Hand Trucks and Certain Parts Thereof From China

Investigation No. 731-TA-1059 (Preliminary)

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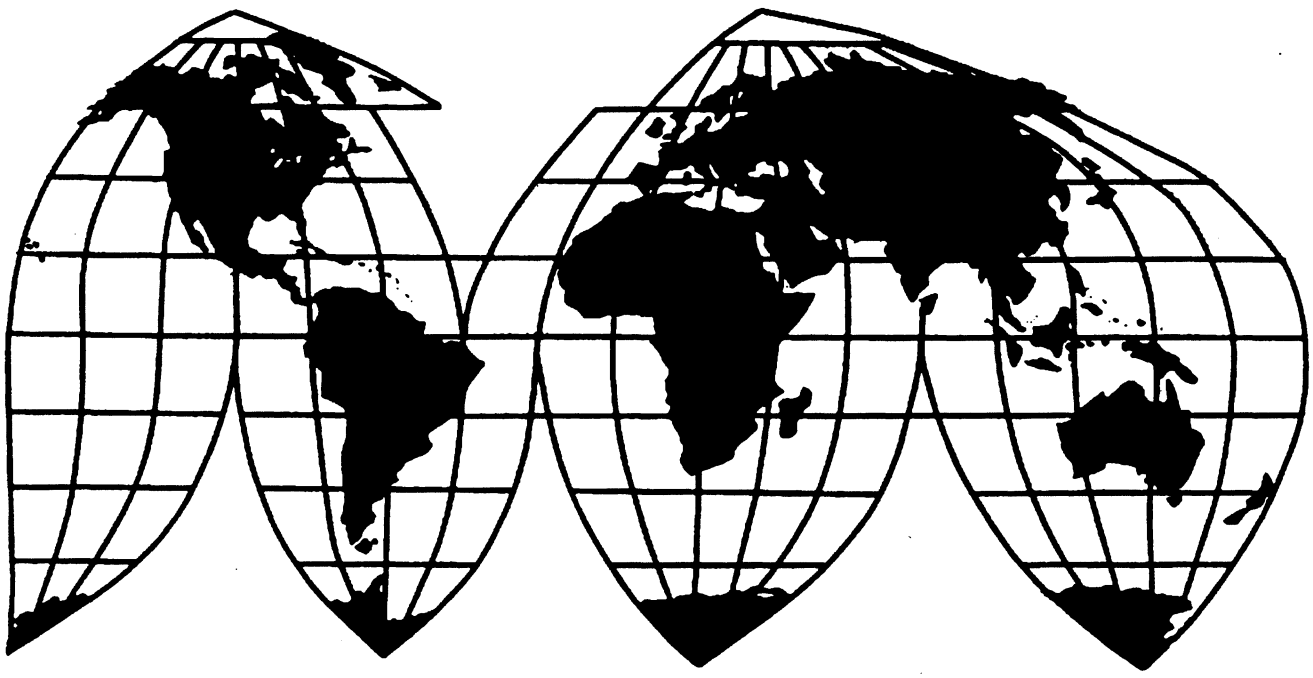
U.S. International Trade Commission



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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1059 (Preliminary)

HAND TRUCKS AND CERTAIN PARTS THEREOF FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of hand trucks and certain parts thereof, provided for in subheading 8716.80.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

BACKGROUND

On November 13, 2003, a petition was filed with the Commission and Commerce by Gleason Industrial Products, Inc., Los Angeles, CA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of hand trucks and certain parts thereof from China. Accordingly, effective November 13, 2003, the Commission instituted antidumping duty investigation No. 731-TA-1059 (Preliminary). On December 1, 2003, Gleason filed an amendment to the petition to include Precision Products, Inc., Lincoln, IL, as a co-petitioner.

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of November 21, 2003, (68 FR 65733, November 21, 2003). The conference was held in Washington, DC, on December 4, 2003, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of hand trucks from China that are allegedly sold in the United States at less than fair value ("LTFV").

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. BACKGROUND

A hand truck typically consists of a vertical frame with: (a) a handle (or handles) near the top; (b) at least two wheels near the bottom; and (c) a horizontal projecting edge (or edges), or toe plate, near the bottom which is perpendicular or angled to the vertical frame. The projecting edge or toe plate slides under a load for purposes of lifting and/or moving the load.[3] The majority of domestic production of hand trucks has been sold to home improvement stores, with the remainder sold to catalog houses/industrial supply firms, hardware stores, and other firms.[4]

The petition was filed on behalf of two domestic producers of hand trucks.[5] Petitioners are Gleason Industrial Products, Inc., and its jointly-owned and operated affiliate, Precision Products, Inc. (collectively "Gleason"). There are 13 firms believed to have produced hand trucks in 2002, six of which provided questionnaire responses to the Commission.[6] Five firms are located in California, and the remaining firms have production facilities in Georgia, Illinois, Indiana, Kansas, Michigan, Minnesota, New Jersey, and Pennsylvania.[7]

Domestic production accounted for more than one-half of the U.S. market for hand trucks during the period examined. By far the next largest source of hand trucks was imports from China, which gained over 10 percentage points of market share between 2000 and 2002. Importers of Chinese product include home improvement stores, catalog houses, and industrial supply firms. Also present in the market were modest levels of imports from nonsubject sources. Apparent U.S. consumption of hand trucks grew steadily over the period examined.

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[1] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996).

[2] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] Confidential Report ("CR") at I-3; Public Report ("PR") at I-3.

[4] CR/PR, Table I-1.

[5] CR at I-1, PR at I-1.

[6] CR/PR at III-1, Table III-1. Six firms, believed to represent 80 percent of U.S. hand trucks production in 2002, provided usable trade and financial data on their U.S. operations producing hand trucks.

[7] CR at III-1, PR at III-1.

III. DOMESTIC LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[8] Section 771(4)(A) of the Tariff Act of 1930, as amended (the Act), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[9] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation … ."[10]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[11] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[12] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[13] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[14] The Commission must base its domestic like product determination on the record in the investigation before it. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[15]

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[8] 19 U.S.C. § 1677(4)(A).

[9] Id.

[10] 19 U.S.C. § 1677(10).

[11] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[12] See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess., at 90-91 (1979).

[13] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 249 at 90-91 (Congress has indicated that the domestic like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[14] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

[15] See Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp.2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of investigation as:

> hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.
>
> A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.
>
> That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.[16]

The wheels and tires used in the manufacture of a hand truck are expressly excluded from the scope, as are small utility carts (such as those used for carrying luggage) whose frames are made of telescoping tubular materials, motorized hand trucks, and vertical carriers designed specifically to transport golf bags.[17]

The scope includes both finished hand trucks and hand truck parts. In the discussion below, we first consider the appropriate like product treatment of finished hand trucks. We then consider how to treat those hand truck parts – the frame, the handling area, and the projecting edges or toe plate – within the scope.

C. Analysis

Petitioner Gleason maintains that the Commission should find a single domestic like product coextensive with the scope of the investigation. Respondents have not asserted a position on the appropriate definition for the domestic like product. For the reasons discussed below, for purposes of the preliminary phase of this investigation we find that there is a single domestic like product encompassing all hand trucks and hand truck parts that are within Commerce's scope definition.

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[16] 68 Fed. Reg. 68591 (Dec. 9, 2003).
[17] 68 Fed. Reg. at 68591.

1. Finished Hand Trucks

All hand trucks have four general physical characteristics: (1) a vertically-disposed frame; (2) a handling area for maneuvering the hand truck on the upper portion or rear portion of the frame; (3) at least two wheels connected to the lower rear portion of the frame; and (4) a projecting edge or edges perpendicular, or at an angle, to the frame used to support the load to be carried by the hand truck.[18] Frames are typically made of steel, aluminum, or nylon, but can also be made from other plastics or magnesium.[19] Hand trucks, regardless of frame material or design, are used to move goods over short distances.[20] Loads carried by hand trucks generally do not exceed 1,000 pounds.[21]

The domestic industry offers both "commodity" and "specialty" hand trucks, although the "specialty" models account for a smaller proportion of total sales.[22] "Commodity" handtrucks are designed for general use in moving goods.[23] "Specialty" models are typically designed for particular purposes, such as the transport of appliances, cylinders, barrels, bags, trees, or plants, or for hospital use.[24] The design of several "specialty" models suggests that they would not be well-suited for more general uses (*i.e.*, moving boxes). Nevertheless, nothing in the record calls into question Gleason's assertion that different types of hand trucks are largely interchangeable, notwithstanding that trucks designed for general load-carrying may be less suited for specialized tasks than hand trucks specifically designed for such tasks and vice versa.

There are several different channels of distribution for domestically produced hand trucks, including nationwide home improvement chain stores, hardware co-operatives, catalog houses and industrial distributors, truck fleet owners, and other customers.[25] Hand truck models, particularly "commodity" models, generally are sold to multiple channels of distribution, although there may be minor variations in product features between, for example, the model sold to a home improvement chain store and the model sold to a hardware co-op.[26]

Different hand truck models generally are made at the same facilities using the same production processes. This includes hand trucks made of different materials, although there are some differences in the processes used to fasten the various components into a finished truck; *e.g.*, the components of steel trucks are welded, and those of aluminum trucks are bolted or riveted.[27] "Commodity" and "specialty" trucks are both made at the same facilities by the same employees.[28]

There is limited information in the record concerning producer and customer perceptions. In their sales brochures, Gleason and other domestic producers categorize the various hand truck models they sell – "commodity" and "specialty" – as "hand trucks."[29] Gleason uses a single sales force to sell all its hand truck models in all channels of distribution.[30]

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[18] CR at I-4, PR at I-3.
[19] Petition at 6.
[20] See Petition, ex. 1 at 2.
[21] Petition at 6.
[22] Tr. at 51-52 (Simon).
[23] CR at I-5, PR at I-4.
[24] See CR at I-5, PR at I-4; Petition, ex. 2.
[25] Petition at 12. See also CR/PR, Table I-1.
[26] CR at V-4, PR at V-3; Tr. at 56 (Kvasnicka).
[27] CR at I-5-6, PR at I-4; Petition at 11-12; Tr. at 44 (Kvasnicka).
[28] Tr. at 60 (Kvasnicka).
[29] Petition, ex. 1; Harper and Wesco brochures attached to Letter from Matthew Jaffe to Marilyn Abbott (Dec. 9, 2003) (EDIS filing).
[30] Tr. at 35-36 (Kvasnicka).

The information in the record supports the conclusion that there is no clear dividing line between different types of finished hand trucks. We consequently treat all finished hand trucks within Commerce's scope definition as a single domestic like product.

2. Hand Truck Parts within the Scope

As previously stated, three types of hand truck parts – the frame, the handling area, and the toe plate – are within the scope. We consider the appropriate like product treatment of these parts by using the Commission's "semifinished products" like product analysis.[31]

Those hand truck parts within the scope are dedicated for use in finished handtrucks. *** responding producers indicated in their questionnaire responses that hand truck parts within the scope were not used in any finished products other than hand trucks.[32] Hand trucks cannot serve their intended purpose without each of the three parts within the scope. The parts themselves appear to have no function independent of the function they serve in a finished hand truck.[33]

There are limited markets for those handtruck parts within the scope. Only *** reported separate production of parts, and there are some separate sales of parts.[34] Parts for aluminum or magnesium hand trucks that are shipped separately are "assembled" into finished hand trucks by bolting the parts together.[35]

We include those parts within the scope in the same domestic like product as finished hand trucks. Those parts within the scope are used exclusively to make finished hand trucks and have no function other than use in a finished hand truck. The record suggests that the processes used to transform the parts into a finished hand truck are not extensive or sophisticated. While there are to some extent independent sales and purchases of hand truck parts, these are limited and the parts are used only to assemble finished hand trucks or to replace parts on such trucks.

We consequently find that there is a single domestic like product in this investigation. This like product includes those finished hand trucks and hand truck parts described in Commerce's scope definition.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the

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[31] Under this analysis, the Commission examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the cost or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles. E.g., Low Enriched Uranium from France, Germany, the Netherlands, and the United Kingdom, Inv. Nos. 701-TA-409-412, 731-TA-909-912 (Preliminary), USITC Pub. 3388 at 5-6 (Jan. 2001); Uranium from Kazakhstan, Inv. No. 731-TA-539A (Final), USITC Pub. 3213 at 6 n. 23 (July 1999).

[32] Producers Questionnaires, Response to Question II-13.

[33] See generally Petition at 6-8.

[34] CR at III-1, PR at III-1. Gleason's witness testified at the conference that Gleason sells replacement parts for use in aluminum hand trucks. Tr. at 42 (Kvasnicka). Another producer sells hand truck parts for its aluminum and magnesium hand trucks in bulk to its dealers, which then assemble the parts into a finished truck, to reduce freight and warehousing costs. Gleason Postconference Brief, ex. 1. Additionally, one producer reported that it purchases ***. *** Producers' Questionnaire, response to question II-12.

[35] Tr. at 44 (Kvasnicka), Gleason Postconference Brief, ex. 1. The record, however, does not have any empirical information on what, if any, value is added by the "assembly" process.

total domestic production of the product."[36] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[37]

In defining the domestic industry, we must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[38] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[39]

Domestic hand truck producers *** and *** import subject merchandise and consequently these producers may individually be excluded from the domestic industry as related parties. No party has submitted argument on the related party issue.

