

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

**Jamie Enger Testimony**

Thank you, Commission staff, for having us here today. My name is Jamie Enger and I am the Sales Director of Jenger LLC & I've been in this industry for nearly 10 years. My company is a family-owned, U.S. service company based in Illinois, just outside of Chicago. It, along with International Tool Boxes and SPG International, are involved with U.S. imports of metal tool chests and cabinets from China that are manufactured by Chinese producer & exporter Geelong.

As Mr. Spooner indicated, my father is with me today. He is the founder and former President of Geelong USA, which sold Geelong's steel tool chests and cabinets into the United States, beginning in 2004. He is one of the most experienced individuals in the steel tool storage market with nearly 30 years in the industry. We more lovingly refer to him as the Tool Chest dinosaur as no one has a longer history in this business than him. He is well versed on the manufacturing side of the business, as well as sales and marketing.

We are proudly representing our family-owned, U.S. business, which will ultimately be destroyed if duties are imposed, especially since we are involved in nearly half of the U.S. imports of steel tool chests and cabinets from China. My father is still actively involved in the business, even in semi-retirement mode. He

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

currently serves as a member of Geelong's board. We consider ourselves the subject matter expert leaders for tool chests and cabinets in the country.

I'm also joined by my esteemed business colleague, Alistair Hanson-Currie. Alistair is the Director of Business Development of Geelong. He is here with us from Hong Kong, and knows the Chinese production facilities, the industry dynamics, and the products very well, as I do. Because collectively we believe we know the market better than anyone else, we want the Commission to understand what is really going on here.

In particular, we would like to talk to you about two key topics today. First, we want you to better understand the products at issue, and second, the industry conditions or market competition, which I understand you call "conditions of competition." The Petition gives you certain misinformation, and we thought it enough to travel all this way – some coming farther than others – to discuss these important topics with you. We sincerely hope our experience, insight, and information is helpful, and we welcome your questions. We want you to make a truly informed and educated decision about the steel tool chest and cabinet products and market.

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

**The Product**

Firstly, the product definitions in the Petition and scope are arbitrary. The definitions do not in any way match industry standards or practice. Yes, of course, the industry certainly refers to “portable” and “industrial” tool chests. Indeed, in this business, “industrial” products are also known as “heavy duty” or “professional.” But the size dimensions and physical characteristics outlined in the scope have absolutely no basis in practice or industry standards. My lawyers tell me that this is a “like product” issue. To help show this, I have a little show and tell. These examples will demonstrate that there is no so-called “bright line” segregating between tool storage products, despite Petitioner’s erroneous definitions of the like product from what is considered “like” in the actual marketplace for tool storage.

Petitioner’s description of “Industrial” steel tool chests and cabinets is arbitrary, misleading, and baseless. Industrial products come in a range of dimensions and sizes. There is no industry standard requiring the body be over 60” wide or steel to be more than 0.055” in thickness. There is no standard that drawers are over 21” deep or requirement that drawer slides must be rated for over 200 lbs. “Industrial grade” routinely means “heavy-duty” and “professional” as the Petitioner’s own advertisements and websites reveal. The Commission should

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

consider the industry practices and realities as evidence by market experience and evidence, not by Petitioner's self-serving definitions for purposes of these investigations only. SHOW PRO SERIES SAMPLE -- not over 60"W or drawer dimension great than 21"D but many industrial grade claims throughout.

Waterloo itself markets its products routinely for industrial uses to the tool storage industry in the U.S. market. For example, Petition Exhibit GEN-3 reveals repeated reference to industry contradictions, using the term "industrial" as a common product definition, regardless of product dimensions. Waterloo frequently uses the terms "heavy-duty," "professional," and "industrial" to describe the same products, as shown in excerpts from its website, advertisements, and Petition exhibits. It also interchangeably uses these terms to describe products believed to be in-scope, as well as excluded products.

Sears commonly names its Waterloo products "Professional series," "Professional HD series," and "Shop series" to indicate higher quality, industrial products. Some of these products appear to be within the Petitioner's scope definitions and diameters, and some are outside. If some of these so-called industrial products are included in the scope, then all so-called industrial products must be included within the domestic like product.

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

Moving on to:

Portable tool boxes

- a) The description of portable tool boxes is arbitrary, wrong and materially misleading. The description is self-serving and has been created for the purpose of the petition. As with the definition of industrial, there is no industry standard that defines a portable toolbox as stated in the petition. While the definition could include the portable tool boxes as described in the petition portable tool boxes are in no way limited to this description. SHOW  
PORTABLE SAMPLE
- b) There is no steel storage industry standard which requires a portable tool box to have a width of 21" or less and have a depth not exceeding 10", fewer than three drawers & have a handle on top.
- c) The only requirement for a portable tool box is for the portable tool box to be portable.
- d) On this basis, a portable tool box is any tool box which is capable of being carried or moved about. There is no drawer limitation, no sizing limitation and no requirement for a handle on top as defined in the petition and questionnaire. Numerous more excerpts of this will be included in the post conference brief.

