



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of 53-Foot Domestic Dry Containers from the People's Republic of China

- On September 23, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of 53-foot domestic dry containers from the People's Republic of China (China).
- The CVD law provides U.S. business and workers with a transparent and internationally accepted mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- Commerce calculated a preliminary subsidy rate of 10.46 percent for mandatory respondent China International Marine Containers (Group) Co., Ltd. and 7 affiliates (collectively, CIMC). Mandatory respondents Hui Zhou Pacific Container Co., Ltd., Qingdao Pacific Container Co., Ltd., and Qidong Singamas Energy Equipment Co., Ltd. (collectively, Singamas) received a preliminary subsidy rate of 7.13 percent. All other producers/exporters in China have been assigned a preliminary subsidy rate of 8.80 percent.
- As a result of the preliminary affirmative determination, Commerce will instruct U.S. Customs and Border Protection to require cash deposits based on these preliminary rates.
- The petitioner for this investigation is Stoughton Trailers, LLC (WI).
- The merchandise subject to this investigation is closed (*i.e.*, not open top) van containers exceeding 14.63 meters (48 feet) but generally measuring 16.154 meters (53 feet) in exterior length, which are designed for the intermodal transport¹ of goods other than bulk liquids within North America primarily by rail or by road vehicle, or by a combination of rail and road vehicle (domestic containers). The merchandise is known in the industry by varying terms including "53-foot containers," "53-foot dry containers," "53-foot domestic dry containers," "domestic dry containers" and "domestic containers." These terms all describe the same article with the same design and performance characteristics. Notwithstanding the particular terminology used to describe the merchandise, all merchandise that meets the definition set forth herein is included within the scope of these investigations.

Domestic containers generally meet the characteristic for closed van containers for domestic intermodal service as described in the American Association of Railroads (AAR) Manual of

¹ "Intermodal transport" refers to a movement of freight using more than one mode of transportation, most commonly on a container chassis for on-the-road transportation and on a rail car for rail transportation.

Standards and Recommended Practices Intermodal Equipment Manual Closed Van Containers for Domestic Intermodal Service Specification M 930 Adopted: 1972; Last Revised 2013 (AAR Specifications) for 53-foot and 53-foot high cube containers. The AAR Specifications generally define design, performance and testing requirements for closed van containers, but are not dispositive for purposes of defining subject merchandise within this scope definition. Containers which may not fall precisely within the AAR Specifications or any successor equivalent specifications are included within the scope definition of the subject merchandise if they have the exterior dimensions referenced below, are suitable for use in intermodal transportation, are capable of and suitable for double-stacking² in intermodal transportation, and otherwise meet the scope definition for the subject merchandise.

Domestic containers have the following actual exterior dimensions: an exterior length exceeding 14.63 meters (48 feet) but not exceeding 16.154 meters (53 feet); an exterior width of between 2.438 meters and 2.60 meters (between 8 feet and 8 feet 6 3/8 inches); and an exterior height of between 2.438 meters and 2.908 meters (between 8 feet and 9 feet 6 1/2 inches), all subject to tolerances as allowed by the AAR Specifications. In addition to two frames (one at either end of the container), the domestic containers within the scope definition have two stacking frames located equidistant from each end of the container, as required by the AAR Specifications. The stacking frames have four upper handling fittings and four bottom dual aperture handling fittings, placed at the respective corners of the stacking frames. Domestic containers also have two forward facing fittings at the front lower corners and two downward facing fittings at the rear lower corners of the container to facilitate chassis interface.

All domestic containers as described herein are included within this scope definition, regardless of whether the merchandise enters the United States in a final, assembled condition, or as an unassembled kit or substantially complete domestic container which requires additional manipulation or processing after entry into the United States to be made ready for use as a domestic container.

The scope of this investigation excludes the following items: 1) refrigerated containers; 2) trailers, where the cargo box and rear wheeled chassis are of integrated construction and the cargo box of the unit may not be separated from the chassis for further intermodal transport; 3) container chassis, whether or not imported with domestic containers, but the domestic containers remain subject merchandise, to the extent they meet the written description of the scope.

Imports of the subject merchandise are provided for under subheading 8609.00.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Imports of the subject merchandise which meet the definition of and requirements for “instruments of international traffic” pursuant to 19 U.S.C. §1322 and 19 C.F.R. §10.41a may be classified under subheading 9803.00.50, HTSUS. While HTSUS subheadings are provided for convenience and customs purposes, the written description of the subject merchandise as set forth herein is dispositive.

- In 2013, imports of 53-foot domestic dry containers from China were valued at an estimated \$184.2 million.

² “Double-stacking” refers to two levels of intermodal containers on a rail car, one on top of the other.

NEXT STEPS

- Commerce is scheduled to announce its final determination in this investigation on or about February 2, 2015, unless the statutory deadline is extended.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of 53-foot domestic dry containers from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	China International Marine Containers (Group) Co., Ltd.; Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.; Qingdao CIMC Container Manufacture Co., Ltd.; Nantong CIMC-Special Transportation Equipment Manufacture Co., Ltd.; Xinhui CIMC Wood Co., Ltd.; Xinhui CIMC Container Co., Ltd.; CIMC Containers Holding Co., Ltd.; and CIMC Wood Development Co., Ltd. (collectively, CIMC)	10.46%
	Hui Zhou Pacific Container Co., Ltd.; Qingdao Pacific Container Co., Ltd.; and Qidong Singamas Energy Equipment Co., Ltd. (collectively, Singamas)	7.13%
	China-Wide Rate	8.80%

CASE CALENDAR:

EVENT	DATE
Petition Filed	April 23, 2014
DOC Initiation Date	May 13, 2014
ITC Preliminary Determination	June 9, 2014 [†]
DOC Preliminary Determination	September 22, 2014
DOC Final Determination	February 2, 2015 [^]
ITC Final Determination*	March 19, 2015 [^]
Issuance of Order**	March 26, 2015 [^]

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

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

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

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

[^] This date is estimated as it is dependent upon the publication date of Commerce's preliminary determination.

IMPORT STATISTICS:

CHINA	2011	2012	2013
Value (USD)	390,617,000	247,081,000	184,165,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 8609.00.0000). This HTSUS subheading may cover both subject and non-subject merchandise. Volume is not reported in official import statistics for imports entered under HTSUS subheading 8609.00.0000. Imports of subject merchandise may also enter under HTSUS subheading 9803.00.50; however, the volume and value of imports entered under HTSUS subheading 9803.00.50 are not reported in official import statistics. Therefore, the above import statistics only reflect the value of imports entered under HTSUS 8609.00.0000.