Domestic producer *** is the *** of the six domestic producers to have submitted responses to the Commission questionnaires. It accounted for *** percent of the 2002 hand truck production reported by the six responding producers; in turn, these six producers are estimated to account for approximately 80 percent of total U.S. hand truck production. It *** the petition.[40] *** has imported subject merchandise from China throughout the period examined. Its subject imports ranged from *** to *** percent of its domestic production from 2000 through 2002, but this ratio increased to *** percent in interim 2003.[41] *** imports from China were *** in interim 2003 as compared to interim 2002; by contrast, its domestic production was *** in both interim periods.[42] *** stated that it has imported hand trucks from China ***.[43] Among the six responding producers, *** operating margins ranked *** in fiscal 2000, fiscal 2002, interim 2002, and interim 2003 and *** in fiscal 2001.[44]

Domestic producer *** is the *** of the six domestic producers to have submitted responses to the Commission questionnaires. It accounted for *** percent of the 2002 hand truck production reported

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[36] 19 U.S.C. § 1677(4)(A).

[37] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[38] 19 U.S.C. § 1677(4)(B).

[39] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e., whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14 n.81.

[40] CR/PR at III-1, Table III-1.

[41] CR/PR, Table III-4.

[42] CR/PR, Tables III-2, III-4.

[43] *** Importer's Questionnaire Response, response to Question II-4.

[44] CR/PR, Table VI-2. The headings on the second and third pages of Table VI-2 in the Confidential Report referencing fiscal years contain typographical errors which have been corrected in the Public Report.

by the six responding producers. It supports the petition.[45] *** has imported subject merchandise from China throughout the period examined. Its subject imports, as a ratio to its domestic production, increased from *** percent in 2000 to *** percent in 2002. This ratio was *** percent in interim 2002 and *** percent in interim 2003.[46] These increased ratios were due principally to declines in domestic production; *** imports from China were only *** percent higher in 2002 than in 2000 and were lower in interim 2003 than in interim 2002.[47] *** did not respond to the question in the importers' questionnaire asking for its reason for importing hand trucks from China. Among the six responding producers, *** operating margins ranked *** in fiscal 2000, *** in fiscal 2001, *** in fiscal 2002, *** in interim 2002, and *** in interim 2003.[48]

The ratios of subject imports to domestic production rose significantly during the period examined for both *** and ***, and, in the case of ***, were relatively high in fiscal 2003, interim 2002, and interim 2003. Nevertheless, for each firm, the quantity of domestic production was greater than that of its subject imports throughout the period examined. Moreover, the record does not indicate that either firm has benefitted appreciably from its importation, as each firm's financial performance, whether analyzed individually or relative to the U.S. producers that are not related parties, does not appear to be correlated with its importation activities.[49]

In view of the foregoing, we determine that appropriate circumstances do not exist to exclude either *** or *** from the domestic industry.[50] We accordingly define the domestic industry to include all U.S. producers of finished hand trucks and hand truck parts within the scope.

V. CONDITIONS OF COMPETITION

Several conditions of competition are pertinent to our analysis in the preliminary phase of this investigation.

A. Demand Conditions

Hand trucks are an end-use product, and the overall demand for hand trucks is determined by the needs of end users, which include both individual households and business customers, for stacking and moving loads.[51] Gleason's witness stated that the demand for hand trucks is neither cyclical nor seasonal, and respondents did not argue to the contrary.[52] Apparent U.S. consumption of hand trucks rose during the period examined, which encompasses January 2000 through September 2003. By quantity, apparent U.S. consumption increased from 2.1 million units in 2000 to 2.6 million units in 2002. Apparent U.S. consumption of 2.3 million units during the first three quarters of 2003 ("interim 2003") was greater than the 1.9 million units during the comparable period of 2002. The value of

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[45] CR/PR at III-1, Table III-1.
[46] CR/PR, Table III-4.
[47] CR/PR, Tables III-2, III-4.
[48] CR/PR, Table VI-2.
[49] Compare CR/PR, Tables III-4, VI-2.
[50] In any final phase investigation, we will seek to obtain more meaningful information about these producers' reasons for importing subject merchandise.
[51] CR at II-3, PR at II-2.
[52] Tr. at 23, 74 (Simon).

apparent U.S. consumption rose from $85.3 million in 2000 to $86.2 million in 2002. The $68.4 million in apparent U.S. consumption during interim 2003 was greater than the $62.0 million in interim 2002.[53]

There are five principal channels of distribution in the United States for hand trucks: (1) national home improvement stores (such as Home Depot and Lowe's); (2) hardware co-ops; (3) catalog houses and industrial supply distributors; (4) truck fleet owners; and (5) other customers.[54] During the conference, witnesses from both petitioner Gleason and respondents identified home improvement stores as the principal channel of distribution for their products.[55] Respondent Central Purchasing, Inc., contends that the increased retail availability of hand trucks at prices individual households can afford has served to stimulate U.S. demand for hand trucks.[56]

The questionnaire data indicate that during the period examined, home improvement stores accounted for between *** and *** percent of the domestic industry's U.S. commercial shipments.[57] The questionnaire data on channels of distribution for subject imports are too incomplete to enable us to reach any meaningful conclusions.[58] In any final phase investigation, we will seek to gather more complete data concerning the channels of distribution in which the subject imports are sold.

B. Interchangeability

Market participants agree that price is a factor in purchasing decisions.[59] The record in the preliminary phase of this investigation indicates that neither the domestically produced products, on the one hand, nor the subject imports, on the other, have consistent non-price advantages.[60]

Market participants largely agree that domestically produced hand trucks and the subject imports can be used in the same applications. All U.S. producers and a majority of importers reported that the domestic like product and the subject imports are always or frequently interchangeable.[61]

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[53] CR/PR, Table IV-2. Quantity data cited throughout these Views encompass only finished hand trucks; value data encompass finished hand trucks and those hand truck parts within the scope.

[54] Petition at 12.

[55] Tr. at 24 (Simon), 81 (Bruno).

[56] Central Purchasing Postconference Brief at 6-7. In any final phase investigation, we will seek to obtain further information on what factors affect demand for hand trucks among both individual households and business customers.

[57] See CR/PR, Table I-1.

[58] The questionnaire data in Table I-1 of the Report account for less, and during some periods considerably less, than 30 percent of U.S. commercial shipments of the subject imports. See CR/PR, Tables I-1, IV-1. The table also does not include data pertaining to imports by ***, a home improvement chain which directly imports subject merchandise it sells at its retail stores.

[59] Comments to this effect were made by representatives of a U.S. producer, Tr. at 30 (Kvasnicka); a U.S. importer, Tr. at 94 (Murphy); and purchasers, CR at V-16-17, PR at V-5.

[60] Of six responding U.S. producers, one said that non-price differences between the domestic like product and the subject imports are never significant, three said that such differences are sometimes significant, one said that such differences are frequently significant, and one said that such differences are always significant. Of the 16 responding importers, four said that non-price differences between the domestic like product and the subject imports are never significant, eight said such differences were sometimes significant, and four said that they are always significant. One U.S. producer said that domestic producers offered a broader product range than the Chinese, another said that domestic producers offer quality and delivery advantages. By contrast, one importer said that hand trucks from China offered superior quality and a second said hand trucks from China offered superior delivery time than those produced domestically. CR at II-5, PR at II-3.

[61] Of six responding U.S. producers, three reported that the domestic like product and subject imports can always be used interchangeably, and three reported that they can frequently be used interchangeably. Of 14 responding importers, six reported that the domestic and Chinese products were always interchangeable, four reported that they

(continued...)

C. Supply Conditions

There are believed to be 13 U.S. producers of hand trucks. Six firms, which are believed to accounted for approximately 80 percent of U.S. hand truck production during 2002, submitted responses to the Commission's producer questionnaire.[62] Of these six firms, petitioner Gleason is *** the largest, with a *** percent share of the 2002 production accounted for by the six firms.[63] Gleason is the sole responding U.S. producer to operate two production facilities.[64] The domestic industry's capacity exceeded apparent U.S. consumption by a considerable amount throughout the period examined.[65] Notwithstanding that the domestic industry had operating margins as high as 12.1 percent at the beginning of the period examined, its capacity utilization never exceeded *** percent at any point during the period.[66]

The domestic industry offers a wide variety of hand truck models.[67] According to undisputed testimony by Gleason's witnesses, home improvement chains will offer no more than four or five different models in their stores; by contrast, a catalog supplier may offer 50 different models in its catalog and will maintain inventories of 20 of these models.[68] Gleason asserts that the "commodity" models of hand trucks sold by large retailers such as home improvement chains constitute about 95 percent of total industry sales by quantity.[69]

Hand truck manufacturing involves a "mature" technology, and there have been no major changes in production processes or factor inputs for the last 15 years.[70] The domestic industry's hand truck design and production technology are not proprietary.[71]

Imports from nonsubject countries have a modest presence in the U.S. market.[72] The U.S. market penetration of nonsubject imports, by quantity, declined from 4.2 percent in 2000 to 2.8 percent in 2001, and then increased to 5.2 percent in 2002. U.S. market penetration of nonsubject imports was lower in interim 2003, at 2.0 percent, than in interim 2002, when it was 4.7 percent.[73]

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[61] (...continued)
were frequently interchangeable, and four reported that they were sometimes interchangeable. CR at II-4-5, PR at II-3.

[62] CR at III-1, PR at III-1.

[63] CR/PR, Table III-1. In the petition, Gleason estimated that it accounts for approximately *** percent of U.S. hand truck production. Petition at 4.

[64] CR/PR, Table III-1.

[65] See CR/PR, Tables III-2, IV-2.

[66] CR/PR, Tables III-2, VI-1. In any final phase investigation, we intend to examine further the apparent ability of the domestic industry to operate profitably at seemingly low levels of capacity utilization.

[67] See Petition, exs. 1, 2.

[68] Tr. at 50-51 (Kvasnicka).

[69] Gleason Postconference Brief at 17.

[70] Supplement to Petition at 13.

[71] Tr. at 59-60 (Simon).

[72] The quantity of nonsubject imports declined from 90,000 units in 2000 to 64,000 units in 2001, and then increased to 132,000 units in 2002. The 47,000 units of nonsubject imports in interim 2003 was less than the 90,000 units in interim 2002. The value of nonsubject imports declined from $4.5 million in 2000 to $4.1 million in 2001, and then increased to $4.7 million in 2002. The value of nonsubject imports was lower in interim 2003, at $3.17 million, than in interim 2002, when it was $3.25 million. CR/PR, Table IV-1. Taiwan and Thailand were the largest nonsubject sources of hand trucks. CR at IV-1 n.5, PR at IV-1 n.5.

[73] CR/PR, Table IV-3.

VI. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS[74]

A. General Legal Standards

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[75] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[76] In making our determination, we consider all statutory threat factors that are relevant to this investigation.[77] Based on our evaluation of the record compiled in this preliminary phase of the investigation, we have determined that there is a reasonable indication that the domestic hand truck industry is threatened with material injury by reason of subject imports from China.

B. Analysis of Statutory Threat Factors

The volume and market penetration of subject imports increased steadily through the period examined, with the increases accelerating during the latter portion of the period. Subject import volume and market penetration were both appreciably higher in interim 2003 than in interim 2002. The volume of subject imports increased from 549,000 units in 2000 to 650,000 units in 2001 and then to 938,000 units in 2002. The 1.1 million units of subject imports in interim 2003 exceeded the 688,000 units in interim 2002. By value, subject imports increased from $8.6 million in 2000 to $9.6 million in 2001 and then to $14.8 million in 2002. The $16.4 million of subject imports in interim 2003 was greater than the $10.4 million in interim 2002.[78] Subject imports' share of the quantity of apparent U.S. consumption

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[74] In this investigation, subject imports from China accounted for more than three percent of the volume of all hand trucks imported into the United States in the most recent 12-month period for which data are available preceding the filing of the petition. See CR at IV-1 n.6, PR at IV-1 n.6. As such, we find that the subject imports are not negligible under 19 U.S.C. § 1677(24).

[75] 19 U.S.C. § 1677(7)(F)(ii).

[76] 19 U.S.C. § 1677(7)(F)(ii).

[77] 19 U.S.C. § 1677(7)(F)(i). These factors include: any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country; a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on the domestic prices and are likely to increase demand for further imports; inventories of the subject merchandise; the potential for product shifting; and the actual and potential negative effects on the existing development and production efforts of the domestic industry. 19 U.S.C. § 1677(7)(F)(i). Statutory threat factor (I) is inapplicable, as no countervailable subsidies are involved, and statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved. Id.

In addition, we observe that in its notice of initiation, Commerce estimated that dumping margins for the subject imports range from 314.97 to 401.21 percent. 68 Fed. Reg. at 68593.

[78] CR/PR, Table IV-1.

increased from 25.7 percent in 2000 to 28.8 percent in 2001 and then to 36.7 percent in 2002, and was higher in interim 2003, at 45.6 percent, than in interim 2002, when it was 35.8 percent.[79]

The increases in subject import volume and market penetration during the latter portion of the period examined indicate that Chinese producers have both the ability and inclination to increase their exports to the United States sharply. The available data from those Chinese producers that responded to the Commission's questionnaire, whose exports to the United States accounted for *** percent of total subject imports during the period examined,[80] indicate that the Chinese producers have used a variety of means to increase their exports to the United States. From 2000 to 2002, the increase in exports was attributable both to larger Chinese productive capacity, which increased by 25.8 percent between 2000 and 2002, and to greater capacity utilization, which rose by 26.7 percentage points from 2000 to 2002. In interim 2003, when capacity was at the same level as interim 2002 and capacity utilization was slightly lower, a greater percentage of exports was shipped to the United States and a lesser percentage was exported to third country markets. In interim 2003, 55.1 percent of all shipments were exported to the United States, 37.8 percent were exported to other markets, and 7.1 percent were sold in the Chinese home market. Between interim 2002 and interim 2003, the share of Chinese shipments exported to the United States increased by 18.5 percentage points and the share of shipments exported to other markets declined by 18.7 percentage points.[81]

In light of the importance of the U.S. export market to the Chinese hand truck industry, and the historical data showing large recent increases in exports to the United States, we believe that substantially increased subject imports are likely.[82] Respondents, which include producers of the subject merchandise, do not contend that the sharp increases in subject imports observed during 2002 and interim 2003 were an anomaly. In this respect, we observe that even at the capacity levels observed during 2002 and interim 2003, there was still sufficient unused capacity to increase exports to the United States significantly.[83] Moreover, while we do not specifically rely on product shifting as a basis for our

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[79] CR/PR, Table IV-3. Value-based measures of subject import market penetration, while lower in magnitude than quantity-based measures, showed similar trends. Id.

