53-Foot Domestic Dry Containers from China

Investigation Nos. 701-TA-514 and 731-TA-1250 (Final)
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53-Foot Domestic Dry Containers from China

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been redacted and replaced with asterisks.
Determinations

On the basis of the record\(^1\) developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that the establishment of an industry in the United States is not materially retarded by reason of imports of 53-foot domestic dry containers from China, provided for in subheading 8609.00.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and that have been found by Commerce to be subsidized by the Government of China.\(^2\)

Background

The Commission, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 19 U.S.C. § 1673d(b)), instituted these investigations effective April 23, 2014, following receipt of a petition filed with the Commission and Commerce by Stoughton Trailers, LLC, Stoughton, Wisconsin. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of 53-foot domestic dry containers from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing 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 on December 11, 2014 (79 FR 73626). The hearing was held in Washington, DC, on April 16, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

\(^1\) The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR § 207.2(f)).

\(^2\) Commissioner Kieff is recused from these investigations.
Views of the Commission

Based on the record in the final phase of these investigations, we find that the establishment of an industry in the United States is not materially retarded by reason of imports of 53-foot domestic dry containers from China found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and to be subsidized by the government of China.¹

I. Background

Parties to the Investigations. The petitions in these investigations were filed on April 23, 2014 by Stoughton Trailers, LLC ("Stoughton"), a domestic producer of 53-foot domestic dry containers ("certain domestic containers") during portions of the January 1, 2011 to December 31, 2014 period of investigation ("POI").²³ Stoughton appeared at the hearing and submitted prehearing and posthearing briefs.

The following respondent entities participated in the final phase of these investigations by filing briefs and participating at the hearing: (i) China International Marine Containers (Group) Co., Ltd.; Xinhui CIMC Container Co., Ltd.; Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd.; Nantong CIMC-Special Transportation Equipment Manufacture Co., Ltd.; and Qingdao CIMC Container Manufacture Co., Ltd., producers and exporters of subject merchandise (collectively “CIMC”); (ii) Hui Zhou Pacific Container Co., Ltd.; Qingdao Pacific Container Co., Ltd.; and Qidong Singamas Energy Equipment Co., Ltd., producers and exporters of subject merchandise, and their holding company, Singamas Container Holdings Limited (collectively “Singamas”); (iii) J.B. Hunt Transport, Inc. ("J.B. Hunt"), an importer of subject merchandise; (iv) Union Pacific Railroad Company ("Union Pacific"), an importer of subject merchandise; (v) FedEx Freight Inc. ("FedEx"), an importer of subject merchandise; and (vi) Crowley Maritime Corporation and Crowley Liner Services, Inc. (collectively “Crowley”), and Sea Star Line, LLC ("Sea Star"), importers of the subject merchandise. Representatives from the following importers also participated in the hearing: CSX Intermodal Terminals, Inc. ("CSX"), Hub City Terminals, Inc. ("Hub City"), Norfolk Southern Railway Company ("Norfolk Southern"), and Schneider National, Inc. ("Schneider").

Data Coverage. U.S. industry data are based on the questionnaire responses of Stoughton and Navistar Inc., which accounted for all known U.S. production of certain domestic

