



## FACT SHEET

### Commerce Preliminarily Finds Countervailable Subsidization of Imports of Certain Tool Chests and Cabinets from the People's Republic of China (China)

- On September 11, 2017, the Department of Commerce (Commerce) announced the preliminary results of the countervailing duty (CVD) investigation of imports of certain tool chests and cabinets from 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 injurious dumping and unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods from 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 has calculated a preliminary subsidy rate of 17.32 percent for mandatory respondent, Jiangsu Tongrun Equipment Technology Co., Ltd., and a preliminary subsidy rate of 32.07 percent for mandatory respondent Zhongshan Geelong Manufacturing Co., Ltd. All other producers/exporters in China have been assigned a preliminary subsidy rate of 27.13 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates.
- The petitioner is Waterloo Industries, Inc. (MO)
- The scope of this investigation covers certain metal tool chests and tool cabinets, with drawers, (tool chests and cabinets), from the People's Republic of China (China). The scope covers all metal tool chests and cabinets, including top chests, intermediate chests, tool cabinets and side cabinets, storage units, mobile work benches, and work stations and that have the following physical characteristics:
  - (1) a body made of carbon, alloy, or stainless steel and/or other metals;
  - (2) two or more drawers for storage in each individual unit;
  - (3) a width (side to side) exceeding 15 inches for side cabinets and exceeding 21 inches for all other individual units but not exceeding 60 inches;
  - (4) a body depth (front to back) exceeding 10 inches but not exceeding 24 inches; and
  - (5) prepackaged for retail sale.

For purposes of this scope, the width parameter applies to each individual unit, *i.e.*, each individual top chest, intermediate top chest, tool cabinet, side cabinet, storage unit, mobile work bench, and work station.

Prepackaged for retail sale means the units may, for example, be packaged in a cardboard box, other type of container or packaging, and may bear a Universal Product Code, along with photographs,

pictures, images, features, artwork, and/or product specifications. Subject tool chests and cabinets are covered whether imported in assembled or unassembled form. Subject merchandise includes tool chests and cabinets produced in the China but assembled, prepackaged for retail sale, or subject to other minor processing in a third country prior to importation into the United States. Similarly, it would include tool chests and cabinets produced in China that are later found to be assembled, prepackaged for retail sale, or subject to other minor processing after importation into the United States.

Subject tool chests and cabinets may also have doors and shelves in addition to drawers, may have handles (typically mounted on the sides), and may have a work surface on the top. Subject tool chests and cabinets may be uncoated (*e.g.*, stainless steel), painted, powder coated, galvanized, or otherwise coated for corrosion protection or aesthetic appearance.

Subject tool chests and cabinets may be packaged as individual units or in sets. When packaged in sets, they typically include a cabinet with one or more chests that stack on top of the cabinet. Tool cabinets act as a base tool storage unit and typically have rollers, casters, or wheels to permit them to be moved more easily when loaded with tools. Work stations and mobile work benches are tool cabinets with a work surface on the top that may be made of rubber, plastic, metal, wood, or other materials.

Top chests are designed to be used with a tool cabinet to form a tool storage unit. The top chests may be mounted on top of the base tool cabinet or onto an intermediate chest. They are often packaged as a set with tool cabinets or intermediate chests, but may also be packaged separately. They may be packaged with mounting hardware (*e.g.*, bolts) and instructions for assembling them onto the base tool cabinet or onto an intermediate tool chest which rests on the base tool cabinet. Smaller top chests typically have handles on the sides, while the larger top chests typically lack handles. Intermediate tool chests are designed to fit on top of the floor standing tool cabinet and to be used underneath the top tool chest. Although they may be packaged or used separately from the tool cabinet, intermediate chests are designed to be used in conjunction with tool cabinets. The intermediate chests typically do not have handles. The intermediate and top chests may have the capability of being bolted together.

Side cabinets are designed to be bolted or otherwise attached to the side of the base storage cabinet to expand the storage capacity of the base tool cabinet.

Subject tool chests and cabinets also may be packaged with a tool set included. Packaging a subject tool chest and cabinet with a tool set does not remove an otherwise covered subject tool chest and cabinet from the scope. When this occurs, the tools are not part of the subject merchandise.

All tool chests and cabinets that meet the above definition are included in the scope unless otherwise specifically excluded.

Excluded from the scope of the investigation are tool boxes, chests, and cabinets with bodies made of plastic, carbon fiber, wood, or other non-metallic substances.