[80] CR at VII-2, PR at VII-1.

[81] CR/PR, Table VII-3.

[82] In their questionnaire responses, the Chinese producers project that in 2004 there will be substantial increases in the percentage of shipments destined for the Chinese market and the third country export markets, and a substantial decline in the percentage of shipments destined for the United States. Indeed, Chinese producers project that their exports to the United States will decline from 804,000 units in 2003 to 210,000 units in 2004. CR/PR, Table VII-3.

These projections, particularly insofar as they concern shipments to the home market and exports to the United States, are entirely contrary to the historical data the industry has submitted for the period from January 2000 to September 2003. The Chinese producers have not provided any bona fide business reason unrelated to this investigation for such a sudden shift in their market focus. Furthermore, the producers' projections are contrary to information we received from U.S. purchasers indicating that they would increase purchases of subject imports from China by more than *** units in 2004. CR at V-16-17, PR at V-5. This increase consequently exceeds the *total* exports to the United States that the Chinese producers have projected for 2004. Because the Chinese producers' 2004 projections are consistent with neither their historical practices nor other information in the record concerning purchasers' intentions in 2004, we accord the projections no probative value for purposes of the preliminary phase of this investigation.

[83] The Chinese producers project that their capacity will decline in 2004. As stated above, we accord no probative value to the Chinese producers' 2004 projections for purposes of this preliminary determination.

affirmative threat determination, we observe that several of the Chinese producers have reported that they produce other products on the same production equipment they use to produce hand trucks.[84]

We have also considered inventory levels. Inventories of the subject merchandise in the United States increased from 2000 to 2002, although the ratio of inventories to imports declined. In interim 2003, both inventories and the ratio of inventories to imports were higher than in interim 2002.[85] Inventories of the subject merchandise in China declined both absolutely and relative to production from 2000 to 2002. Inventories in China were higher in interim 2003 than in interim 2002, but the ratio of inventories to either shipments or production was very low in interim 2003.[86]

There was pervasive underselling by the subject imports during the period examined. The subject imports undersold the domestic like product in 58 out of 63 quarterly comparisons.[87] [88] Given this historical pattern of underselling, it is likely that the subject imports will continue to undersell the domestic like product in the imminent future.

During the period examined, the pricing of the subject imports did not result in significant price declines for the domestic like product. The three domestically-produced pricing products in the channel of distribution with the largest sales volume, home improvement stores, had generally stable prices during the period examined.[89] Most domestically-produced products sold to hardware stores and catalog houses/industrial supply distributors had stable or rising prices, although prices for the largest-volume product sold to hardware stores declined.[90] The domestic industry's unit cost of goods sold (COGS) fluctuated within a narrow range during the period examined, and while there was an increase in the ratio of COGS to net sales, the magnitude of this increase does not suggest that prices were being significantly suppressed relative to costs.[91]

Although the subject imports did not significantly affect price levels for the domestic like product during the period examined, they did gain market share at the expense of the domestic industry. The subject imports gained 11.0 percentage points of market share between 2000 and 2002, while the domestic industry lost 11.8 percentage points, the bulk of which occurred after 2001. Subject import market penetration was 9.8 percentage points higher in interim 2003 than in interim 2002; by contrast, the domestic industry's market share was 7.1 percentage points lower in interim 2003 than in interim 2002.[92]

Thus, by pervasively underselling the domestic like product, the subject imports took appreciable market share away from the domestic industry during the latter portion of the period examined. Absent

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[84] CR/PR, Table VII-2. In any final phase investigation, we will seek to obtain further information about Chinese producers' ability to shift production to hand trucks from other products produced on the same equipment as hand trucks.

[85] CR/PR, Table VII-4.

[86] CR/PR, Table VII-3.

[87] CR at V-15, PR at V-5. While no direct comparisons could be made between U.S.-produced hand trucks and the subject imports in the home improvement channel of distribution, available information suggests that subject imports are priced lower in that channel. Id.

[88] Commissioner Pearson notes that in some cases the margins of underselling were in excess of 70 percent. This raises the question of the extent to which the U.S.-produced and imported Chinese hand trucks for which the Commission received pricing data are differentiated, either in terms of physical characteristics or conditions of sale. In any final phase investigation, Commissioner Pearson would like to obtain further information about any product differentiation, as well as further information concerning respondent Central Purchasing's argument that the increased availability of low-priced imported Chinese hand trucks has helped to stimulate U.S. demand for hand trucks.

[89] CR/PR, Table V-7.

[90] CR/PR, Tables V-1-6.

[91] CR/PR, Table VI-1.

[92] CR/PR, Table IV-3.

an antidumping order, the subject imports will enter at prices that are likely to increase demand for further imports, causing the domestic industry to lose sales and market share at even a greater rate than during the period examined.

The lost sales information in the record corroborates this conclusion. Petitioner Gleason alleges that its three largest customers – Home Depot and Lowe's, which are home improvement chains, and Grainger, a catalog house -- have notified it that they will eliminate or reduce purchases from Gleason in spring 2004 and will instead purchase lower-priced hand trucks from Chinese suppliers.[93] These three customers collectively accounted for *** percent of Gleason's total business in 2002.[94] *** confirmed the lost sales allegation and stated it was switching to Chinese product because of ***.[95] *** confirmed that by April 2004, it is completely phasing out *** in favor of imports from China and cited *** for its decision.[96] *** refused to respond to the lost sales allegations made by Gleason and ***.[97]

We intend to develop further the lost sales information in any final phase investigation, and seek in particular to obtain further information to what degree both quality and price differences between the subject imports and the domestic like product influence purchasing decisions, including those of the purchasers named in the lost sales allegations. The record in the preliminary phase of this investigation, while not complete, corroborates at least in part Gleason's allegation that the domestic industry stands to lose substantial sales volumes in the imminent future because of price competition by the subject imports. Such lost sales – which are unlikely to be regained from other sources, given the size of the accounts involved – would result in even further losses of market share by the domestic industry. We emphasize that the volumes of lost sales involved are not only important for Gleason as an individual producer. Given Gleason's position in the domestic industry, these volumes are also significant for the industry as a whole.

The domestic industry exhibited positive operating results throughout the period examined, notwithstanding its loss of market share. However, the industry did show stagnant or deteriorating performance in several important indicators. Notwithstanding rising apparent U.S. consumption and ample excess capacity,[98] the industry's production and U.S. shipments declined modestly from 2000 to 2002, and were only slightly higher in interim 2003 than in interim 2002.[99] We emphasize that these data reflect continued shipments to the purchasers named in the lost sales allegations, and thus are not indicative of likely shipment levels in 2004 when major purchasers have indicated their intention to switch from domestically produced product to subject imports. Employment peaked in 2000, while

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[93] Tr. at 31-32 (Kvasnicka).

[94] CR at V-15, PR at V-5.

[95] CR at V-17, PR at V-5.

[96] CR at V-16, PR at V-5.

[97] CR at V-17, PR at V-5.

[98] The domestic industry's capacity showed little change during the period examined. Capacity was *** in 2000, 2001, and 2002, *** in interim 2002, and *** in interim 2003. CR/PR, Table III-2. Capacity utilization did not exceed *** during any portion of the period examined. Id.

[99] Production declined from 1.62 million units in 2000 to 1.54 million units in 2001, and then increased to 1.56 million units in 2002. Interim 2003 production of 1.19 million units was higher than interim 2002 production of 1.14 million units. CR/PR, Table III-2.

The quantity of U.S. shipments increased from 1.493 million units in 2000 to 1.547 million units in 2001, and then decreased in 2002 to 1.486 million units. Interim 2003 shipments of 1.218 million units were higher than interim 2002 shipments of 1.142 million units. The value of U.S. shipments declined from $72.3 million in 2000 to $65.5 million in 2001, and then increased to $66.6 million in 2002. The $48.8 million in U.S. shipments in interim 2003 was greater than the $48.4 million of such shipments in interim 2002. CR/PR, Table III-3.

U.S. producers' inventories increased from *** in 2000 to *** in 2002. Interim 2003 inventories of *** were lower than interim 2002 inventories of ***. CR/PR, Table III-4.

hourly wages fluctuated and productivity was stagnant during the period examined.[100] Both the industry's operating income and its ratio of operating income to net sales declined throughout the period examined; the industry's operating margin was considerably lower in interim 2003 than in interim 2002.[101] Industry capital expenditures also declined throughout the period examined.[102]

The record in the preliminary phase of this investigation indicates that, absent an antidumping order, subject import volumes will continue to increase. Persistent underselling by the subject imports will cause the domestic industry to lose sales and market share at an even greater rate than during the period examined. Given the likely lost sales volumes, domestic industry sales revenues will decline sharply and there will be a significant adverse impact on industry employment and financial performance. Accordingly, we determine that, absent issuance of an antidumping order, there is a reasonable indication that further subject imports are imminent and material injury by reason of subject imports will occur.

CONCLUSION

For the foregoing reasons, we determine that there is a reasonable indication that the domestic industry producing hand trucks is threatened with material injury by reason of subject imports from China allegedly sold at less than fair value.

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[100] Employment declined from 359 workers in 2000 to 309 workers in 2001 and then increased to 314 workers in 2002. Employment was higher in interim 2003, at 319 workers, than in interim 2002, when it was 307 workers. CR/PR, Table III-6. Hourly wages increased from $9.44 in 2000 to $9.55 in 2001 and then to $9.79 in 2002, but were lower in interim 2003, when they were $9.24, than in interim 2002, when they were $9.50. *Id.* Productivity ranged from 2.0 units per hour (a level reached in 2000 and interim 2003) to 2.2 units per hour (a level reached in 2001). Id.

[101] Operating income declined from $8.7 million in fiscal 2000 to $4.6 million in fiscal 2001 and to $3.9 million in fiscal 2002. The $1.9 million in operating income during interim 2003 was less than the $3.3 million in operating income in interim 2002. Operating margins declined from 12.1 percent in fiscal 2000 to 7.5 percent in fiscal 2001 and then to 6.1 percent in fiscal 2002. The 3.9 percent operating margin in interim 2003 was lower than the 7.0 percent operating margin in interim 2002. CR/PR, Table VI-1.

[102] CR/PR, Table VI-4. The industry's research and development expenditures were lower than its capital expenses, fluctuating at low levels until interim 2003. Id. As previously discussed, the domestic industry considers its production technology to be mature.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on November 13, 2003, by Gleason Industrial Products, Inc. ("Gleason") of Los Angeles, CA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of hand trucks and certain parts thereof[1] from China. On December 1, 2003, Gleason filed an amendment to the petition to include Precision Products Inc., Lincoln, IL, as a co-petitioner.[2] Information relating to the background of this investigation is provided below.[3]

Date	*Action*
November 13, 2003 .	Petition filed with Commerce and the Commission; institution of Commission investigation (68 FR 65733, November 21, 2003)
December 4, 2003 . .	Commission's conference[4]
December 9, 2003 . .	Commerce's notice of initiation (68 FR 68591, December 9, 2003)
December 29, 2003 .	Date of the Commission's vote
December 29, 2003 .	Commission determination to Commerce
January 6, 2004	Commission views transmitted to Commerce

SUMMARY DATA

A summary of data collected in this investigation for the U.S. hand truck market is presented in appendix C, table C-1. U.S. industry data are based on questionnaire responses of six firms which accounted for approximately 80 percent of U.S. production in 2002. U.S. import data were compiled using official statistics of the U.S. Department of Commerce.

PREVIOUS AND RELATED INVESTIGATIONS

Hand trucks have not been the subject of prior antidumping investigations in the United States.

MAJOR FIRMS INVOLVED IN THE U.S. HAND TRUCKS MARKET

There are 14 U.S. producers of hand trucks: Angelus Manufacturing ("Angelus"), Montclair, CA; Anthony Welded Products, Inc. ("Anthony"), Delano, CA; B&P Manufacturing ("B&P"), Cadillac, MI; Dutro Company ("Dutro"), Emeryville, CA; Elkay Products Company, Inc. ("Elkay"), Springfield,

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[1] A complete description of the imported products subject to this investigation is presented in *The Product* section of this part of the report. The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States (HTSUS) in subheading 8716.80.50 and imported under statistical reporting number 8716.80.5010. The normal trade relations tariff rate imposed on this product is 3.2 percent *ad valorem*, applicable to imports from China; this rate was not reduced as a result of the Uruguay Round of Trade Negotiations.

[2] Gleason and Precision Products are both members of the Gleason Group companies. Gleason manufactures hand trucks and sells hand trucks. Precision Products also manufactures hand trucks, but sells all its hand trucks through Gleason.

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

[4] A list of witnesses that appeared at the conference is presented in app. B.

NJ; Frederick Tool Corp. ("Frederick"), Goshen, IN; Gleason, Los Angeles, CA; Harper Trucks, Inc. ("Harper"), Wichita, KS; Magline, Inc. ("Magline"), Pinconning MI; Precision Products, Lincoln, IL; The Fairbanks Company ("Fairbanks"), Rome, GA; Wesco Industrial Products, Inc. ("Wesco"), Landsdale, PA; Valley Craft, Lake City, MN; Yeats Appliance Dolly Manufacturing Company ("Yeats"), Fullerton, CA. ***.