¹ Commissioner Kieff did not participate in the final phase of these investigations.
² In this industry, the modifier “domestic” encompasses not only certain types of containers made in the United States but also in China that are designed for freight movement using more than one mode of transportation (i.e., intermodal transportation), most commonly on a container chassis for on-the-road transportation and on a well car for rail transportation. Confidential Report, Memorandum INV-NN-026 (May 5, 2015) (“CR”) at I-15; Public Report, 53-Foot Domestic Dry Containers from China, Inv. Nos. 701-TA-514 and 731-TA-1250 (Final), USITC Pub. 4537 (June 2015) (“PR”) at I-13.
³ The Commission used a four-year POI in the final phase of these investigations in order to better assess the effect of subject imports on Stoughton’s efforts to produce certain domestic containers for the entire period in which Stoughton made such efforts.
containers during the POI.\textsuperscript{4} U.S. imports are based on the reported exports to the United States of certain domestic containers by the only two known producers in China (CIMC and Singamas).\textsuperscript{5} The quarterly pricing data provided by Stoughton accounted for 100 percent of U.S. producers’ commercial shipments of certain domestic containers during the POI. *** importers provided usable pricing data, which accounted for *** reported U.S. commercial shipments of subject imports from China and *** percent of subject imports into the United States in 2014.\textsuperscript{6} The Commission also received purchase cost data from a number of U.S. purchasers/end users that were not importers. This purchase cost data accounted for *** percent of Chinese imports into the United States in 2014.\textsuperscript{7} The Commission received responses to its questionnaires from two foreign producers/exporters of subject merchandise (CIMC and Singamas), whose exports to the United States are thought to have accounted for all imports of subject merchandise during the POI and whose production accounted for all known production of certain domestic containers in China.\textsuperscript{8} There were no known U.S. imports of certain domestic containers from nonsubject countries.\textsuperscript{9}

II. Domestic Like Product

A. In General

In determining whether the establishment of an industry in the United States is materially retarded by reason of imports of subject merchandise, the Commission first defines the “domestic like product” and the “industry.”\textsuperscript{10} Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like

\textsuperscript{4} CR at I-6, PR at I-5.

\textsuperscript{5} CR at I-6, PR at I-5. The applicable subheading of the Harmonized Tariff Schedule of the United States (“HTSUS”) consists of a “basket” category that encompasses all containers and not just certain domestic containers. The Commission issued importer questionnaires to firms identified in the petitions and those firms that based on a review of data provided by U.S. Customs and Border Protection may have accounted for more than 0.2 percent of total imports under HTSUS subheading 8609.00.00 during the POI. Eleven firms submitted usable importer questionnaire responses, and their imports represented 54.7 percent of U.S. imports from China under this HTSUS subheading for the POI. CR/PR at IV-1 & n.1.

\textsuperscript{6} CR at V-6, PR at V-4.

\textsuperscript{7} CR at V-6-7, PR at V-4. A portion of U.S. imports and purchases were subject to a bidding process. The Commission also requested information regarding bids that were issued by end users to foreign producers and the U.S. manufacturer. The Commission received usable information regarding *** completed bid events with multiple bid offers. CR at V-19-20, PR at V-7-8.

\textsuperscript{8} CR/PR at VII-3. The petitions identified a third potential producer of certain domestic containers in China, Shanghai C & Jindo Container Co., Ltd. (“Jindo”), but Jindo is no longer in business. CR/PR at VII-3n.3.

\textsuperscript{9} CR/PR at Table IV-2. Two firms, ***, were identified in questionnaire responses as possible producers of certain domestic containers in nonsubject countries. CR at VII-12, PR at VII-6.

product constitutes a major proportion of the total domestic production of the product.”

In turn, the Tariff 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.”

The decision regarding the appropriate domestic like product 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. No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation. The Commission looks for clear dividing lines among possible like products and disregards minor variations. Although the Commission must accept Commerce’s determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.

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13 See, e.g., Cleo Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); 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 the following: (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).

15 Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the 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.”).


17 Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations in which Commerce found five classes or kinds).
B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

(C)losed (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 transport 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 this investigation.

Domestic containers generally meet the characteristics for closed van containers for domestic intermodal service as described in the American Association of Railroads (AAR) Manual of 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-stacking 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.\textsuperscript{18}

C. Domestic Like Product Analysis

In its preliminary determinations, the Commission defined a single domestic like product that was coextensive with Commerce’s scope definition.\textsuperscript{19} In the final phase of these investigations, Stoughton asks the Commission to continue to define the domestic like product as consisting of the certain domestic containers described in the scope of the investigations.\textsuperscript{20} In its prehearing brief, Crowley and Sea Star argued for the first time that the Commission should define 53-foot international marine containers (“marine containers”) as a separate domestic like product.\textsuperscript{21}

