



## FACT SHEET

### **Commerce Initiates Antidumping Duty and Countervailing Duty Investigations of Imports of Certain Vertical Shaft Engines Between 99cc and up to 225cc, and Parts thereof, from the People's Republic of China**

- On April 8, 2020, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) and countervailing duty (CVD) investigations of imports of certain vertical shaft engines between 99cc and up to 225cc, and parts thereof (small vertical engines), from the People's Republic of China (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 Briggs and Stratton Corporation (Wauwatosa, WI).
- The scope of these investigations is provided in Appendix I.
- In 2019 imports of small vertical engines from China were valued at \$43.6 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-570-124 and C-570-125 for the 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 May 4, 2020.
- If the ITC preliminarily determines that there is a reasonable indication that imports of small vertical 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 determinations on June 12, 2020, and its preliminary AD determinations on August 26, 2020, although these dates may be extended. If the ITC's preliminary determinations are negative, the investigations will be terminated.

**ALLEGED DUMPING MARGINS:**

COUNTRY	DUMPING MARGIN
China	457.52 to 541.75 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 INVESTIGATION
Petition Filed	March 18, 2019	March 18, 2019
ITA Initiation Date	April 7, 2020	April 7, 2020
ITC Preliminary Determinations*	May 4, 2020†	May 4, 2020†
ITA Preliminary Determinations	June 11, 2020	August 25, 2020
ITA Final Determinations	August 25, 2020	November 9, 2020†
ITC Final Determinations**	October 9, 2020	December 24, 2020
Issuance of Orders***	October 16, 2020	December 31, 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	2017	2018	2019
Volume (units)	682,097	1,023,951	674,104
Value (USD)	\$47,598,674	\$66,858,647	\$43,631,151

Source: U.S. Census Bureau, accessed through Global Trade Atlas (Harmonized Tariff Schedule of the United States (HTSUS) subheading 8407.90.1010.

## Appendix I:

The scope of the investigations is as follows:

The merchandise covered by these investigations consists of spark ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, whether mounted or unmounted, primarily for walk-behind lawn mowers. Engines meeting this physical description may also be for other non-handheld outdoor power equipment, including but not limited to, pressure washers. The subject engines are spark ignition, single cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 99 cubic centimeters (cc) and a maximum displacement of up to, but not including, 225cc. Typically, engines with displacements of this size generate gross power of between 1.95 kilowatts (kw) to 4.75 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 these proceedings. 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 these proceedings.

Certain small vertical shaft engines, whether or not mounted on non-hand-held outdoor power equipment, including but not limited to walk-behind lawn mowers and pressure washers, are included in the scope. However, if a subject engine is imported mounted on such equipment, only the engine is covered by the scope. Subject merchandise includes certain small vertical shaft engines produced in the subject country whether mounted on outdoor power equipment in the subject country or in a third country. Subject engines are covered whether or not they are accompanied by other parts.

For purposes of these investigations, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, pistons(s), and connecting rod(s). Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as a sump, carburetor spacer, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of these investigations. The inclusion of other products such as spark plugs fitted into the cylinder head or electrical devices (*e.g.*, ignition coils) for synchronizing with the engine 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 these investigations are predominantly classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 8407.90.1010. The engine subassemblies that are subject to these investigations enter under HTSUS 8409.91.9990. The mounted engines that are subject to these investigations enter under HTSUS 8433.11.0050, 8433.11.0060, and 8424.30.9000. Engines subject to these investigations may also enter under HTSUS 8407.90.1020, 8407.90.9040, and 8407.90.9060. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under investigation is dispositive.