China is the largest source of U.S. imports of hand trucks during the period for which data were collected in this investigation (January 2000 through September 2003). The major producer and exporter of hand trucks from China is ***. The largest importer of hand trucks from China is ***. Other major U.S. importers of hand trucks in 2002 were: ***.[5]

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On December 9, 2003, Commerce published a notice in the *Federal Register* of the initiation of the antidumping investigation on hand trucks and certain parts thereof from China. The estimated weighted-average dumping margins as reported by Commerce (based on petitioners' alleged margins, as adjusted) range from 314.97 percent to 401.21 percent *ad valorem.*[6]

THE PRODUCT

Commerce has defined the scope of these investigations as follows:

> This investigation covers hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof. A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.
>
> That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of this petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.5010 of the Harmonized Tariff Schedule of the United States ("HTSUS"), although they may also be imported under heading 8716.90.5060 of the HTSUS. Specific parts

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[5] None of these firms are parties to the investigation.

[6] 68 FR 68591, December 9, 2003.

of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.5060 of the HTSUS. Although the HTSUS subheadings are provided for convenience and for the purposes of U.S. Customs and Border Protection, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less then 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks. [7]

The Domestic Like Product

The Commission's determination regarding the appropriate domestic product that is "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.[8] Information on customer and producer perceptions can be found in Part II. Data on the prices of hand trucks during the period examined can be found in Part V. Information regarding the physical characteristics and uses of hand trucks as well as manufacturing facilities and production employees, interchangeability, and channels of distribution of domestic and imported hand trucks is set forth below.

Physical Characteristics and Uses

Hand trucks exhibit four general physical characteristics: (1) a frame;[9] (2) a handling area;[10] (3) two or more wheels;[11] and (4) a projecting edge or edges perpendicular, or at an angle, to the frame.[12] Hand trucks are used for tasks related to material handling when there is a need to move objects generally not exceeding 1,000 pounds over short distances. Hand trucks can be used for indoor or outdoor use, under a great variety of working conditions, rolling over different types of surfaces, and carrying every

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[7] 68 FR 68591, December 9, 2003.

[8] The respondents have not raised any domestic like product issues during the course of this investigation. Conference transcript, p. 91.

[9] Every hand truck frame includes vertical side rails normally connected by laterally extending braces. The frame is made primarily from steel, aluminum, or nylon although it is possible to manufacture the frame from other raw materials. Petition, p. 6-7; petition supplement, pp. 1, 4.

[10] The upper portion or rear portion of the vertically disposed frame incorporates a handling area for maneuvering the hand truck. This handling area can be a part of the frame, but it also can be attached to the upper portion of the frame and appear as a distinct appendage. The handling area is normally made from the same material as the frame, although in certain configurations all or portions of the handling area may be covered by hand protector grips manufactured from plastic, vinyl, foam, or other material. Petition, p. 7.

[11] At least two wheels are connected to the lower rear portion of the vertically disposed frame. The composition of the wheels used is not critical to the actual operation of the hand truck, although composition and size could affect a hand truck's maneuverability on different surfaces. The wheels, unless they are casters, are normally connected by an axle. Petition, p. 7; petition supplement, p. 2.

[12] A load support nose member (which is also known as a base or tow plate) is connected to the lower front portion of the frame. The projecting edges are normally made from the same material as the frame. Petition, p. 8.

type of load. The majority of hand trucks sold are designed for general use, but certain hand trucks are designed for specific tasks, including the transport of appliances, cylinders, barrels, bags, trees, or plants.

Manufacturing Processes, Facilities, and Employees

Three of the four general physical characteristics of a hand truck – the frame, handling area, and projecting edges – are normally manufactured during a continuous production process. For a basic two-wheel steel hand truck, the production process is as follows: (1) steel sheet is cut to form the projecting edge or base plate; (2) steel tubing is then cut and formed into the exterior portion of the frame; (3) crossbars that formed the interior portion of the frame are stamped and pressed; and (4) the axle and axle brace are manufactured from round bar. The component parts are then welded together to create an article that looks like a hand truck minus wheels. The final product is then cleaned and painted, and ready for the addition of wheels. Different styles of hand trucks are generally manufactured using the same production processes.[13]

The wheels or casters used on the hand truck are generally manufactured by a separate production process. They can be manufactured in the same plant as the hand truck assembly, but it is just as likely that they are manufactured in a separate plant dedicated to the production of wheels and casters. For a basic two-wheel steel hand truck, the wheels are manufactured using the following components: tires, bearings, steel tubing, and wheel hubs. The finished wheels are then assembled on the axle of the hand truck. The finished hand truck is then hand tagged and packed for delivery.

Welded steel and aluminum hand trucks are generally manufactured in the same production facilities using similar product processes. Riveted aluminum hand trucks can also be manufactured in the same production facilities as welded hand trucks, but some of the processes used to rivet the frame, handling area, and toe plate differ from the processes used to weld these component parts into the final product.

Interchangeability

According to the petitioner, all hand trucks are generally interchangeable, although hand trucks designed for general tasks work less efficiently on specialized tasks than the hand trucks designed for specialized tasks, and vice versa. The petitioner also maintains there are no practical dividing lines between hand trucks manufactured from different raw materials; for example, hand trucks manufactured from steel, aluminum or nylon for general tasks are completely interchangeable.

Channels of Distribution

The petitioner reported that hand trucks cannot be differentiated by channels of distribution. Hand trucks are sold in five primary channels of distribution: national home improvement stores; hardware co-ops; catalog houses and industrial supply distributors; truck fleet owners; and other customers. National home improvement stores and hardware co-ops generally purchase certain models of general-task hand trucks and convertible hand trucks in high volumes. Catalog houses and industrial distributors similarly purchase not only general-task hand trucks and convertible hand trucks, but also hand trucks built for specialized purposes (for example, cylinder hand trucks, barrel hand trucks, and drum hand trucks). Table I-1 presents questionnaire data on channels of distribution.

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[13] Petitioner's postconference brief, p. 9.

Table I-1
Finished hand trucks: U.S. commercial shipments of domestic product and U.S. imports, by sources and by channels of distribution, 2000-2002, January September 2002, and January-September 2003

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Hand trucks are used for material handling tasks when there is a need to move objects generally not exceeding 1,000 pounds over short distances. Hand trucks can be used indoors or outdoors under a variety of working conditions. According to the petitioner, companies that sell a broad spectrum of hand trucks advertise different styles of hand trucks as a continuous line of products designed for the purpose of handling material over short distances.[1]

Hand trucks are sold through various channels of distribution. Sales by U.S. producers go to home improvement stores, hardware stores, catalog house/industrial supply distributors, and in some cases to end use customers, such as trucking companies.[2] Questionnaire responses show that imports from China are also sold to hardware stores and catalog house/industrial supply distributors. One importer also reported that it sells to professional moving companies and another reported that it supplies to the self-storage industry exclusively. Some firms, including ***, import directly and sell to retail customers.[3] Numerical breakouts of the share of sales going through the different channels are provided in table I-1.

U.S.-produced hand trucks and imports from China are sold throughout the United States. When asked to indicate the geographic areas for the hand trucks that they sell, *** responding U.S. producers and all but one importer of hand trucks from China said that they sell nationally.

Producers and importers were asked to report the percentage of their sales that was made from inventories and also the percentage that occurred as a result of special orders. The overall results show that sales are made primarily from existing inventories. ***, reported that *** percent of its sales are from inventory. For the other responding producers, sales from inventories accounted for between 25 and 100 percent of total sales. Among the 13 responding importers, nine reported that they sell exclusively from inventories, three reported that all of their sales consist of items produced to order, and for one firm 70 percent of sales are from inventory and 30 percent are of items produced to order.

Producers and importers were also asked to report delivery lead times for hand trucks sold from inventories and hand trucks sold as a result of a special order. For producers, lead times for items sold from inventory ranged from one to five days, and lead times for special-order items ranged from five to 12 days. For importers, lead times for items sold from inventory ranged from one to 15 days in most cases, while lead times for special order items ranged from 7 to 60 days.

U.S. inland shipping distances for U.S.-produced hand trucks were compared with those for imports from China. For U.S. producers, *** percent of their U.S. sales occur within 100 miles of their storage or production facility, *** percent are within distances of 101 to 1,000 miles, and *** percent occur at distances of over 1,000 miles from their facilities. For imports from China, an average of 65 percent of sales occur within 100 miles of importers' storage facilities, about 25 percent are within 101 to 1,000 miles, and 10 percent involve distances of over 1,000 miles.

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[1] Petitioner's postconference brief, p. 5.

[2] Conference transcript, p. 55.

[3] One firm, Harbor Freight Tools, reported that it sells to retail customers using its retail stores, catalogs, and the internet. It has argued that the low-priced imports that it brings in from China are designed exclusively for retail customers such as homeowners, do-it-yourselfers, and small businesses. It further argues that its customers are a separate market segment and that it does not compete directly with the more expensive hand trucks produced in the United States. (Conference transcript, pp. 88-89).

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of hand trucks to changes in price depends on such factors as the level of excess capacity, the availability of alternate markets for U.S.-produced hand trucks, inventory levels, and the ability to shift to the manufacture of other products. The overall evidence indicates that the industry has a high degree of flexibility in expanding output and U.S. shipments in response to an increase in price, chiefly due to the low industry capacity utilization rates. The capacity utilization rates were consistently below 40 percent during 2000-2002. They ranged from a low of *** percent in 2001 to a high of *** percent in 2000. Exports are relatively small, accounting for about *** percent of the volume of U.S. shipments annually during 2000-2002. During January-September they accounted for about *** percent. The ratio of end-of-period inventories to U.S. shipments ranged from *** to *** percent during 2000-2003. During January-September 2003 the ratio was *** percent.

When asked whether other products can be produced on the same production equipment and machinery used to produce hand trucks, Gleason answered that the equipment and machinery ***. Another firm, Angelus, also ***. Among the other U.S. producers, Fairbanks ***, Harper reported that it ***, Magline ***, and Wesco stated that ***.

U.S. Demand

Demand Characteristics

Since hand trucks are a finished product, the overall demand for these products is determined by the needs of final consumers and business customers for stacking and moving loads. The overall demand for these products as measured by apparent consumption increased from 2.1 million units in 2000 to 2.6 million units in 2002. During January-September 2003, apparent consumption was 2.3 million units as compared to 1.9 million units in the same period in 2002. The price elasticity of demand for hand trucks is probably low since there are no close substitute products.

Producers and importers were asked whether demand for hand trucks had increased, decreased, or remained the same since January 1, 2000, and were also asked what factors affect changes in demand. Among the six producers that responded to the question, two said that demand had increased, one said that demand had remained the same, and three stated that it had decreased. The firms reporting a decrease in demand all attributed the decline to the weak U.S. economy. Among the 14 importers that responded to this question, five said that demand had increased, three said that it had decreased, and six said that it was unchanged. Two of the importers reporting increases in demand cited increases in demand in the primary markets where they sell rather than in the overall market for hand trucks. One firm experiencing an increase in demand said that it sells exclusively to the self-storage industry, and the other cited increasing demand on the part of homeowners and do-it-yourself customers. Importers reporting a decrease in demand attributed the decline to weakness in the U.S. economy.

At the Commission's conference and in its postconference brief, importer Harbor Freight Tools asserted that imports from China have created a new market demand among homeowners willing to purchase hand trucks at low prices, and contended that if not for the low prices, these customers would not have otherwise purchased hand trucks at all.[4]

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[4] Conference transcript, p. 89, and Harbor Tool's postconference brief, p. 6.

Substitute Products

When asked what products serve as substitutes for hand trucks, the majority of questionnaire respondents stated that no substitutes exist. However, a few firms did list potential substitutes, including wheelbarrows, carts, dollies, and pallet jacks.

SUBSTITUTABILITY ISSUES

The extent of substitutability between domestic products and subject and nonsubject imports, between subject imports from different sources, and between subject and nonsubject imports is examined in this section. The discussion is based upon the results of questionnaire responses from producers and importers.

Comparisons of Domestic Products and Subject Imports

In order to determine whether U.S.-produced hand trucks can generally be used in the same applications as imports from China, producers and importers were asked whether the product can "always," "frequently," "sometimes," or "never" be used interchangeably. Of the six producers that responded to the question, three reported that they can always be used interchangeably, and three reported that they can frequently be used interchangeably. Of the 14 importers that responded, six answered always, four answered frequently, and four answered sometimes. One importer stated that its imports from China are sold to a homeowner do-it-yourself market, while U.S.-produced hand trucks are made for a commercial/industrial market and are too expensive for home owners. Another importer said that the imports from China are of better quality than the domestic products.

In addition to questions concerning interchangeability, producers and importers were also asked to compare U.S.-produced products with imports from China in terms of product differences such as quality, availability, product range, and others. Again, firms were asked whether these product differences are always, frequently, sometimes, or never significant. Of the six responding producers, one said that the differences are never significant, three said that the differences are sometimes significant, one said that the differences are frequently significant, and one said that the differences are always significant. ***, Gleason said that freight costs ***. *** some producers, ***, carry certain styles of hand trucks that are not available from Chinese producers. Another producer said that the U.S. product has better quality standards than imports and that U.S. producers have timely delivery advantages. Among 16 responding importers, four said that the differences are never significant, eight said that they are sometimes significant, and four said that they are always significant. One importer said that customers sometimes prefer imports from China because of their lower price if quality is not a consideration. Another importer said that the products from China are superior in quality and cheaper than U.S.-produced hand trucks. One importer that has bought domestic products as well as imports from China said that it has sometimes seen delivery delays when buying domestically, a problem that does not occur in the case of imports.