Because this issue was not raised earlier, the record lacks detailed information regarding Stoughton’s efforts to engage in production of marine containers, the relative prices of marine containers and other certain domestic containers, potential differences in production processes and employees, and industry perceptions regarding these products and their potential interchangeability. Without a more robust record on these factors, the Commission is unable to evaluate adequately whether clear dividing lines exist between the products and, if so,

\textsuperscript{18} The scope specifically 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. As Commerce further explained, 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. 53-Foot Domestic Dry Containers From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 80 Fed. Reg. 21209, 21212 (April 17, 2015) (footnote omitted); 53-Foot Domestic Dry Containers From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value; Final Negative Determination of Critical Circumstances, 80 Fed. Reg. 21203, 21206 (April 17, 2015) (footnote omitted).

\textsuperscript{19} 53-Foot Domestic Dry Containers from China, Inv. Nos. 701-TA-514 and 731-TA-1250 (Preliminary), USITC Pub. 4474 (June 2014) at 8-12.

\textsuperscript{20} See Petitioner Prehearing Brief at 5-6; Petitioner Posthearing Brief, Response to Chairman Broadbent’s Question.

\textsuperscript{21} See Crowley and Sea Star Prehearing Brief at 6-17; Crowley and Sea Star Posthearing Brief at 3-13.
whether an industry in the United States producing marine containers is materially retarded by subject imports.\textsuperscript{22}

Further, Crowley and Sea Star have not shown that the information necessary for the evaluation of a separate like product could not have been requested at the time when comments on the draft questionnaires were due. Section 207.20(b) of the Commission’s regulations provides as follows: “\{a\}ll requests for collecting new information shall be presented \{in comments on draft questionnaires for the final phase of an investigation\}” and that “\{t\}he Commission will disregard subsequent requests for collection of new information absent a showing that there is a compelling need for the information and that the information could not have been requested in the comments on the draft questionnaires.”\textsuperscript{23} Crowley and Sea Star did not request that the Commission collect information for the analysis of a separate 53-foot marine container like product when the Commission circulated draft questionnaires. Instead, as noted above, they raised the argument that 53-foot marine containers should be treated as a separate domestic like product for the first time in their prehearing brief.\textsuperscript{24} When asked at the hearing why they had not raised this issue when the draft questionnaires were circulated, counsel for Crowley and Sea Star stated that importers of marine containers originally believed that these investigations only involved other 53-foot containers and that it took a little while before it became known that marine containers were within the scope.\textsuperscript{25} The record shows, however, that Crowley submitted comments in the preliminary phase of Commerce’s antidumping investigation requesting that Commerce confirm that 53-foot marine ISO containers were not within the scope of the investigation.\textsuperscript{26} Commerce determined that these marine containers “meet the plain language of the scope of this investigation” when it issued its Decision Memorandum on November 19, 2014.\textsuperscript{27} The Commission sought comments on the draft questionnaires almost one month later, on December 17, 2014. Thus, Crowley and Sea Star were aware of Commerce’s decision more than one month prior to the Commission’s deadline for comments on its draft questionnaires.

Consequently, we do not consider Crowley and Sea Star’s argument that 53-foot marine containers are a separate domestic like product. Instead, as we did in the preliminary

\textsuperscript{22} Crowley appears to take the position that no data collection would have been necessary because no domestic producer has attempted to establish production of marine containers. Hearing Tr. at 259 (Ludwikowski). This is incorrect as a factual matter, as the record indicates that Stoughton was in the process of producing a prototype of a 53-foot marine container at the time the record closed. See Petitioner Prehearing Brief at 30.

\textsuperscript{23} 19 C.F.R. §207.20(b).

\textsuperscript{24} Crowley and Sea Star Prehearing Brief at 6-22.

\textsuperscript{25} Hearing Tr. at 259 (Ludwikowski).

