

June 20, 2018

## New Antidumping and Countervailing Duty Petitions on Steel Racks from China

*By Douglas J. Heffner and Richard P. Ferrin*

The Coalition for Fair Rack Imports (“petitioner”), on June 20, 2018, filed antidumping (AD) and countervailing duty (CVD) petitions on imports of certain steel racks from China. The petitioner filed the petitions on behalf of nine member companies: the Bulldog Rack Company, Hannibal Industries, Inc., Husky Rack and Wire, Ridg-U-Rak, Inc., SpaceRAK, Speedrack Products Group, Ltd., Steel King Industries, Inc., Tri-Boro Shelving & Partition Corp. and UNARCO Material Handling, Inc.

The U.S. AD law imposes special tariffs to counteract imports that are sold in the United States at less than “normal value.” The U.S. CVD law imposes special tariffs to counteract imports that are sold in the United States with the benefit of foreign government subsidies. For AD/CVD duties to be imposed, the U.S. government must determine not only that dumping and/or subsidies are occurring, but also that there is “material injury” (or threat thereof) by reason of the dumped and/or subsidized imports. Importers are liable for any potential AD/CVD duties imposed. In addition, these investigations could impact purchasers by increasing prices and/or decreasing supply of certain steel racks.

### Scope

The merchandise covered by this investigation is steel racks and parts thereof, assembled or unassembled. Steel racks are racks made of steel of dimensions and configurations that can be adjusted as required, with or without locking tabs or slots, and with or without bolted, clamped, or welded connections, including any of the following: uprights, posts, columns, braces, frames, beams, arms, locking devices, and rails.

A steel rack is a structure typically made from cold-formed or hot-rolled steel structural members and includes, but is not limited to, components such as plates, rods, angles, shapes, sections, and tubes. Welding, bolting, and clipping are the typical methods of assembly. Connections may also be made with locking devices such as clips, end plates, and beam connectors. Steel racks may be made to ANSI MH16.1 or ANSI MH16.3 standards. All steel racks and parts thereof meeting the physical description set out herein are covered by the scope of this investigation, whether or not produced according to a particular standard.

The vertical components of steel racks may be referred to as uprights, posts, or columns, and may be connected with horizontal or diagonal braces to form upright frames. A typical storage configuration comprises

upright frames perpendicular to the aisles that are independently adjustable, with positive-locking beams parallel to the aisle and spanning between the upright frames, and braces designed to support unit loads between the beams. A cantilever rack consists of uprights running parallel to the aisle and cantilever beams or arms connected to the uprights and running perpendicular to the aisle rather than spanning two upright frames.

The scope includes all steel racks and parts thereof meeting the description above, regardless of: (1) dimensions, weight, strength, gauge, or load rating; (2) vertical upright or frame type (including structural, roll-form, or other); (3) horizontal support or beam/brace type (including but not limited to structural, roll-form, slotted, unslotted, Z-beam, C-beam, L-beam, step beam, cantilever beam, and cargo rack); (4) number of supports; (5) number of levels; (6) surface coating, if any (including but not limited to paint, epoxy, powder coating, zinc, or other metallic coatings); (7) shape (including but not limited to rectangular, square, corner, and cantilever); (8) the method by which the vertical and horizontal supports connect (including but not limited to locking tabs or slots, bolting, clamping, and welding); and (9) the inclusion or not of moving components (including but not limited to rails, wheels, rollers, tracks, channels, carts, and conveyors).

Steel racks may be referred to as pallet racks, storage racks, stacker racks, retail racks, pick modules, selective racks, or cantilever racks. Steel racks that incorporate moving components may also be referred to as pallet-flow racks, carton-flow racks, push-back racks, movable-shelf racks, drive-in racks, and drive-through racks.

Subject merchandise includes material matching the above description that has been finished, assembled, or packaged in a third country, including by coating, painting, assembling, attaching to, or packaging with another product, or any other finishing, assembly, or packaging operation that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the steel racks and parts thereof.

Steel racks and parts thereof are also included in the scope of this investigation whether or not imported attached to, or in conjunction with, other parts and accessories such as wire decking, nuts, and bolts. If steel racks and parts thereof are imported attached to, or in conjunction with, such non-subject merchandise, only the steel racks and parts thereof are included in the scope. Specifically excluded from the scope of this

investigation are any products covered by Commerce's existing antidumping and countervailing duty orders on boltless steel shelving units prepackaged for sale from the People's Republic of China. See *Boltless Steel Shelving Units Prepackaged for Sale From the People's Republic of China: Antidumping Duty Order*, 80 Fed. Reg. 63,741 (October 21, 2017); *Boltless Steel Shelving Units Prepackaged for Sale From the People's Republic of China: Amended Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 80 Fed. Reg. 63,745 (October 21, 2017).

Merchandise covered by this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under the following subheadings: 7326.90.8688 and 9403.20.0080. Subject merchandise may also enter under subheadings 7308.90.3000, 7308.90.6000, 7308.90.9590, and 9403.20.0090. The HTSUS subheadings set forth above are provided for convenience and U.S. Customs purposes only. The written description of the scope is dispositive.

## Alleged Dumping and Subsidy Margins

The petitioners allege the following dumping margins:

- China: 131.1 percent to 145.7 percent

No specific subsidy rates were alleged.

## Estimated Schedule of Investigations

- June 20, 2018 – Petition is filed
- July 10, 2018 – DOC initiates investigation
- July 11, 2018 – ITC staff conference
- August 6, 2018 – Deadline for ITC preliminary injury determinations
- September 13, 2018 – Deadline for DOC preliminary CVD determination, if not postponed
- November 19, 2018 – Deadline for DOC preliminary CVD determination, if fully postponed
- November 27, 2018 – Deadline for DOC preliminary AD determination, if not postponed
- January 16, 2019 – Deadline for DOC preliminary AD determination, if fully postponed
- May 31, 2019 – Deadline for DOC final AD and CVD determinations, if both preliminary and final AD determination deadlines are fully postponed
- July 16, 2019 – Deadline for ITC final injury determinations, assuming fully postponed DOC deadlines

For further information, contact Douglas J. Heffner, Richard P. Ferrin, or any other member of the Customs and International Trade Team.

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## Customs and International Trade Team

### Primary Contacts



**Douglas J. Heffner**  
Partner  
Washington, D.C.  
(202) 230-5802  
[douglas.heffner@dbr.com](mailto:douglas.heffner@dbr.com)



**Richard P. Ferrin**  
Counsel  
Washington, D.C.  
(202) 230-5803  
[richard.ferrin@dbr.com](mailto:richard.ferrin@dbr.com)