Comparisons of Domestic Products and Nonsubject Imports

Producers and importers were also asked to compare U.S.-produced hand trucks with nonsubject imports both in terms of interchangeability and product specifications. Of the four producers that compared U.S.-produced hand trucks with nonsubject imports, two said that the products are always interchangeable and two said that they are frequently interchangeable. Of the four importers that compared the domestic product with nonsubject imports, two said that the products are always interchangeable, one said that they are frequently interchangeable, and one said that they are sometimes

interchangeable. The importer that said the products are sometimes interchangeable stated that the imports from Taiwan are sold to a homeowner do-it-yourself market, while U.S.-produced hand trucks are made for a commercial/industrial market and are too expensive for home owners. When comparing U.S.-produced hand trucks with nonsubject imports in terms of product differences, three producers said that the differences are sometimes significant and one said that they are frequently significant. Of the four importers that made this comparison, three said that the differences are sometimes significant and one said that the differences are never significant.

Comparisons of Subject Imports and Nonsubject Imports

Producers and importers were also asked to compare imports from China with nonsubject imports both in terms of interchangeability and product specifications. Of the four producers that made the comparisons in terms of interchangeability, two said that the products are always interchangeable and two said that they are frequently interchangeable. Of the five importers that made the comparisons in terms of interchangeability, one said that the products are always interchangeable, two said that the products are frequently interchangeable, and two said that they are sometimes interchangeable. All four of the producers that compared the products in terms of product differences said that the differences are sometimes significant. Of the five importers that made this comparison, four said that the differences are sometimes significant and one said that they are never significant.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margin of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

U.S. PRODUCERS

The Commission sent producer questionnaires to the 12 firms identified in the petition as domestic producers of hand trucks and to one other domestic firm which requested the producer questionnaire. Six firms provided responses to the Commission's producer questionnaire and are believed to have accounted for approximately 80 percent of U.S. production of hand trucks in 2002.[1]

Presented in table III-1 is a list of the domestic firms that produce hand trucks that responded to the Commission's producer questionnaire. Also presented is information concerning each company's position on the petition, production locations, and their share of reported 2002 domestic production of hand trucks.

* * * * * * *

Table III-1
Finished hand trucks: U.S. producers, positions on the petition, U.S. production locations, and shares of reported 2002 production

Firm	Position	Production location	Share of 2002 reported production *(percent)*
Angelus	***	California	***
Fairbanks	***	Georgia	***
Gleason	Petitioner	Illinois, Indiana[1]	***
Harper	Support	Kansas	***
Magline	Support	Michigan	***
Wesco	Support	Pennsylvania	***
Total			100.0

[1] The United Food and Commercial Workers International Union (UFCW), which represents Gleason's manufacturing workers in Indiana, filed a letter in support of the petition on December 1, 2003, and the Laborer's International Union of North America, which represents Precision Products' manufacturing workers in Illinois, filed a letter in support of the petition on December 9, 2003.

Source: Compiled from data submitted in response to Commission questionnaires.

[1] Based on questionnaire data and information provided in the petition, exh. 4.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers' capacity, production, and capacity utilization are presented in table III-2. Total U.S. capacity remained stable from 2000 to 2002, and increased *** percent between January-September 2002 and January-September 2003. Total U.S. production of hand trucks decreased by 3.7 percent from 2000 to 2002, and increased by 4.0 percent between January-September 2002 and January-September 2003. Capacity utilization decreased by 1.5 percentage points from 2000 to 2002, and further decreased by 1.5 percentage points between January-September 2002 and January-September 2003. Reported U.S. producers' capacity was far greater than the volume of U.S. consumption of hand trucks throughout the period for which data were collected.

Table III-2
Finished hand trucks: Reported U.S. production capacity, production, and capacity utilization, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS

Data on domestic producers' shipments of hand trucks are presented in table III-3. Commercial shipments accounted for 100 percent of U.S. shipments of finished hand trucks. U.S. commercial shipments decreased by 0.5 percent from 2000 to 2002, and increased by 6.7 percent between January-September 2002 and January-September 2003. The unit value of U.S. shipments decreased by 7.8 percent from 2000 by 2002, and further decreased by 5.1 percent between January-September 2002 and January-September 2003. ***.

Table III-3
Finished hand trucks and parts thereof: U.S. producers' shipments, by type, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

Two U.S. producers, ***, reported that they imported finished hand trucks, and *** also reported imports of parts of hand trucks. *** reported purchases of parts of hand trucks. Table III-4 presents the U.S. producers' direct imports and purchases of finished hand trucks and parts of hand trucks.

Table III-4
Finished hand trucks and parts thereof: U.S. producers' imports and purchases, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of hand trucks for the period examined are presented in table III-5.

Table III-5
Finished hand trucks: U.S. producers' end-of-period inventories, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of hand trucks, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this investigation are presented in table III-6.

Table III-6
Finished hand trucks: Average number of production and related workers producing hand trucks, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
PRWs (*number*)	359	309	314	307	319
Hours worked (*1,000*)	719	608	622	461	490
Wages paid (*$1,000*)	6,783	5,811	6,089	4,380	4,528
Hourly wages	$9.44	$9.55	$9.79	$9.50	$9.24
Productivity (*units per hours*)	2.0	2.2	2.1	2.1	2.0
Unit labor costs (*per unit*)	$4.76	$4.31	$4.62	$4.51	$4.63

Source: Compiled from data submitted in response to Commission questionnaires.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent importer questionnaires to 84 firms believed to be importers of hand trucks, as well as to all U.S. producers.[1] Questionnaire responses were received from 20 companies that are believed to account for 43 percent of U.S. imports from China in 2002.[2] The largest importer of hand trucks from China is ***. Other major U.S. importers of hand trucks in 2002 were ***.[3]

U.S. IMPORTS

U.S. imports of hand trucks are presented in table IV-1.[4] China is the largest exporter of hand trucks to the United States, accounting for 87.7 percent of total imports in 2002.[5] The volume of imports of hand trucks from China increased by 70.9 percent from 2000 to 2002 and increased by 54.3 percent between January-September 2002 and January-September 2003.[6]

APPARENT U.S. CONSUMPTION

Data on U.S. consumption of hand trucks are presented in table IV-2. The quantity of U.S. consumption increased by 19.9 percent from 2000 to 2002 and further increased by 21.2 percent between January-September 2002 and January-September 2003. The value of U.S. consumption increased by 1.0 percent from 2000 to 2002 and increased by 10.3 percent between January-September 2002 and January-September 2003.

U.S. MARKET SHARES

Market shares for hand trucks are presented in table IV-3. The quantity and value of the U.S. producers' market share decreased steadily during the period examined.

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[1] The Commission sent questionnaires to those firms identified in the petition, firms identified by the Bureau of Customs and Border Protection ("Customs") as possible importers, and firms identified in the foreign producer questionnaires.

[2] The Commission received 12 responses from firms indicating that they did not import hand trucks.

[3] Three U.S. importers reported imports of parts of hand trucks, ***. The value of their imports of parts of hand trucks in 2002 totaled to $***.

[4] Imports of hand trucks are from official statistics under HTS statistical reporting number 8716.80.5010. Some hand trucks may be imported under HTS statistical reporting number 8716.90.5060, therefore imports may be somewhat understated.

[5] Taiwan and Thailand were the next largest exporters of hand trucks to the United States.

[6] Imports of hand trucks from China accounted for 94.3 percent of total imports for the period November 2002 through October 2003.

Table IV-1
Hand trucks: U.S. imports, by sources, 2000-2002, January-September 2002, and January-September 2003

Source	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
			Quantity (*1,000 units*)		
China	549	650	938	688	1,062
Other sources	90	64	132	90	47
Total	639	714	1,070	778	1,108
			Value (*1,000 dollars*)[1]		
China	8,557	9,622	14,839	10,409	16,441
Other sources	4,519	4,052	4,712	3,246	3,166
Total	13,075	13,673	19,551	13,655	19,607
			Unit value (*per unit*)[1]		
China	$15.60	$14.80	$15.82	$15.13	$15.48
Other sources	50.17	63.40	35.78	36.02	68.02
Average	20.47	19.15	18.28	17.55	17.69
			Share of quantity (*percent*)		
China	85.9	91.0	87.7	88.4	95.8
Other sources	14.1	9.0	12.3	11.6	4.2
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	65.4	70.4	75.9	76.2	83.9
Other sources	34.6	29.6	24.1	23.8	16.1
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from official Commerce statistics.

RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of subject imports to U.S. production of hand trucks is presented in table IV-4. Imports from China were equivalent to 34.0 percent of U.S. production during 2000. This level increased to 60.3 percent during 2002 and increased to 89.5 percent during January-September 2003.

Table IV-2
Hand trucks: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and U.S. consumption, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
	Quantity (*1,000 units*)				
U.S. producers' U.S. shipments[1]	1,493	1,547	1,486	1,142	1,218
U.S. imports from--					
China	549	650	938	688	1,062
Nonsubject countries	90	64	132	90	47
All countries	639	714	1,070	778	1,108
Total U.S. consumption	2,132	2,261	2,556	1,920	2,327
	Value (*1,000 dollars*)				
U.S. producers' U.S. shipments[1] [2]	72,267	65,533	66,645	48,385	48,820
U.S. imports[3] from--					
China	8,557	9,622	14,839	10,409	16,441
Nonsubject countries	4,519	4,052	4,712	3,246	3,166
All countries	13,075	13,673	19,551	13,655	19,607
Total U.S. consumption	85,343	79,207	86,196	62,040	68,426

[1] ***.
[2] Includes the value of U.S. producers' commercial shipments of parts of hand trucks.
[3] F.o.b. U.S. port of entry.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires, and from official Commerce statistics.

Table IV-3
Hand trucks: U.S. consumption and market shares, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
	Quantity (*1,000 units*)				
U.S. consumption[1]	2,132	2,261	2,556	1,920	2,327
	Value (*1,000 dollars*)				
U.S. consumption[1 2]	85,343	79,207	86,196	62,040	68,426
	Share of quantity (*percent*)				
U.S. producers' U.S. shipments	70.0	68.4	58.2	59.5	52.4
U.S. shipments of imports from--					
China	25.7	28.8	36.7	35.8	45.6
Nonsubject countries	4.2	2.8	5.2	4.7	2.0
All countries	30.0	31.6	41.8	40.5	47.6
	Share of value (*percent*)				
U.S. producers' U.S. shipments[2]	84.7	82.7	77.3	78.0	71.3
U.S. shipments of imports from--					
China	10.0	12.1	17.2	16.8	24.0
Nonsubject countries	5.3	5.1	5.5	5.2	4.6
All countries	15.3	17.3	22.7	22.0	28.7

[1] ***.
[2] Includes the value of U.S. producers' commercial shipments of parts of hand trucks.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table IV-4
Hand trucks: Ratio of U.S. imports to U.S. production, by sources, 2000-2002, January-September 2002, and January-September 2003

Item	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
	Ratio of U.S. imports to production (*percent*)				
China	34.0	42.1	60.3	60.3	89.5
Nonsubject countries	5.6	4.1	8.5	7.9	3.9
All countries	39.6	46.2	68.8	68.2	93.4

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs account for a large share of the cost of producing hand trucks. During 2000-2002 these costs consistently ranged between 61.6 percent and 63.2 percent of the cost of goods sold. The chief raw material inputs used in making these products are steel and aluminum, and in some cases vinyl.

Transportation Costs to the U.S. Market

Ocean transportation costs for hand trucks shipped from China to the United States averaged about 19 percent of the customs value of these imports during 2002. These estimates are derived from official import data and represent the transportation and other charges on imports.[1]

U.S. Inland Transportation Costs

Transportation costs on U.S. inland shipments of hand truck account for a fairly large share of the delivered price of these products. For U.S. producers, reported costs ranged from 3 to 18 percent of the delivered price. The weighted average costs for producers was about 12 percent. For importers of hand trucks from China, these costs ranged from 1 percent to as much as 18 percent. The weighted average costs for these importers was about six percent.

Exchange Rates

Nominal exchange rates are not presented since the Chinese currency, the yuan, has consistently been pegged to the U.S. dollar since January 1, 1994. Therefore, the U.S. and Chinese currencies were virtually constant in relation to each other throughout 2000-02.[2] Real exchange rates cannot be calculated since no producer price index for China is available.

PRICING PRACTICES

Pricing Methods

Prices of hand trucks are most commonly determined on a transaction-by-transaction basis by both producers and importers. Among the six responding producers, *** Gleason said that it *** . It also said that ***. Of the other five producers, one negotiates prices on a transaction-by-transaction basis, one negotiates contracts, one determines prices on a cost plus basis, and the other two work from price lists. Among importers, transaction-by-transaction negotiation was the most frequently method for arriving at prices. One importer that sells to a single customer said that it negotiates the price of hand trucks as part of a package that includes other products bought by the customer. Other methods included percentage markups from total costs, contract negotiations, and the use of set price lists.

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[1] The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for 2002 and then dividing by the customs value.

[2] International Monetary Fund, *International Financial Statistics*, April 2003 and August 2003.

U.S. producers and importers of products from China most commonly quote prices on an f.o.b. basis. Among U.S. producers, *** Gleason ***. Of the other responding producers, most use f.o.b. quotes, although one offers delivered quotes. The majority of importers quote on an f.o.b. basis, although two importers use both f.o.b. and delivered quotes, and three quote entirely on a delivered basis.

Discount policies on sales of hand trucks vary widely. Among producers, Gleason reported that it ***. Of the other five producers, four offer quantity discounts and three also provide discounts for early payments of accounts ranging from ½ percent to two percent for payment within 10 days. One producer does not provide any discounts. Among 12 responding importers, three reported that they provide volume discounts. In addition, two of the three importers that give volume discounts also provide discounts for the early payment of accounts. Two other importers that do not give volume discounts provide a discount for early payment. Discounts by importers for early payments range from one percent for payment within 10 days to two percent for payment within 30 days.