\textsuperscript{26} In their posthearing brief, counsel for Crowley and Sea Star acknowledge that the issue of whether 53-foot marine containers were within the scope arose in Commerce’s preliminary phase investigation. Crowley and Seastar Posthearing Brief at 2.

\textsuperscript{27} Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of 53-Foot Domestic Dry Containers from the People’s Republic of China at 8.
determinations, we define the domestic like product in these investigations to consist of certain domestic containers, as described in the scope.²⁸

III. Whether the Actual or Potential Domestic Industry is Established²⁹

A. Defining the Actual or Potential Domestic Industry

The domestic industry is defined as the domestic “producers as a whole 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.”³⁰ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

Petitioner argues that it alone constitutes the domestic industry, because it is the only producer of the domestic like product that has made any commercial sales.³¹ Respondents did not address the definition of the domestic industry.

During the POI, American Intermodal Container Manufacturing (“AICM”), a domestic firm, ***.³² ***.³³ We have included Navistar in the domestic industry notwithstanding Petitioner’s objections, particularly because we can discern no legal basis for limiting the domestic industry to producers that made commercial sales. The Commission generally considers whether a firm engages in sufficient production related activity to be considered a domestic producer, and in conducting this analysis it considers certain factors; however, these do not include whether the firm has made commercial sales.³⁴

Based on our definition of the domestic like product, we define the actual or potential domestic industry as all actual or potential producers of certain domestic containers.

Stoughton and Navistar are the only firms known to have produced certain domestic containers.

²⁸ See 53-Foot Domestic Dry Containers from China, Inv. Nos.701-TA-514 and 731-TA-1250 (Preliminary), USITC Publication 4474 (June 2014) at 8-12 (“Preliminary Determination”). Because no party in its questionnaire comments requested the collection of additional data, the sole product on which the Commission collected data during the final phase of these investigations was certain domestic containers.

²⁹ We use the term “potential” because one of the issues in these investigations is whether the domestic industry is in fact established.


³¹ Petitioner Prehearing Brief at 7-11.

³² CR at III-13-14, PR at III-7.

³³ CR at III-16, PR at III-7.

³⁴ See Chlorinated Isocyanurates from China and Japan, Inv. Nos. 701-TA-501 and 731-TA-1126 (Final), USITC Pub. 4494 (Nov. 2014) at 8 (explaining that the Commission generally considers six factors when determining whether a firm engages in sufficient production-related activities). Petitioner has not argued that AICM/Navistar failed to engage in sufficient production-related activities to qualify as a domestic producer.
in the United States during the POI and are the only firms which provided data to the Commission.  

B. Whether the Actual or Potential Domestic Industry is Established

Stoughton primarily argues that the establishment of a domestic industry is materially retarded by reason of subject imports from China.  

Under the statute, the Commission determines whether there is a reasonable indication that “the establishment of an industry in the United States is materially retarded by reason of imports of the subject merchandise . . . .”37 The current language dates to the Trade Agreements Act of 1979. Neither the statute nor the legislative history provides much guidance on how the Commission should apply this provision.  

Historically, the Commission has not limited application of the material retardation statute to domestic producers that have not yet engaged in U.S. production. If there is or was at least some domestic production,38 which is the case in these investigations, then the

35 There are no related party issues in these investigations. CR at III-4, PR at III-3.  
36 Petitions, Vol. I at 17-20; Petitioner Prehearing Brief at 19-63. Prior to these investigations, the concept of material retardation of the establishment of a domestic industry has surfaced only twice in Commission opinions since 1998, and the issue has been posed in only approximately 17 cases in the Commission's history, mostly in the mid-to-late 1980s and early 1990s.  

In Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Preliminary), USITC Pub. 3942 (Aug. 2007), the Commission initially found a reasonable indication that the domestic industry was not established and that the establishment of a domestic industry was materially retarded by reason of subject imports from China. Based on the additional information available in the final phase of its investigations, the Commission ultimately found the domestic industry was established and that the domestic industry was materially injured by reason of subject imports from China. Laminated Woven Sacks from China, Inv. Nos. 701-TA-450 and 731-TA-1122 (Final), USITC Pub. 4025 (July 2008).  