Also excluded from the scope of the investigation are industrial grade steel tool chests and cabinets. The excluded industrial grade steel tool chests and cabinets are those:

- (1) having a body that is over 60 inches in width; or
- (2) having each of the following physical characteristics:
  - (a) a body made of steel that is 0.047 inches or more in thickness;
  - (b) a body depth (front to back) exceeding 21 inches; and
  - (c) a unit weight that exceeds the maximum unit weight shown below for each width range:

Weight to Width Ratio Tool Chests	
Inches	Maximum Pounds
21 > ≤ 25	90
25 > ≤ 28	115
28 > ≤ 30	120
30 > ≤ 32	130
32 > ≤ 34	140
34 > ≤ 36	150
36 > ≤ 38	160
38 > ≤ 40	170
40 > ≤ 42	180
42 > ≤ 44	190
44 > ≤ 46	200
46 > ≤ 48	210
48 > ≤ 50	220
50 > ≤ 52	230
52 > ≤ 54	240
54 > ≤ 56	250
56 > ≤ 58	260
58 > ≤ 60	270

Weight to Width Ratio Tool Cabinets	
Inches	Maximum Pounds
21 > ≤ 25	155
25 > ≤ 28	170
28 > ≤ 30	185
30 > ≤ 32	200
32 > ≤ 34	215
34 > ≤ 36	230
36 > ≤ 38	245
38 > ≤ 40	260
40 > ≤ 42	280
42 > ≤ 44	290
44 > ≤ 46	300
46 > ≤ 48	310
48 > ≤ 50	320
50 > ≤ 52	330
52 > ≤ 54	340
54 > ≤ 56	350
56 > ≤ 58	360
58 > ≤ 60	370

Also excluded from the scope of the investigation are service carts. The excluded service carts have all of the following characteristics:

- (1) casters, wheels, or other similar devices which allow the service cart to be rolled from place to place;
- (2) a flat top or flat lid on top of the unit that opens;
- (3) a space or gap between the casters, wheels, or other similar devices, and the bottom of the enclosed storage space (e.g., drawers) of at least 10 inches; and
- (4) a total unit height, including casters, of less than 48 inches.

Also excluded from the scope of the investigation are non-mobile work benches. The excluded non-mobile work benches have all of the following characteristics:

- (1) a solid top working surface;

- (2) no drawers, one drawer, or two drawers in a side-by-side configuration; and
- (3) the unit is supported by legs and has no solid front, side, or back panels enclosing the body of the unit.

Also excluded from the scope of the investigation are metal filing cabinets that are configured to hold hanging file folders and are classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 9403.10.0020.

Merchandise subject to the investigation is classified under HTSUS categories 9403.20.0021, 9403.20.0026, 9403.20.0030 and 7326.90.8688, but may also be classified under HTSUS category 7326.90.3500. While HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of this investigation is dispositive.

- In 2016, imports of tool chests and cabinets from China were valued at an estimated \$989.9 million.<sup>1</sup>

#### **NEXT STEPS**

- Commerce is scheduled to announce its final determination on or about November 23, 2017, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of certain tool chests and cabinets from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determinations are 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.

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<sup>1</sup> Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 9403.20.0030) The HTSUS subheading is a basket category and covers a wide variety of both subject and non-subject merchandise. Therefore the above import statistics may vary significantly from actual imports of certain tool chests and cabinets from China.

**PRELIMINARY SUBSIDY RATES:**

<b>COUNTRY</b>	<b>EXPORTER/PRODUCER</b>	<b>SUBSIDY RATES</b>
<b>China</b>	<b>Jiangsu Tongrun Equipment Technology Co., Ltd.</b>	<b>17.32%</b>
	<b>Zhongshan Geelong Manufacturing Co., Ltd.</b>	<b>32.07%</b>
	<b>All Others</b>	<b>27.13%</b>

**CASE CALENDAR:**

<b>EVENT</b>	<b>CVD INVESTIGATION</b>
<b>Petitions Filed</b>	<b>April 11, 2017</b>
<b>DOC Initiation Date</b>	<b>May 1 2017</b>
<b>ITC Preliminary Determination*</b>	<b>May 26, 2017</b>
<b>DOC Preliminary Determination**</b>	<b>September 8, 2017</b>
<b>DOC Final Determination**</b>	<b>November 22, 2017</b>
<b>ITC Final Determination***</b>	<b>January 6, 2018</b>
<b>Issuance of Order****</b>	<b>January 13, 2018</b>

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.

†Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

\* If the ITC makes a negative preliminary determination of injury, the investigation is terminated.

\*\*These deadlines 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	2014	2015	2016
Value (USD)	658,146,832	851,971,914	989,856,115

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 9403.20.0030) Volume data are not available, as imports of tool chests and cabinets are reported in multiple units of quantity. The HTSUS subheading is a basket category and covers a wide variety of both subject and non-subject merchandise. Therefore the above import statistics may vary significantly from actual imports of certain tool chests and cabinets from China.