U.S. producers and importers of hand trucks from China were asked what share of their sales were on a (1) long-term contract basis (multiple deliveries for more than 12 months), (2) short-term contract basis, and (3) spot sales basis (for a single delivery). Among U.S. producers, Gleason reported that *** sales were on a *** basis. Another producer reported that 60 percent of its sales are on a long-term basis, 30 percent are on a short-term contract basis, and 10 percent are on a spot basis. A third producer stated that 5 percent of its sales are on a long-term contract basis, 51 percent are on a short-term contract basis, and 44 percent are on a spot basis The other three responding producers do not use contracts. Among importers, most reported that they sell on a spot basis.

Contract provisions varied widely for firms selling on a contract basis. The two U.S. producers that use long-term contracts both reported that they average one year in duration and that prices, but not quantities, are fixed during the contract period. The prices in these long-term contracts cannot be renegotiated during this period and the contracts do not contain meet-or-release provisions. ***, Gleason reported that ***. Another producer said that its short-term contracts are for periods less than one year, but both prices and quantities are fixed during this period. The single importer that sells on a long-term contract basis said that the price is usually fixed during the contract period and cannot be renegotiated during this period. Of the three importers that sell on a short-term contract basis, one indicated that no provisions apply to the contract and the other two indicated that the price is fixed during the period.

PRICE DATA

The Commission asked U.S. producers and importers of hand trucks from China to provide quarterly data for the total quantity and value of selected products that were shipped to unrelated customers in the U.S. market during January 2000 through September 2003. Data were requested separately for sales to home improvement stores, hardware stores, and catalog houses/industrial supply distributors. The products for which pricing data were requested are as follows:

***Product 1*.–Steel single loop handle truck with a load rating of 400-800 pounds, P-shaped or D-shaped handle, overall vertical height of 50 to 52 inches, and a toe plate which is 8-9-½ inches by 14 inches**

***Product 2*.–Steel convertible truck with a load rating of 300-800 pounds, flow back handle style, overall vertical height of 33 to 52 inches, and a toe plate which is 6-½-9 inches by 14 inches**

***Product 3*.–Steel appliance truck with a load rating of 700 pounds, overall vertical height of 60 inches, a toe plate which is 4-½ inches by 24 inches, and a manual belt tightener**

Two U.S. producers and six importers provided varying amounts of quarterly price data on sales of the requested products.[3] Gleason reported prices on sales of all three products to ***. Other than ***, no other producers or importers reported prices on sales to ***.[4] Price data from producers accounted for approximately 44 percent of U.S. producers' shipments of hand trucks in 2002. Price data from importers of hand trucks from China accounted for about nine percent of total imports of hand trucks from China in that year.

Price Trends

Quarterly weighted-average domestic prices and prices of imports from China are presented in tables V-1 through V-7 and in figures V-1 through V-6 on sales of all three products to all categories of users for the period January 2000 through September 2003. The data show that, in most cases, U.S. producer prices were either relatively stable or increased slightly during the period shown.[5] However, for product 1 sold to hardware stores, the best-selling U.S. product that faced direct import competition, the price decreased somewhat over the period. For imports from China, no clear-cut trends were evident from the data. The data show that Chinese product 1 prices to hardware stores and to catalog houses showed wide variability from quarter to quarter, while Chinese prices of product 2 to hardware stores and catalog houses tended to be more stable from quarter to quarter.

Table V-1
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to hardware stores and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-2
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to catalog houses/industrial supply distributors and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-3
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to hardware stores and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

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[3] The two U. S. producers that provided quarterly prices were ***. The six importers that provided quarterly prices were ***.

[4] One large importer, ***, reported prices on all three products to retail customers on hand trucks that it had imported directly from China. These data were not used directly because they did not fit within the specified channels of distribution. The *** retail prices for the three products were *** producer prices on sales of comparable products on sales to home improvement stores.

[5] ***.

Table V-4
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to catalog houses/industrial supply distributors and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-5
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to hardware stores and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-6
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to catalog houses/industrial supply distributors and margins of underselling/(overselling), by quarters, January 2000-September 2003

* * * * * * *

Table V-7
Hand trucks: Weighted-average f.o.b. prices and quantities of domestic product 1, product 2, and product 3 sold to home improvement stores, by quarters, January 2000-June 2003

* * * * * * *

Figure V-1
Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 1 sold to hardware stores, by quarters, January 2000-September 2003

* * * * * * *

Figure V-2
Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 1 sold to catalog houses/industrial supply distributors, by quarters, January 2000-September 2003

* * * * * * *

Figure V-3
Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 2 sold to hardware stores, by quarters, January 2000-September 2003

* * * * * * *

Figure V-4
Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 2 sold to catalog houses/industrial supply distributors, by quarters, January 2000-September 2003

* * * * * * *

Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 3 sold to hardware stores, by quarters, January 2000-September 2003

* * * * * * *

Figure V-6
Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 3 sold to catalog houses/industrial supply distributors, by quarters, January 2000-September 2003

* * * * * * *

Price Comparisons

U.S.-produced hand trucks were priced higher than imported hand trucks from China in 58 out of 63 quarters where direct comparisons could be made. Margins of underselling ranged from 2.0 percent to 78.4 percent. In the five quarters where the import price was higher, margins of overselling ranged from 6.9 percent to 13.7 percent.

While no direct price comparisons between U.S.-produced hand trucks and imports from China could be made for the home improvement market, available information suggests that prices of imports are lower in that market. *** for ***, also imports similar hand trucks from China. In its importers' questionnaire, *** reported its quarterly prices on sales of these Chinese-produced hand trucks to retail customers of products 1 and 2 for the second through the fourth quarter of 2002 and for the second quarter of 2003, and product 3 for the second through the fourth quarter of 2002 only. *** price for each of the products was constant in all quarters. For product 1, the price was $***, for product 2 it was $***, and for product 3 it was $***. *** for these imports from China was *** price on sales of comparable products to home improvement stores during the same quarters, as shown in table V-7.

LOST SALES AND LOST REVENUES

In its petition, Gleason provided ***.[6] ***. Another producer, ***, ***. None of the other producers presented detailed lost sales allegations and no detailed lost revenue allegations were presented.[7] The staff contacted purchasers to investigate the allegations.

Gleason stated that sales of ***.

***.[8] ***.

Gleason alleged that it has lost business from ***. [9]

***. ***. The staff contacted *** to investigate these allegations, but *** was unwilling to respond.

***. The staff contacted *** by fax to investigate the allegation, but it has not responded to date.

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[6] *** also reported that it had lost sales to other customers, but did not present detailed allegations,

[7] *** reported that its dealers had lost sales to Chinese imports, and *** indicated that it had lost sales and revenue due to competition from imports from China, but neither company provided specifics concerning product specifications, dates, or quantities or values.

[8] Telephone conversations with ***, December 4, 2003 and December 22, 2003.

[9] According to ***, pricing was just one consideration in deciding to source additional hand trucks from China. The other primary factor was a quality issue. ***.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Six firms[1] provided usable financial data on their U.S. operations producing hand trucks. These reported data are believed to represent approximately 80 percent of U.S. producers' hand truck shipments in 2002. The responding firms differ in terms of the types of hand trucks that they produce, the materials used, the prices charged, and the customers and distribution channels on which they focus.

The responding U.S. firms reported that they made other types of materials handling equipment and the parts for these in the same facilities. These other products accounted for the majority of the firms' production and sales.

OPERATIONS ON HAND TRUCKS

Results of U.S. firms' operations on hand trucks are presented in table VI-1.

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[1] The firms and their fiscal-year ends are: Angelus ***; Fairbanks ***; Gleason ***; Harper ***; Magline ***; and Wesco ***. No firm reported ***. ***. Parts of hand trucks may be included in *** quantity data, although a company spokesman described such parts sales as being negligible; *** did not fill in the parts page of the producers' questionnaire. Commission staff adjusted *** sales quantity to reflect the amount of finished hand trucks sold in each period as reported by the firm for its commercial shipments and exports. A spokesman stated that *** sales of parts accounted for ***. Because it would not materially affect the calculated unit value and because the firm was unable to break out its sales of parts from the total, its quantity data are for finished hand trucks while its value data include finished hand trucks and the small value of parts. *** reported sales of parts, which are materially larger than those of ***. Because it would materially affect the firm's and the industry's unit values, the unit values for *** are calculated using only its data on hand trucks.

Differences between the trade and the financial sections are due to timing differences as well as to difficulties the firms are reporting in breaking out data between hand trucks and parts.

Table VI-1
Hand trucks and parts thereof: Results of operations of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

Item	Fiscal year[1]			January-September	
	2000	2001	2002	2002	2003
	Quantity (*1,000 units*)[2]				
Total net sales	1,551	1,531	1,491	1,113	1,211
	Value (*$1,000*)[3]				
Total net sales	71,620	62,032	63,518	47,318	48,201
COGS:					
Raw materials	32,984	28,780	29,805	22,464	23,960
Direct labor	5,884	5,275	5,669	4,154	4,214
Other factory costs	12,514	11,575	12,098	9,098	9,027
Total COGS	51,381	45,630	47,572	35,716	37,200
Gross profit	20,238	16,402	15,946	11,602	11,001
SG&A expenses	11,541	11,756	12,085	8,292	9,113
Operating income	8,697	4,646	3,861	3,309	1,888
Interest expense	494	318	273	220	244
Other expense	51	75	61	82	7
Other income	118	72	28	21	6
Net income	8,270	4,325	3,554	3,028	1,643
Depreciation	1,611	1,315	1,215	962	937
Cash flow	9,882	5,640	4,769	3,990	2,580
	Ratio to total net sales (*percent*)[3]				
COGS:					
Raw materials	46.1	46.4	46.9	47.5	49.7
Direct labor	8.2	8.5	8.9	8.8	8.7
Other factory costs	17.5	18.7	19.0	19.2	18.7
Total COGS	71.7	73.6	74.9	75.5	77.2
Gross profit or (loss)	28.3	26.4	25.1	24.5	22.8
SG&A expenses	16.1	19.0	19.0	17.5	18.9
Operating income or (loss)	12.1	7.5	6.1	7.0	3.9

Table continued on next page.

Table VI-1--*Continued*
Hand trucks and parts thereof: Results of operations of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

Item	Fiscal year			January-September	
	2000	2001	2002	2002	2003
	Unit value (*per unit*)[4]				
Total net sales	$43.21	$37.75	$39.56	$39.39	$37.04
COGS:					
Raw materials	19.81	17.50	18.62	18.67	18.50
Direct labor	3.72	3.37	3.72	3.65	3.41
Other factory costs	7.80	7.30	7.88	7.87	7.24
Total COGS	31.33	28.17	30.22	30.19	29.14
Gross profit or (loss)	11.88	9.58	9.35	9.19	7.90
SG&A expenses	6.58	6.63	7.15	6.44	6.38
Operating income or (loss)	5.30	2.95	2.20	2.75	1.52
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	6	6	6	6	6

[1] For the last full year, the data represent the ***.
[2] Quantity data do not include the sale of parts by *** because of the lack of comparability. ***.
[3] Value data and the ratio of costs to net sales include data for the sale of parts of hand trucks.
[4] Quantity data and unit value data are for hand trucks only.

Source: Compiled from data submitted in response to Commission questionnaires.

The quantity and value of sales declined between 2000 and 2001; while sales quantity declined, sales value increased between 2001 and 2002, and both sales quantity and value increased between January-September 2002 and the same period in 2003. The average unit value of sales fell between 2000 and 2001, increased between 2001 and 2002, and then fell between January-September 2002 and the same period in 2003, giving rise to the changes in sales value noted earlier. The total value and the unit value of cost of goods sold (COGS) for reporting producers fell between 2000 and 2001, but increased between 2001 and 2002; the total value of COGS increased between January-September 2002 and January-September 2003, whereas the unit value of COGS decreased. The ratio of COGS to net sales increased steadily from year-to-year and between January-September 2002 and January-September 2003, generally reflecting an increase in "other factory costs" of several reporting U.S. firms. Selling, general, and administrative (SG&A) expenses also increased between each of the years 2000-2002 and between January-September 2002 and the same period in 2003 as a total value, and on a per-unit basis; as a ratio to net sales, SG&A expenses increased between 2000 and 2001 and between the two interim periods but was the same between 2001 and 2002. The changes in SG&A mainly reflect data reported by ***. Operating income declined between each of the years 2000-2002 and between the interim periods, following the decline in sales volume and increase in COGS and SG&A expenses. Changes in net income before taxes were similar to those of operating income, as were changes in cash flow.

Table VI-2 presents data on total net sales, COGS, SG&A, and operating income on a firm-by-firm basis.

Table VI-2
Hand trucks and parts thereof: Results of operations of U.S. producers, by firms, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

Changes in the operating income of these firms are further evidenced by a variance analysis that shows the effects of prices and volume on net sales and of costs and volume on their total costs (table VI-3).

Table VI-3
Hand trucks and parts thereof: Variance analysis on results of operations, 2000-2002, and January-September 2002-2003

Item	Fiscal year[1]			January-September
	2000-2002	2000-2001	2001-2002	2002-2003
	Value *($1,000)*			
Total net sales:				
Price variance	(5,332)	(8,655)	3,098	(3,261)
Volume variance	(2,770)	(932)	(1,613)	4,144
Total net sales variance	(8,102)	(9,587)	1,485	883
Cost of goods sold:				
Cost variance	1,822	5,082	(3,129)	1,644
Volume variance	1,987	669	1,186	(3,128)
Total cost of goods variance	3,809	5,751	(1,942)	(1,483)
Gross profit variance	(4,293)	(3,836)	(457)	(600)
SG&A expenses:				
Expense variance	(990)	(365)	(634)	(94)
Volume variance	446	150	306	(726)
Total SG&A variance	(544)	(215)	(329)	(820)
Operating income variance	(4,837)	(4,051)	(785)	(1,421)
Summarized as:				
Price variance	(5,332)	(8,655)	3,098	(3,261)
Net cost/expense variance	832	4,717	(3,763)	1,550
Net volume variance	(336)	(113)	(121)	290

[1] See note 1 in table VI-1.