In Butter Cookies in Tins from Denmark, Inv. Nos. 701-TA-704 and 731-TA-780 (Preliminary), USITC Pub. 3092 (Mar. 1998), petitioners did not raise the material retardation issue, and it was not an issue for the Commission majority making negative preliminary determinations, given how they defined the domestic like product and thus the corresponding domestic industry. Id. at 5 (Commissioner Miller defining domestic like product as all cookies in tins); id. at 32 (Commissioner Crawford defining domestic like product as all cookies). In her dissenting opinion, however, Commissioner Bragg found a reasonable indication that the domestic industry producing butter cookies in tins was threatened with material injury by subject imports from Denmark and considered as a condition of competition the 1994 entry of two longstanding U.S. producers of cookies into high-volume production of butter cookies in tins.  

37 19 U.S.C. §§ 1671b(a), 1673b(a).  
38 Where domestic firms had not yet undertaken production, the Commission looked for an indication that the producers had made a “substantial commitment” to commence production before examining whether the industry’s establishment was materially retarded by subject imports. See, e.g., Certain Commuter Airplanes from France and Italy, Inv. Nos. 701-TA-174-175 (Preliminary), USITC Pub. 1269 (Jul. 1982) at 8 (domestic producers had not yet commenced production but had made a substantial commitment to do so); Motorcycle Batteries from Taiwan, Inv. No. 731-TA-42 (Final), USITC Pub. 1228 (Oct. 1981) (finding U.S. firms did not take substantial steps or make an affirmative commitment to produce 6-volt motorcycle batteries); Thin Sheet Glass from Switzerland, Belgium, and (Continued...
Commission has applied a two-step framework in which it first determines whether the domestic industry is established.\(^3\) If the domestic industry is not yet established, then the Commission has determined in the framework’s second step whether the establishment of a domestic industry is materially retarded by reason of subject imports. If the industry is established, then the Commission has instead examined whether the domestic industry is materially injured or threatened with material injury by reason of subject imports. As the Commission has previously recognized, under the statute, material retardation and material injury/threat thereof are mutually exclusive standards, meaning that if a domestic industry is established, it no longer qualifies as a “nascent” industry, and the analysis instead turns on the issues of material injury or threat thereof.\(^4\)

In applying the first step of the framework to determine if a domestic industry is established, the Commission in previous investigations has examined several or all of the following criteria: (1) the length of domestic production operations; (2) the characteristics of domestic production; (3) the size of domestic operations; (4) whether the proposed domestic industry has reached a reasonable financial “break-even” point; and (5) whether the activity is more in the nature of introducing a new product line by an already established business.\(^5\) The Commission has made this determination on a case-by-case basis according to the record of each investigation.\(^6\)

In these investigations, the Petitioner and all respondents addressing this issue agree that the domestic industry producing certain domestic containers is not established.\(^7\)

(...Continued)

the Federal Republic of Germany, Inv. Nos. 731-TA-127 and 129 (Preliminary), USITC Pub. 1376 (May 1983) (not finding that efforts to date demonstrated a substantial commitment to commence production of high-quality thin sheet glass because domestic producer’s marketing efforts were not very intensive, it had not purchased testing equipment that would have allowed it to differentiate between regular and high-quality glass, and it had problems qualifying its product), aff’d, Jeanette Sheet Glass Corp. v. United States, 607 F. Supp. 123, 131-32 (Ct. Int’l Trade 1985) (affirming “substantial commitment” test where domestic producers had not yet engaged in producing high-quality thin sheet glass).

\(^3\) But see Certain High Information Content Flat Panel Displays and Subassemblies Thereof from Japan, Inv. No. 731-TA-469 (Preliminary), USITC Pub. 2311 (Sept. 1990) at 3 n.2 (because it found a reasonable indication of material injury, the Commission did not reach the material retardation issue).

