

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

HAND TRUCKS AND CERTAIN
PARTS THEREOF FROM CHINA

Inv. No. 731-TA-1059 (Final)

TESTIMONY OF FENG XUE LOU OF TAIFA

Good morning. My name is Feng Xue Lou. I am the Chairman and President of Qingdao Taifa Group Company. I have traveled here from China to help the Commission understand Taifa's hand truck business.

I have worked in the hand truck business for over 20 years. After finishing my education, I started with Taifa as a workshop employee, operating drilling machines, and have also worked in the sales and export side of Taifa's business.

Taifa is both the oldest and largest manufacturer of pushing carts in China, specializing in wheel barrows, go-carts, garden carts, hand trucks, tires and castors. To my knowledge, Taifa accounts for about a third of all hand truck production in China and about 50% of exports of hand trucks to the United States from China. I think that Taifa's questionnaire response submitted to the Commission may have indicated an incorrect percentage in this regard. In terms of all exports of hand trucks to all export markets, I believe that Taifa accounts for over 40%.

Hand trucks are sold to customers in about 30 different countries. In addition to the United States, our major customers of hand trucks are located in Europe, Australia, Japan, and New Zealand. The United States is about 50% of our hand truck business, but we also consider Europe a very important market. Europe is our oldest export market and has been growing steadily. Today, Europe accounts for about 30% of all of our hand truck exports. Our major

customers in Europe such as OBI, B&Q, and Carrefour, not only purchase hand trucks from Taifa, but also buy wheel barrows and a range of other products like garden carts, tire and castors.

Thanks to our constant efforts to improve our products and meet our customers' standards, we have been recognized as a reliable source of quality products in many countries. As a result, our production has been close to full capacity in the past few years. The United States, of course, is an important part of our overall export business, which has grown in the recent years. However, that does not mean that we slowed down in our business in other parts of the world. In particular, right now, we have the fastest growing market in Asia.

In Europe, we have a number of long-term contracts with several customers. These include agreements with three-year renewable terms, and also arrangements in which Taifa own exclusive rights to produce patented products. Right now, about half of Taifa's European sales are based on these long-term contracts. We also have supply contracts with major Japanese customers such as Toyota, Mazda and Tongin. The terms of these supply contracts are renewed every year. We have established and maintained longstanding good, solid customer base in many countries. We have no plans to give up or decrease our sales to these markets.

Hand trucks are only a small part of our business. For Taifa, the most important product line is wheel barrows. Wheel barrows take up about one-third of Taifa's total production capacity and brings in about 40% of Taifa's total revenue. Some of our products do share the same production resources with hand trucks. However, the shared facilities are limited. Wheel barrows' production line is different from a hand truck production line because wheel barrows require different types of materials and equipment. The only product that can potentially share the production line with hand trucks are garden carts and platform trucks. Garden carts account

for about 7% of Taifa's production capacity. Platform trucks take up less than 7%. Therefore, even if Taifa decided to devote all such production to hand trucks instead of these two products, Taifa can, at most, increase its capacity by 14%. However, we cannot decrease the production of garden carts and platform trucks because they are a part of regular orders from our major customers. Therefore, we are not able to produce many more hand trucks than our current levels.

Recently, several of our major customers have turned to suppliers in other countries, such as Indonesia, Malaysia, Mexico, Vietnam and India, because they offer cheaper prices, and also because of this dumping case. After this case was filed, Taifa received no new orders, and our customers have told us that they are buying from suppliers from other countries. One of our major customers have even told us that it is setting up a hand truck plant in India to replace its purchases from Taifa. Even if there is no more dumping duty, it would be difficult to get those customers back once a relationship has been established between the customers and those suppliers. Obviously, the customers who are now setting up production in other countries will not buy from Taifa ever again, regardless of dumping duties.

By concentrating on its quality and reliability, Taifa enjoyed a steady growth in our hand truck sales. Nevertheless, Taifa's overall business depends on maintaining a wide range of products to diverse markets.

We do not believe that Taifa, or any hand trucks from China, has taken any sales away from U.S. producers. If Chinese hand trucks are completely shut out of the U.S. market, the U.S. market will just fill up with hand trucks from other countries. I suppose that in about a year, Gleason should be busy preparing about 10 different dumping petitions against various countries. I hope that the Commission will consider these facts carefully and reach a fair decision in this case.