Note.–Unfavorable variances are shown in parenthesis; all others are favorable. The data are comparable to changes in operating income as presented in table VI-1.

Source: Compiled from data submitted in response to Commission questionnaires.

This analysis shows that the decrease in operating income between 2000 and 2002 of $4.8 million was attributable mainly to an unfavorable variance of price that, combined with a small unfavorable variance of volume, was greater than the favorable net cost/expense variance. The variance

on price was unfavorable between 2000 and 2001, as well as between January-September 2002 and the same period in 2003. The net cost/expense variance was favorable between 2000 and 2001 and between the two interim periods, but was unfavorable between 2001 and 2002. The favorable net cost/expense variance between 2000 and 2001 and between the two interim periods moderated the effect of unfavorable price variances, reducing the decline in operating income between the two years, but an unfavorable net cost/expense variance served to increase the decline in operating income between 2001 and 2002.

CAPITAL EXPENDITURES, RESEARCH AND DEVELOPMENT EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The responding firms' data on capital expenditures, research and development ("R&D") expenses, and the value of their property, plant, and equipment used in the production of hand trucks are shown in table VI-4.

Table VI-4
Hand trucks and parts thereof: Value of assets, capital expenditures, and R&D expenses of U.S. producers, 2000-2002, January-September 2002, and January-September 2003

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of hand trucks from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are reported in appendix D.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the alleged dumping margins was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

The Commission sent questionnaires to all firms identified in the petition as possible Chinese producers/exporters of subject merchandise, as well as to Chinese hand truck manufacturers identified in information provided by Customs. Information submitted in response to the questionnaires is presented in the section that follows.

THE INDUSTRY IN CHINA

Five Chinese producers of hand trucks provided responses to the Commission's request for information in the preliminary phase of this investigation, including all three firms identified in the petition.[1] The five responding producers estimated that they accounted for 43-54 percent of the production of hand trucks in China in 2002 and 49-70 percent of exports of hand trucks from China to the United States.[2] All of the responding Chinese producers are based in the coastal city of Jiaonan, an economic and technology development zone. Four of the firms are large industrial enterprises, while the fifth is a smaller-scale operation.[3] All five firms reported hand truck production and exports to the United States. Based on official Commerce import statistics, hand trucks exported to the United States by the five responding firms accounted for *** percent of subject imports during January 2000 to September 2003.[4] The responding Chinese producers and their relative market shares are presented in table VII-1.

Table VII-1
Hand trucks: Chinese producers, shares of reported 2002 Chinese production of hand trucks, and shares of reported 2002 Chinese hand truck exports to the United States

* * * * * * *

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[1] The Commission initially received six questionnaire responses from Chinese producers/exporters. The data submitted by ***, an exporter for producer ***, was excluded in order to avoid double-counting. Counsel for respondents confirmed the companies' relationship.

[2] At the conference, counsel for the Chinese respondents estimated that the firms accounted for 60 percent of production in China and 70 percent of exports to the United States. Conference transcript, p. 99. Responding firms' reported volume of exports to the United States was equivalent to approximately *** percent of U.S. imports of subject hand trucks in 2002.

[3] The Government of Jiaonan's website indicates that the city has eight hand truck manufacturers, including four industrial enterprises (identified as Xinghua Group, Taifa Group, Zhenhua Industrial Group and Huatian Hand Truck Company), and four village-owned, individual or private manufacturers.

[4] Petitioners argue that the absence of questionnaire data for exporters of the remaining *** percent of subject imports understates the expansion of Chinese hand truck production capacity. Petitioners' postconference brief, p. 30. Respondents assert that non-responding Chinese hand truck producers are mainly home market suppliers, exporting small quantities mainly to other, non-U.S., foreign markets. Postconference brief of China Chamber of Commerce for Import & Export of Machinery & Electronics and its individual members, exh. IV.

Reported sales of hand trucks by the responding firms, as a percentage of their total sales, were ***, ranging from *** percent for *** to *** percent for *** in the most recent fiscal year. With the exception of ***, all the responding firms reported production of other products on the equipment and machinery used to produce hand trucks. Information on these products, and the share of hand trucks in total production on the same equipment, is presented in table VII-2.

Table VII-2
Hand trucks: Chinese producers, production of other products on equipment and machinery used in the production of hand trucks, and shares of hand truck production on the same equipment

* * * * * * *

None of the responding Chinese producers reported current production, production capability, or plans to produce hand trucks in the United States or third countries. Similarly, none of the firms reported importing, or any plans to import, hand trucks into the United States, nor did they report maintaining any inventories of hand trucks in the United States since 2000. *** reported plans to add, expand, curtail or shut down capacity or quantity of hand truck production in China. *** reported a *** in production capacity *** annually, beginning in 2004. Each of the responding Chinese producers indicated that their hand trucks are not subject to antidumping findings or trade remedies in any other WTO-member country.

Aggregate Chinese hand truck production capacity, production quantity, shipments, and inventory data supplied by the five responding firms are presented in table VII-3. These data show that the responding firms' production capacity rose by 26 percent from 2000 to 2001, remained stable from 2001 through September 2003, and is projected to decrease by 10 percent in 2004.[5] The firms' production output exhibited a similar trend, rising by 78 percent from 2000 to 2002, then stabilizing from 2002 through September 2003, with a projected decline of 10 percent in 2004. Capacity utilization increased from 2000 to 2002, from 64.0 to 90.7 percent, and is projected to drop to 79.2 percent for 2003, returning to 90.8 percent in 2004.

[5] Petitioners dispute the Chinese producers' projections of declining production capacity as inconsistent with market and economic trends. Petitioners' postconference brief, p. 29.

Table VII-3
Hand trucks: Chinese production capacity, production, shipments, and inventories, 2000-02, January-September 2002, January-September 2003, and projected 2003-04

Item	Actual experience					Projections	
				January-September			
	2000	2001	2002	2002	2003	2003	2004
Quantity (*units*)							
Capacity	1,630	2,050	2,050	1,720	1,720	2,050	1,850
Production	1,042	1,632	1,859	1,491	1,441	1,624	1,680
End of period inventories	56	51	27	31	48	33	0
Shipments:							
Internal consumption	0	0	0	0	0	0	0
Home market	134	208	132	105	101	156	583
Exports to--							
The United States	492	688	744	556	782	804	210
All other markets	403	741	1,006	860	537	688	920
Total exports	895	1,429	1,751	1,416	1,319	1,492	1,130
Total shipments	1,029	1,637	1,883	1,521	1,420	1,648	1,713
Ratios and shares (*percent*)							
Capacity utilization	64.0	79.6	90.7	86.7	83.8	79.2	90.8
Inventories to production	5.4	3.1	1.5	1.5	2.5	2.0	0.0
Inventories to total shipments	5.4	3.1	1.4	1.5	2.5	2.0	0.0
Share of total quantity of shipments:							
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	13.0	12.7	7.0	6.9	7.1	9.5	34.0
Exports to--							
The United States	47.8	42.0	39.5	36.6	55.1	48.8	12.3
All other markets[1]	39.2	45.3	53.5	56.5	37.8	41.7	53.7
All export markets	87.0	87.3	93.0	93.1	92.9	90.5	66.0

[1] Other principal export markets include Australia, Europe, Japan, Korea and the Middle East.

Note – Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

The bulk of hand truck production by the five Chinese producers is for export, with home market sales decreasing from 13.0 to 7.0 percent over the 2000-2002 period.[6] Home market sales are, however, projected to climb to 34 percent of hand truck production in 2004. Export quantities to the United States increased steadily over the period of investigation, from 492,000 units in 2000 to 744,000 units in 2002, and 782,000 units in the interim 2003 period. Questionnaire responses provided by the five Chinese firms project export quantities to the United States to decline to 210,000 units in 2004. Over the 2000-2002 period, exports to the United States as a share of total shipments of hand trucks declined from 47.8 to 39.5 percent. While it is projected to rise to 48.8 percent for 2003, the U.S. export share of shipments is projected to fall in 2004, to 12.3 percent. None of the five Chinese firms responding to the Commission's request for information reported production or export of hand truck parts.

U.S. IMPORTERS' INVENTORIES

Data collected in this investigation on U.S. importers' end-of-period inventories of hand trucks are presented in table VII-4. These data show that inventories of imports from China increased from 48,000 units in 2000 to 88,000 units in 2001, or by 83 percent. While inventories declined in 2002, to 76,000 units, they increased again in the interim 2003 period, to 90,000 units. Inventories of subject imports as a percentage of U.S. shipments of such imports, however, declined steadily from 2000 to 2002, reflecting the absolute rise in subject import shipments over the period of investigation.

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2003

The Commission requested importers to indicate whether they imported or arranged for the importation of hand trucks from China after September 30, 2003. Twelve of the responding firms reported that they had arranged for the importation of 145,000 hand trucks. *** other firms responded yes but did not provide the units.

[6] *** of the Chinese firms (***) reported that they currently produce *** for export.

Table VII-4
Hand trucks: U.S. importers' end-of-period inventories of imports, 2000-02, January-September 2002, and January-September 2003

Source	Calendar year			January-Sept.	
	2000	2001	2002	2002	2003
Imports from China:					
Inventories (*1,000 units*)	48	88	76	59	90
Ratio to imports (*percent*)	33.9	22.8	20.2	15.3	18.9
Ratio to U.S. shipments of imports (*percent*)	28.2	23.5	18.5	14.4	18.3
Imports from all other sources:					
Inventories (*1,000 units*)	***	***	***	***	***
Ratio to imports (*percent*)	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***	***	***
Imports from all sources:					
Inventories (*1,000 units*)	***	***	***	***	***
Ratio to imports (*percent*)	***	***	***	***	***
Ratio to U.S. shipments of imports (*percent*)	***	***	***	***	***

[1] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown.

Note.–Partial-year ratios are based on annualized import and shipment data.

Source: Compiled from official Commerce statistics.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1059 (Preliminary)]

Hand Trucks From China

AGENCY: International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–1059 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of hand trucks, provided for in subheading 8716.80.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for

initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by December 29, 2003. The Commission's views are due at Commerce within five business days thereafter, or by January 6, 2004.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: November 13, 2003.

FOR FURTHER INFORMATION CONTACT: Elizabeth Haines (202–205–3200), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background. This investigation is being instituted in response to a petition filed on November 13, 2003, by Gleason Industrial Products, Inc., Los Angeles, CA.

Participation in the investigation and public service list. Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list. Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference. The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on December 4, 2003, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Elizabeth Haines (202–205–3200) not later than December 1, 2003, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions. As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before December 9, 2003, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.12 of the Commission's rules.

Issued: November 17, 2003.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 03–29089 Filed 11–20–03; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570–891]

Notice of Initiation of Antidumping Duty Investigation: Hand Trucks and Certain Parts Thereof from the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Initiation of an Antidumping Duty Investigation.

EFFECTIVE DATE: December 9, 2003.

FOR FURTHER INFORMATION CONTACT: Audrey Twyman, Stephen Cho or Daniel J. Alexy at (202) 482–3534, (202) 482–3798, or (202) 482–1540 respectively, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

INITIATION OF INVESTIGATION:

The Petition

On November 13, 2003, the Department of Commerce ("the Department") received a petition filed in proper form by Gleason Industrial Products, Inc. On November 18, 2003, the Department received an amendment to the petition filed in proper form by Gleason Industrial Products, Inc. On November 19, 2003, the Department sent a supplemental questionnaire to Gleason Industrial Products, Inc. and received a response on November 25, 2003. On December 1, 2003, Gleason Industrial Products, Inc. filed an amendment to the petition to include Precision Products Inc. as a co-petitioner ("the petitioners").[1] On December 2, 2003, the Department received a letter from the China Chamber of Commerce for Import & Export of Machinery & Electronics on behalf of their members who produce hand trucks in China claiming that the petitioners do not meet the industry support requirement of section 732(c)(4)(A) of the Tariff Act of 1930, as amended ("the Act"). On December 3, 2003, Gleason Industrial Products, Inc. submitted a response to the China Chamber of Commerce's allegations. Also on December 3, 2003, the Department received a letter from the United Food & Commercial Workers International Union in support of the petition on behalf of their members, some of whom work in Gleason Industrial Products, Inc.'s manufacturing facilities.

In accordance with section 732(b)(1) of the Act, the petitioners allege that imports of hand trucks and certain parts thereof ("hand trucks") from the People's Republic of China ("the PRC") are, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that imports from the PRC are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the antidumping investigation that they are requesting the Department to initiate. *See infra*, "Determination of Industry Support for the Petition."

Scope of Investigation

For the purpose of this investigation, the product covered consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.

A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.

That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.

Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the Harmonized Tariff Schedule of the United States ("HTSUS"), although they may also be imported under heading 8716.80.50.90. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.5060 of the HTSUS. Although the HTSUS subheadings are provided for convenience and for the purposes of U.S. Customs and Border Protection, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

[1] Gleason Industrial Products, Inc. and Precision Products Inc. are both members of the Gleason Group companies. Gleason Industrial Products, Inc. manufactures and sells hand trucks. Precision Products Inc. also manufactures hand trucks, but sells all its hand trucks through Gleason Industrial Products, Inc.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission ("ITC"), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[2]

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product referred to in the petition is the single domestic like product defined in the "Scope of Investigation" section above. The Department has no basis on the record to find this definition of the domestic like product to be inaccurate. The Department, therefore, has adopted this domestic like product definition.