\(^4\) 19 U.S.C. §§ 1671b, 1673b; see, e.g., Laminated Woven Sacks (Final), USITC Pub. 4025 at 19; Fresh Chilled Atlantic Salmon from Norway, Inv. Nos. 701-TA-302 and 731-TA-454 (Preliminary), USITC Pub. 2272 (Apr. 1990) at 15 n.39; Pressure-Sensitive PVC Battery Covers from West Germany, Inv. No. 731-TA-452 (Preliminary), USITC Pub. 2265 (Mar. 1990) at 12.

\(^5\) Laminated Woven Sacks (Final), USITC Pub. 4025 at 19 (applying this framework, but recognizing that these factors are not mandated by the statute).

\(^6\) See, e.g., Laminated Woven Sacks (Final), USITC Pub. 4025 at 20, 30 (indicating that the Commission accepted the framework applied in prior cases); High Information Content Flat Panel Displays and Display Glass Therefor from Japan, Inv. No. 731-TA-469 (Final), USITC Pub. 2413 (Aug. 1991) at 18-19.

\(^7\) Petitioner Prehearing Brief at 19-27; CIMC Prehearing Brief at 3-7; Singamas Prehearing Brief at 11; and J.B. Hunt Prehearing Brief at 19-21.
We discuss below the five factors the Commission has previously examined to ascertain whether a domestic industry is established. As a threshold matter, however, we address the relevant time frame that we should examine in conducting this analysis. In its preliminary phase determinations, the Commission examined evidence pertinent to the POI for each of these factors. It concluded that each factor other than the fifth, concerning new product lines, supported a finding that the domestic industry was not established during the POI. The Commission also stated, however, that it would revisit the issue of the relevant time frame in any final phase of these investigations and would consider any party arguments concerning the relevance of production-related activities pre-dating the POI. No party has argued that the Commission should consider evidence with respect to any earlier period. In view of this, and in the absence of any other reasons for considering earlier activities, we have limited our consideration of these five factors to evidence pertinent to the POI.

1. The Length of Domestic Production Operations

The Commission has focused on when domestic producers began their U.S. production of the domestic like product. In general, where domestic producers had produced for a limited period of time, the Commission found this favored finding a nascent domestic industry. Where some or all of the domestic producers had produced for longer periods of time, then the Commission found this factor favored finding an established industry.

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44 Preliminary Determination, USITC Pub. 4474 at 21.
45 Preliminary Determination, USITC Pub. 4474 at 21 n.97.
46 See, e.g., Benzyl Paraben from Japan, Inv. No. 731-TA-462 (Final), USITC Pub. 2355 (Feb. 1991) (firm produced for 15 months, shut down, began again, shut down less than a year later, and then supplied customers out of inventory); Certain Dried Salted Codfish from Canada, Inv. No. 731-TA-199 (Final), USITC Pub. 1711 (Jul. 1985) at 6, aff’d, BMT Commodity Corp. v. United States, 667 F. Supp. 880 (Ct. Int’l Trade 1987), aff’d, 852 F.2d 1285 (Fed. Cir.), cert denied, 489 U.S. 1012 (1989) (codfish production suspended after two years with intent to resume production); Certain Copier Toner from Japan, Inv. No. 731-TA-373 (Preliminary), USITC Pub. 1960 (Mar. 1987) at 9-10 (domestic production began about three years earlier). But see Lime Oil from Peru, Inv. No. 303-TA-16 (Preliminary), USITC Pub. 1723 (Jul. 1985) at 8 n.19 (finding established industry based on definition of domestic like product and industry as producers of both cold-pressed and distilled lime oil and not just distilled lime oil, but noting that, had it defined industry as distilled lime oil producers, it would have found the industry established, even though, inter alia, domestic distilled lime oil production began about two years earlier).
47 See, e.g., Laminated Woven Sacks, USITC Pub. 4025 at 20-22 (one or more domestic producers had supplied the major types of products to the U.S. market long enough to weigh in favor of established industry); Wheel Inserts from Taiwan, Inv. No. 731-TA-271 (Preliminary), USITC Pub. 2824 (Oct. 1994) (steady production throughout the period of investigation by at least three producers and since the late 1980s by at least two U.S. producers); Certain Gene Amplification Thermal Cyclers and Subassemblies Thereof from the United Kingdom, Inv. No. 731-TA-485 (Final), USITC Pub. 2412 (Aug. 1991) (domestic production for more than three years); Flat Panels, USITC Pub. 2413 at 18-19 (domestic production began before the period of investigation); Tungsten Ore Concentrates from the People’s Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 at 18 n.49 (Mar. 1991) (Continued...
Stoughton began producing certain domestic containers made of steel in 2011. AICM/Navistar built commercial production. Because these firms have been producing the product for a relatively limited period, this factor weighs in favor of finding the domestic industry is not established.

