



## FACT SHEET

### **Commerce Initiates Antidumping and Countervailing Duty Investigations of Imports of Certain Tool Chests and Cabinets from the People's Republic of China and an Antidumping Duty Investigation of Imports of Certain Tool Chests and Cabinets from the Socialist Republic of Vietnam**

- On May 2, 2017, the Department of Commerce (Commerce) announced the initiation of antidumping duty (AD) investigations of imports of certain tool chests and cabinets from the People's Republic of China (China) and the Socialist Republic of Vietnam (Vietnam) and a countervailing duty (CVD) investigation of imports of certain tool chests and cabinets 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 Waterloo Industries, Inc. (MO).
- The products covered by these investigations are certain metal tool chests and tool cabinets, with drawers, from China and Vietnam. 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 drawer 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 are packaged in a cardboard box or other container suitable for retail display and sale. Subject tool chests and cabinets are covered whether imported in

assembled or unassembled form. Subject merchandise includes tool chests and cabinets produced in the PRC or Vietnam but assembled, prepackaged for 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 the PRC or Vietnam that are later found to be assembled, prepackaged for 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 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.

Excluded from the scope of the investigations 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 investigations are portable metal tool boxes. Portable metal tool boxes have each of the following characteristics: (1) fewer than three drawers; (2) a handle on the top that allows the tool box to be carried by hand; and (3) a width that is 21 inches or less; and depth (front to back) not exceeding 10 inches.

Also excluded from the scope of the investigations 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 wide; or
- (2) having each of the following physical characteristics:

- (a) a body made of steel that is 0.055” or more in thickness;
- (b) all drawers over 21” deep;
- (c) all drawer slides rated for 200 lbs. or more; and
- (d) not prepackaged for retail sale.

Also excluded from the scope of the investigations are work benches with fewer than two drawers. Excluded work benches have a solid top working surface, fewer than two drawers, are supported by legs and have no solid front, side, or back panels enclosing the body of the unit.

Also excluded from the scope of the investigations 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 investigations 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 these investigations is dispositive.

- In 2016, imports of tool chests and cabinets from China and Vietnam were valued at an estimated \$989.9 million and \$77 million, respectively.

**NEXT STEPS**

- The U.S. International Trade Commission (ITC) is scheduled to make its preliminary injury determinations on or before May 26, 2017.
- If the ITC determines that there is a reasonable indication that imports of tool chests and cabinets from China and/or Vietnam, materially injure, or threaten material injury to, the domestic industry in the United States, the investigations will continue, and the Department will announce its preliminary CVD determination in July 2017 and its preliminary AD determinations in September 2017, though these dates may be extended. If the ITC’s determinations are negative, the investigations will be terminated.

**ALLEGED DUMPING MARGIN:**

COUNTRY	DUMPING MARGINS
China	159.99 percent
Vietnam	21.85 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	AD INVESTIGATIONS	CVD INVESTIGATION
Petitions Filed	April 11, 2017	April 11, 2017
DOC Initiation Date	May 1, 2017	May 1 2017
ITC Preliminary Determinations*	May 26, 2017	May 26, 2017
DOC Preliminary Determinations**	September 18, 2017	July 5, 2017
DOC Final Determinations**	December 4, 2017†	September 18, 2017
ITC Final Determinations***	January 16, 2018	November 2, 2017
Issuance of Orders****	January 23, 2018	November 9, 2017

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). 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.

†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 investigations are terminated.

\*\*These deadlines may be extended under the governing statute.

\*\*\*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.

## IMPORT STATISTICS:

CHINA	2014	2015	2016
Value (USD)	658,146,832	851,971,914	989,856,115
VIETNAM	2014	2015	2016
Value (USD)	45,463,785	69,640,631	76,952,795

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 and Vietnam.