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

Next:

Work benches

- a) Again, same as the descriptions of industrial & portable, the description of workbenches is arbitrary & misleading. **SHOW MWB SAMPLE**
- b) There is no steel storage industry standard which requires a workbench to have fewer than two drawers. The sample here has 9.
- c) There is no steel storage industry standard which requires a workbench to be supported by legs and have no solid front, side or back panels.

The following are a few reasons why the like product should be defined more broadly, consistent with industry practice and experience. First and foremost, the physical characteristics of in-scope tool chest and cabinets are nearly identical and strongly overlap industrial tool storage products – e.g., similar look and paint finishes, similar sizes and dimensions, similar features and attributes, similar number of drawers, and a range of similar weight ratings. All are used for the same purpose to store tools. The product brochures and websites of retailers reveal that subject tool chests and cabinets are interchangeable. DIY customers to the professional are purchasing the same range of items. Both subject and

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

excluded industrial products are sold through the same channels of distribution. As the samples reviewed here today, the product also demonstrates a range of prices dependent upon the product's features, but overlap greatly between subject and so-called "industrial" products. Producer and customer perception do not segregate the "industrial" products from the certain in-scope tool chests and cabinets, as Sears' own brochure reveals. In reality, an actual "continuum" of tool storage product offerings that collectively have much more in common than they do different. Petitioner's arbitrary definitions for the scope are baseless and cannot stand. Nevertheless, the Commission can correct this with properly defining the domestic like product consistent with industry practice and experience.

Accordingly, we believe the relevant "domestic like product" and domestic industry producing the like product should be expanded beyond the express scope language. The Commission should consider expanding the scope horizontally to include industrial, workbench & portable tool storage products, and vertically upward to include heavy-duty, professional tool chests not falling within the scope, and downward to include all storage chests—even if a single unit—that are used to store tools. This should also include plastic & wood tool chests. As shown here

**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

today, defining tool chests and cabinets as Petitioner proposes is simply inconsistent with steel storage industry practice and standards.

**The Market Conditions**

Next, I would like to discuss the market for the tool storage industry, which my lawyers tell me is called the “conditions of competition”. As you will hear repeatedly here today, I and my colleagues know from experience that Waterloo sells primarily to Sears. The large majority of Sears’ Craftsman brand is Waterloo’s product. Unfortunately, we all know what has been happening to Sears and Sears’ brands over the past few years. To give you a brief overview of public information, Sears has lost \$10.4B since 2010 & closed over 2,000 Sears / K-Mart stores. Their stock has also plummeted over 80% since then as well. It goes without saying that Waterloo, as a key supplier to Sears, has struggled as Sears has closed stores. We believe this is the principal reason for Waterloo’s problematic market situation today, not its competition with Chinese imports.

The customers that we produce for have specific product requirements and specifications. Geelong, as a manufacturer, offers customers flexibility to meet their specific guidelines. We have a wide array of sizes, paint selections, drawer dimensions & steel thicknesses to name a few. We also offer a large product design & engineering team, which is critical to adequately serve the changing



**Before The U.S. International Trade Commission**  
**Tool Chests and Cabinets from China and Vietnam**  
**Inv. Nos. 701-TA-575 & 731-TA 1360-61 (Prelim)**  
**May 2, 2017**

needs of our customers. We produce over 4,000 separate SKU's in order to fulfill a variety of brands. Even very small product differences can make a large impact to the brand. For example, our customers: The Home Depot has the Husky, DeWalt & Milwaukee brands, Menards has the Performax brand, Wal-Mart has the Stanley brand, Whirlpool has the Gladiator brand, all of which Geelong produces. In summary, each retailer has its own unique brand or brands, which have their unique requirements and specifications, which is why we have several thousand SKUs to serve the market's differentiated demands. So, in other words, product range and flexibility matter a lot.

The tool storage market is not driven by price, but by product differentiation and branding. In this regard, because Waterloo's business strategy long focused primarily on Sears and its brands, it is unsurprising that the decline in Sears' business fortunes has naturally had a negative impact on Waterloo. I want to thank the commission staff for their time & for having me today. I look forward to answering any questions you may have. And now I turn it over to my colleague, Alistair.