In their initial petition and subsequent submissions, the petitioners state that they comprise more than 50 percent of U.S. hand truck production. Based on all available information, we agree that the petitioners comprise more than 50 percent of the domestic hand truck production and accordingly, determine that the petition has been filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *See* Initiation Checklist dated December 3, 2003 (public version on file in the Central Records Unit of the Department of Commerce, Room B-099) ("*Initiation Checklist*").

Period of Investigation

The anticipated period of investigation ("POI") is April 1, 2003, through September 30, 2003.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate this investigation. The sources of data relating to export price ("EP"), normal value ("NV"), and factors of production ("FOP") are discussed in greater detail in the *Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate.

Regarding an investigation involving a non-market economy ("NME") country, the Department presumes, based on the extent of central government control in an NME, that a single dumping margin, should there be one, is appropriate for all NME exporters in the given country. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of a country's NME status and the granting of separate rates to individual exporters. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585, 22586–87 (May 2, 1994).

Export Price

The petitioners based the export price on price quotes from a Chinese producer of hand trucks to unaffiliated purchasers in the United States within the POI as reported in Exhibit 19 of the November 13, 2003 petition. The petitioners claim that the two price quotes obtained were for two models of hand trucks that are among the most prevalent of the models imported from China. Accordingly, we found that the gross unit prices provided by the petitioners represent information that reasonably reflected prices to the United States. Therefore, we relied on the gross unit prices provided in the petition. The prices were quoted FOB Qingdao, the PRC, and the petitioners were conservative because they did not deduct Chinese inland freight from the quoted prices.

Normal Value

The petitioners assert that the PRC is an NME country, and note that in all previous investigations the Department has determined that the PRC is an NME. *See, e.g., Notice of Final Determination of Sales at Less Than Fair Value: Bulk Aspirin From the People's Republic of China*, 65 FR 33805 (May 25, 2000). The PRC will be treated as an NME unless and until its NME status is revoked. *See* section 771(18)(C)(i) of the Act. Because the PRC's status as an NME remains in effect, the petitioners estimated the dumping margin using an NME methodology.

The petitioners assert that India is the most appropriate surrogate country for the PRC, claiming that India is: 1) at a level of economic development comparable to the PRC in terms of per capita gross national product, and 2) a significant producer of comparable merchandise. The petitioners provided recent U.S. import statistics of hand trucks from India and a report by a researcher in India hired by the petitioners to study the hand truck industry. The report shows that there is significant production of hand trucks in India. Based on the information provided by the petitioners, we believe that the petitioners' use of India as a surrogate country is appropriate for the purpose of initiating this investigation.

The petitioners estimated the quantities of inputs required to produce hand trucks in the PRC based on the petitioners' own experience and their extensive analysis of the two representative hand trucks they acquired from the PRC. Based on the

[2] *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (Ct. Int'l Trade 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642-44 (Ct. Int'l Trade 1988).

information provided by the petitioners, we believe that the petitioners' FOP methodology represents information reasonably available to the petitioners and is appropriate for purposes of initiating this investigation.

In accordance with section 773(c)(4) of the Act, the petitioners valued FOP, where possible, on reasonably available, public surrogate data from India. The petitioners valued all direct materials (with the exception of ball bearings and tires), packing materials, and scrap based on Indian import values, as published in the 2002 *Monthly Statistics of Foreign Trade of India*. These values were inflated to the current POI using the Indian wholesale price index ("WPI") as reported in the International Monetary Fund's *International Financial Statistics* ("IFS"), and converted to U.S. dollars using the U.S. Federal Reserve exchange rates for India.

Concerning ball bearings and tires for the hand truck, the petitioners valued these inputs using price quotes they obtained from India for ball bearings and tires as surrogate values for the ball bearings and tires for the hand truck. The Department accepted these values as being representative of hand truck ball bearings and tires.

The petitioners valued direct and packing labor using the regression-based wage rate for the PRC provided by the Department, in accordance with section 351.408(c)(3) of the Department's regulations. The petitioners based the amount of energy used on its own experience. Electricity was valued using the Indian Tata Energy Research Institute *Energy Data Directory and Yearbook (2000/2001)*, and adjusted for inflation to reflect a POI value using the Reserve Bank of India *RBI Bulletin*. Natural gas was valued from an article at *www.indiaonline.com*, and adjusted for inflation based on the Indian WPI.

The petitioners calculated financial ratios using four public financial statements of Indian producers of hand trucks. The Department did not find adequate evidence that one of the Indian firms, Excellent Engineering & Allied Services Private Limited, is a producer of hand trucks because: (1) it is not included in the list of producers of hand trucks submitted by the Indian researcher; (2) its financial statements do not indicate that it is a manufacturer of hand trucks; (3) its direct material costs are lower than the other companies; and (4) its financial statements refer to raw materials as "trading materials." Therefore, we have removed this company's financial ratios from the calculation of normal value. Based on the information provided by the petitioners, we believe that the surrogate values represent information readily available to the petitioners and are acceptable for purposes of initiating this investigation.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of hand trucks from the PRC are being, or are likely to be, sold at less than fair value. As a result of a comparison of EP to NV, based on our recalculations described above, the estimated dumping margins range from 314.97 percent to 401.21 percent.

Allegations and Evidence of Material Injury and Causation

The petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of imports of the subject merchandise sold at less than fair value.

The petitioners contend that the industry's injured condition is evidenced by the loss of sale opportunities, depressed and/or suppressed domestic prices, reduced market share, and reduced profitability. The allegations of injury and causation are supported by relevant evidence including affidavits of company officials, U.S. Census Bureau import statistics, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See Initiation Checklist.*

Initiation of Antidumping Investigation

Based upon our examination of the petition on hand trucks, we have found that it meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of hand trucks from the PRC are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the government of the PRC.

ITC Notification

We have notified the ITC of our initiation as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine no later than December 29, 2003, whether there is a reasonable indication that imports of hand trucks from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: December 3, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–30489 Filed 12–8–03; 8:45 am]

BILLING CODE 3510–DS–S

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

Subject:	Hand Trucks from China
Investigation No.:	731-TA-1059 (Preliminary)
Date and Time:	December 4, 2003 - 9:30 am

The conference will be held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Crowell & Moring
Washington, DC
on behalf of

Gleason Industrial Products, Inc.
Precision Products, Inc.

Howard Simon, Senior Vice President, Gleason Industrial Products, Inc.
Jay Kvasnicka, Corporate Vice President of Sales and Marketing, Gleason Industrial Products, Inc.
Bill Malone, Vice President of Manufacturing, Gleason Industrial Products, Inc.
Bruce Malashevich, Economic Consulting Services

Matthew P. Jaffe - OF COUNSEL
Alexander H. Schaefer

In Opposition to the Imposition of Antidumping Duties:

Greenberg Traurig
Washington, DC
on behalf of

China Chamber of Commerce for Import & Export of Machinery & Electronics
Qingdao Huatian Hand Truck Co.
Qingdao Taifa Group Co.
Quigdao Zhenhua Industrial Group Co.
Qingdao Xinghua Group Co.
Shandong Machinery Import & Export Group Corp.

Philippe M. Bruno - OF COUNSEL
Gabriela Carias-Troconis
Weimo Liu

In Opposition to the Imposition of Antidumping Duties:–*Continued*

Adduci, Mastriani & Schaumberg
Washington, DC
on behalf of

Central Purchasing, Inc. d/b/a Harbor Freight Tools

Barbara A. Murphy - OF COUNSEL
Mark R. Leventhal

APPENDIX C

SUMMARY DATA

Table C-1
Finished hand trucks: Summary data concerning the U.S. market, 2000-2002, January-September 2002, and January-September 2003

(Quantity=1,000 units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	2000	2001	2002	2002	2003	2000-2002	2000-2001	2001-2002	2002-2003
U.S. consumption quantity:									
Amount	2,132	2,261	2,556	1,920	2,327	19.9	6.1	13.0	21.2
Producers' share (1)	70.0	68.4	58.2	59.5	52.4	-11.9	-1.6	-10.3	-7.1
Importers' share (1):									
China	25.7	28.8	36.7	35.8	45.6	11.0	3.0	7.9	9.8
Other sources	4.2	2.8	5.2	4.7	2.0	0.9	-1.4	2.3	-2.7
Total imports	30.0	31.6	41.8	40.5	47.6	11.9	1.6	10.3	7.1
U.S. consumption value:									
Amount	85,343	79,207	86,196	62,040	68,426	1.0	-7.2	8.8	10.3
Producers' share (1)	84.7	82.7	77.3	78.0	71.3	-7.4	-1.9	-5.4	-6.6
Importers' share (1):									
China	10.0	12.1	17.2	16.8	24.0	7.2	2.1	5.1	7.2
Other sources	5.3	5.1	5.5	5.2	4.6	0.2	-0.2	0.4	-0.6
Total imports	15.3	17.3	22.7	22.0	28.7	7.4	1.9	5.4	6.6
U.S. imports from:									
China:									
Quantity	549	650	938	688	1,062	70.9	18.5	44.2	54.3
Value	8,557	9,622	14,839	10,409	16,441	73.4	12.4	54.2	57.9
Unit value	$15.60	$14.80	$15.82	$15.13	$15.48	1.5	-5.1	6.9	2.3
Ending inventory quantity	48	88	76	59	90	58.6	83.2	-13.4	52.3
All other sources:									
Quantity	90	64	132	90	47	46.2	-29.0	106.1	-48.4
Value	4,519	4,052	4,712	3,246	3,166	4.3	-10.3	16.3	-2.5
Unit value	$50.17	$63.40	$35.78	$36.02	$68.02	-28.7	26.4	-43.6	88.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	639	714	1,070	778	1,108	67.4	11.8	49.8	42.5
Value	13,075	13,673	19,551	13,655	19,607	49.5	4.6	43.0	43.6
Unit value	$20.47	$19.15	$18.28	$17.55	$17.69	-10.7	-6.5	-4.5	0.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	1,615	1,544	1,555	1,141	1,187	-3.7	-4.3	0.7	4.0
Capacity utilization (1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	1,493	1,547	1,486	1,142	1,218	-0.5	3.6	-3.9	6.7
Value	72,267	65,533	66,645	48,385	48,820	-7.8	-9.3	1.7	0.9
Unit value	$45.31	$39.61	$41.78	$39.35	$37.33	-7.8	-12.6	5.5	-5.1
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	359	309	314	307	319	-12.5	-13.9	1.6	3.9
Hours worked (1,000s)	719	608	622	461	490	-13.4	-15.3	2.3	6.3
Wages paid ($1,000s)	6,783	5,811	6,089	4,380	4,528	-10.2	-14.3	4.8	3.4
Hourly wages	$9.44	$9.55	$9.79	$9.50	$9.24	3.7	1.2	2.5	-2.7
Productivity (units per hour)	2.0	2.2	2.1	2.1	2.0	6.9	11.9	-4.4	-5.2
Unit labor costs	$4.76	$4.31	$4.62	$4.51	$4.63	-3.0	-9.6	7.2	2.6
Net sales (2):									
Quantity	1,551	1,531	1,491	1,113	1,211	-3.9	-1.3	-2.6	8.8
Value	71,620	62,032	63,518	47,318	48,201	-11.3	-13.4	2.4	1.9
Unit value	$43.21	$37.75	$39.56	$39.39	$37.04	-8.4	-12.6	4.8	-5.9
Cost of goods sold (COGS)	51,380	45,629	47,572	35,717	37,200	-7.4	-11.2	4.3	4.2
Gross profit or (loss)	20,239	16,403	15,946	11,601	11,001	-21.2	-19.0	-2.8	-5.2
SG&A expenses	11,541	11,757	12,084	8,292	9,113	4.7	1.9	2.8	9.9
Operating income or (loss)	8,699	4,646	3,861	3,309	1,888	-55.6	-46.6	-16.9	-42.9
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$31.33	$28.17	$30.22	$30.19	$29.14	-3.6	-10.1	7.3	-3.5
Unit SG&A expenses	$6.58	$6.63	$7.15	$6.44	$6.38	8.6	0.8	7.8	-0.9
Unit operating income or (loss)	$5.30	$2.95	$2.20	$2.75	$1.52	-58.6	-44.4	-25.5	-44.9
COGS/sales (1)	71.7	73.6	74.9	75.5	77.2	3.2	1.8	1.3	1.7
Operating income or (loss)/ sales (1)	12.1	7.5	6.1	7.0	3.9	-6.1	-4.7	-1.4	-3.1

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Values include parts; unit values and expenses calculated based on finished trucks only.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

ALLEGED EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Responses of U.S. producers to the following question are shown in the tabulation below: Since January 1, 2000 has your firm experienced any actual negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of hand trucks from China?

* * * * * * *

Company responses to the following question are shown below: Does your firm anticipate any negative impact of imports of hand trucks from China?

Angelus

***.

Fairbanks

***.

Gleason

***.[1]

Harper

***.

Magline

***.

Wesco

***.

[1] Gleason submitted a pro forma financial statement for fiscal years ending June 30, 2004 and June 30, 2005 with its questionnaire response. Gleason revised it and included pro forma financial statements for calendar years 2004 and 2005 with its postconference brief. Sales data are extrapolated from fiscal year 2003 and adjusted in 2004 and 2005 to account for the ***. Cost data likewise are extrapolated, as well as adjusted for the volume and cost effects of ***. Operating *** of $*** on sales of $*** in fiscal year 2003 is a projected *** of $*** on sales of $*** in fiscal year 2005. The revised pro forma for calendar years 2004 and 2005 shows calculated sales of $*** in 2004, with *** in 2005. Petitioner's postconference brief, exh. 11. Also, *see* postconference brief on behalf of the China Chamber of Commerce and its members, pp. 1-2.