, column and post protectors, end row and end aisle protectors, corner guards, row spacers, and wall ties). Subject steel racks and parts thereof are made of steel, including, but not limited to, cold and/or hot-formed steel, regardless of the type of steel used to produce the components and may, or may not, include locking tabs, slots, or bolted, clamped, or welded connections.
- Steel rack components can be assembled into structures of various dimensions and configurations by welding, bolting, clipping, or with the use of devices such as clips, end plates, and beam connectors,

including, but not limited to the following configurations: 1) racks with upright frames perpendicular to the aisles that are independently adjustable, with positive-locking beams parallel to the aisle spanning the upright frames with braces; and 2) cantilever racks with vertical components parallel to the aisle and cantilever beams or arms connected to the vertical components perpendicular to the aisle. Steel racks may be referred to as pallet racks, storage racks, stacker racks, retail racks, pick modules, selective racks, or cantilever racks and may incorporate moving components and be referred to as pallet-flow racks, carton-flow racks, push-back racks, movable-shelf racks, drive-in racks, and drive-through racks. While steel racks may be made to ANSI MH16.1 or ANSI MH16.3 standards, all steel racks and parts thereof meeting the description set out herein are covered by the scope of these investigations, whether or not produced according to a particular standard.

- The scope includes all steel racks and parts thereof meeting the description above, regardless of
 - (1) dimensions, weight, strength, gauge, or load rating;
 - (2) vertical components or frame type (including structural, roll-form, or other);
 - (3) horizontal support or beam/brace type (including but not limited to structural, roll-form, slotted, unslotted, Z-beam, C-beam, L-beam, step beam, and cantilever beam);
 - (4) number of supports;
 - (5) number of levels;
 - (6) surface coating, if any (including but not limited to paint, epoxy, powder coating, zinc, or other metallic coatings);
 - (7) shape (including but not limited to rectangular, square, corner, and cantilever);
 - (8) the method by which the vertical and horizontal supports connect (including but not limited to locking tabs or slots, bolting, clamping, and welding); and
 - (9) whether or not the steel rack has moving components (including but not limited to rails, wheels, rollers, tracks, channels, carts, and conveyors).
- Subject merchandise includes merchandise matching the above description that has been finished or packaged in a third country. Finishing includes, but is not limited to, coating, painting, or assembly, including attaching the merchandise to another product, or any other finishing or assembly operation that would not remove the merchandise from the scope of these investigations if performed in the country of manufacture of the steel racks and parts thereof. Packaging includes packaging the merchandise with or without another product or any other packaging operation that would not remove the merchandise from the scope of the investigation if performed in the country of manufacture of the steel racks and parts thereof.
- Steel racks and parts thereof are included in the scope of this investigation whether or not imported attached to, or included with, other parts or accessories such as wire decking, nuts, and bolts. If steel racks and parts thereof are imported attached to, or included with, such non-subject merchandise, only the steel racks and parts thereof are included in the scope.
- The scope of the investigation does not cover: 1) decks, *i.e.*, shelving that sits on or fits into the horizontal supports to provide the horizontal storage surface of the steel racks; 2) wire shelving units, *i.e.*, shelves made from wire that incorporate both a wire deck and wire horizontal supports (taking the place of the horizontal beams and braces) into a single piece with tubular collars that slide over the posts and onto plastic sleeves snapped on the posts to create a finished unit; 3) pins, nuts, bolts, washers, and clips used as connecting devices; and 4) non-steel components.

- Specifically excluded from the scope of the investigation are any products covered by Commerce’s existing antidumping and countervailing duty orders on boltless steel shelving units prepackaged for sale from the People’s Republic of China. See *Boltless Steel Shelving Units Prepackaged for Sale From the People’s Republic of China: Antidumping Duty Order*, 80 Fed. Reg. 63,741 (October 21, 2017); *Boltless Steel Shelving Units Prepackaged for Sale From the People’s Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 Fed. Reg. 63,745 (October 21, 2017). Also excluded from the scope of the investigation are bulk-packed parts or components of boltless steel shelving units that were specifically excluded from the scope of the Boltless Steel Shelving Orders because such bulk-packed parts or components do not contain the steel vertical supports (*i.e.*, uprights and posts) and steel horizontal supports (*i.e.*, beams, braces) packaged together for assembly into a completed boltless steel shelving unit.
- Merchandise covered by the investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheadings: 7326.90.8688, 9403.20.0080, and 9403.90.8041. Subject merchandise may also enter under subheadings 7308.90.3000, 7308.90.6000, 7308.90.9590, and 9403.20.0090. The HTSUS subheadings are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.
- In 2017, the petitioner estimated that imports of steel racks from China were valued at approximately \$200 million.
- The Preliminary Decision Memorandum is on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case number C-570-089 for China.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about April 2, 2019.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of steel racks from China materially injures, or threatens material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce’s or the ITC’s final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATE
China	Nanjing Dongsheng Shelf Manufacturing Co., Ltd.	5.04%
	Xiamen Aifei Metal Manufacturing Co., Ltd.	10.45%
	Designa Inc.	150.49%
	Dongguan Baike Electronic Co., Ltd.	150.49%
	Ezidone Display Corp. Ltd.	150.49%
	Fenghua Huige Metal Products Co., Ltd.	150.49%
	Formost Plastic Metal Works (Jiaxing) Co., Ltd.	150.49%
	Jiangsu Kingmore Storage Equipment Manufacturing Co., Ltd.	150.49%
	Nanjing Huade Storage Equipment Manufacture Co., Ltd.	150.49%
	Ningbo Bocheng Home Products Co., Ltd	150.49%
	Ningbo Joys Imp. & Exp. Co., Ltd.	150.49%
	Ningbo Li Zhan Import & Export Co.	150.49%
	Qingdao Haineng Hardware Products Co., Ltd.	150.49%
	Qingdao Huatian Hand Truck Co., Ltd.	150.49%
	Qingdao Zeal-Line Stainless Steel Products Co., Ltd.	150.49%
	Seven Seas Furniture Industrial (Xiamen) Co., Ltd.	150.49%
	Shijiazhuang Wells Trading & Mfg. Co., Ltd.	150.49%
	Tangshan Apollo Energy Equipment Company	150.49%
	All Others	8.81%

CASE CALENDAR:

EVENT	CVD INVESTIGATION
Petition Filed	June 20, 2018
DOC Initiation Date	July 10, 2018
ITC Preliminary Determination	August 15, 2018
DOC Preliminary Determination	November 19, 2018
DOC Final Determination*	April 1, 2019
ITC Final Determination**	May 16, 2019
Issuance of Orders***	May 23, 2019

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended (the Act). These deadlines may be extended under certain circumstances.

*This deadline may be extended under the governing statute.

**This will take place only in the event of a final affirmative determination from Commerce.

***This will take place only in the event of a final affirmative determination from Commerce and the ITC.

IMPORT STATISTICS

CHINA	2015	2016	2017
Quantity (metric tons)	307,330	320,804	371,082
Value (USD)	1,033,127,716	1,007,826,153	1,184,929,288

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS 7326.90.8588 (for 2015-2016) and 7326.90.8688 (for 2017)). Imports of steel racks enter under HTSUS subheadings which are large basket categories and cover a significant amount of non-subject merchandise. Therefore, the import statistics in the table above, which are based on one of the primary HTSUS subheadings in the scope, are overstated. The petitioner estimated that imports of steel racks were valued at approximately \$200 million in 2017.