



FACT SHEET

Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Imports of Vertical Shaft Engines Between 225cc and 999cc and Parts Thereof from China

- On February 5, 2020, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of vertical shaft engines between 225cc and 999cc and parts thereof (vertical shaft engines) from China.
- The AD and CVD laws provide 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 AD investigations, dumping occurs when a foreign company sells a product in the United States at less than its fair value. 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.
- The petitioner is the Coalition of American Vertical Engine Producers, whose members are Kohler Co. (Kohler, WI) and Briggs & Stratton Corporation (Wauwatosa, WI).
- The scope of these investigations is provided in Appendix I.
- In 2018, imports of vertical shaft engines from China were valued at an estimated \$53 million.
- The Initiation Decision Checklists are 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 numbers: A-570-119 and C-570-120 for the China AD and CVD investigations, respectively.

NEXT STEPS

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before March 2, 2020.
- If the ITC determines that there is a reasonable indication that imports of vertical shaft engines from China materially injure, or threaten material injury to, the domestic industry, the investigations will continue and Commerce will be scheduled to announce its preliminary CVD determination on April 9, 2020, and its preliminary AD determinations on June 23, 2020, although these dates may be extended. If the ITC's determinations are negative, the investigations will be terminated.

ALLEGED DUMPING MARGINS:

COUNTRY	DUMPING MARGINS
China	324.73 to 637.73 percent

ESTIMATED SUBSIDY RATE:

COUNTRY	SUBSIDY RATE
China	Above <i>de minimis</i>

* *de minimis* = less than 1% for developed countries, less than 2% for developing countries.

CASE CALENDAR:

EVENT	CVD INVESTIGATION	AD INVESTIGATIONS
Petitions Filed	January 15, 2020	January 15, 2020
ITA Initiation Date	February 4, 2020	February 4, 2020
ITC Preliminary Determinations*	March 2, 2020†	March 2, 2020†
ITA Preliminary Determinations	April 9, 2020	June 23, 2020
ITA Final Determinations	June 23, 2020	September 8, 2020†
ITC Final Determinations**	August 7, 2020	October 23, 2020
Issuance of Orders***	August 14, 2020	October 30, 2020

NOTE: Commerce's 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). For AD investigations, the deadlines are set forth in sections 733(b) and 735(a) of the Act. These deadlines may be extended under certain circumstances.

* If the ITC makes negative preliminary determinations of injury, the investigations are terminated.

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

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

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

IMPORT STATISTICS:

CHINA	2016	2017	2018
Volume (units)	139,693	144,262	247,770
Value (USD)	23,828,398	23,998,787	52,629,338

Source: U.S. International Trade Commission (ITC) Dataweb, available at <http://dataweb.usitc.gov/>. (Harmonized Tariff Schedule of the United States (HTSUS) subheadings 8407.90.1020, 8407.90.1060, and 8407.90.1080.)

Appendix I:

The merchandise covered by this investigation consists of spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, primarily for riding lawn mowers and zero-turn radius lawn mowers. Engines meeting this physical description may also be for other non-hand-held outdoor power equipment such as, including but not limited to, tow-behind brush mowers, grinders, and vertical shaft generators. The subject engines are spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 225 cubic centimeters (cc) and a maximum displacement of 999cc. Typically, engines with displacements of this size generate gross power of between 6.7 kilowatts (kw) to 42 kw.

Engines covered by this scope normally must comply with and be certified under Environmental Protection Agency (EPA) air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. Engines that otherwise meet the physical description of the scope but are not certified under 40 CFR part 1054 and are not certified under other parts of subchapter U of the EPA air pollution controls are not excluded from the scope of this proceeding. Engines that may be certified under both 40 CFR part 1054 as well as other parts of subchapter U remain subject to the scope of this proceeding.

For purposes of this investigation, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, piston(s), and connecting rod(s). Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as an oil pan, manifold, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of this investigation. The inclusion of other products such as spark plugs fitted into the cylinder head or electrical devices (*e.g.*, ignition modules, ignition coils) for synchronizing with the motor to supply tension current does not remove the product from the scope. The inclusion of any other components not identified as comprising the unfinished engine subassembly in a third-country does not remove the engine from the scope.

The engines subject to this investigation are typically classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 8407.90.1020, 8407.90.1060, and 8407.90.1080. The engine subassemblies that are subject to this investigation enter under HTSUS 8409.91.9990. Engines subject to this investigation may also enter under HTSUS 8407.90.9060 and 8407.90.9080. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under investigation is dispositive.