2. The Nature of Domestic Production

In examining the characteristics of domestic production, the Commission has evaluated whether domestic production has been “modest,” continuous, or more akin to start and stop. In previous investigations, when domestic production was “modest” or domestic production began but halted, and domestic producers were not producing at the time of the Commission’s vote, the Commission concluded that this factor supported finding the domestic industry was not established. Where domestic production was continuous or even continuous and growing, the Commission has concluded that factor supported finding an established domestic industry.

(...Continued)
(continuous production over a long period of time); Salmon, USITC Pub. 2272 at 16-18 (domestic producers had been engaging in activities leading to production for a number of years, and some had recently produced the product); PVC Battery Covers, USITC Pub. 2265 at 12 (production began three to four years prior to investigation); Fabric and Expanded Neoprene Laminate from Japan, Inv. No. 731-TA-206 (Preliminary), USITC Pub. 1608 (Nov. 1984) at 8 n.24 (producing for several years).

48 CR at III-6, PR at III-4.
49 CR at III-13-19, PR at III-7-8.
50 See, e.g., Laminated Woven Sacks, USITC Pub. 4025 at 24 (considering the specific circumstances of individual producers as well as the circumstances of domestic producers as a whole); High Information Content Flat Panel Displays and Display Glass Therefor from Japan, Inv. No. 731-TA-469 (Final), USITC Pub. 2413 (Aug. 1991) at 18-19 (conducting inquiry on an industry-wide basis).
51 See, e.g., Benzyl Paraben, USITC Pub. 2355 at 9-10 (petitioner produced for 15 months, shut down production, resumed production, but then shut down less than a year later and supplied the U.S. market out of inventory); Copier Toner, USITC Pub. 1960 at 9 n.24 (domestic production was “modest”); Codfish, USITC Pub. 1711 at 4-5 & n.8, aff’d, BMT, 667 F. Supp. 880, aff’d, 852 F.2d 1285, cert. denied, 1009 U.S. 1120 (domestic producer began production in late 1982 but suspended operations in November 1984 with the intent to reopen the plant in summer 1985 pending conclusion of negotiations with the FDIC concerning certain loans from an eventually bankrupt bank and the receipt of additional financing from another source).
52 See, e.g., Laminated Woven Sacks, USITC Pub. 4025 at 22-24 (domestic producers as a whole had been continuously supplying the U.S. market throughout the period of investigation and since mid-2003, even if some reported intermittent or suspended production operations); Wheel Inserts, USITC Pub. 2824 (Oct. 1994) (steady production throughout the period of investigation by at least three producers and since the late 1980s by at least two producers); Gene Amplification Thermal Cylcers, USITC Pub. 2412 (steady and substantial increases in domestic production capacity and production); Flat Panels, USITC Pub. 2413 at 18-19 (steady rather than start-up production); Salmon, USITC Pub. 2272 at 16-18 (substantial U.S. shipments); PVC Battery Covers, USITC Pub. 2265 at 12 (production was increasing).
During the POI, the domestic industry produced *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014.\textsuperscript{53} Stoughton reported ***.\textsuperscript{54} Navistar has produced ***.\textsuperscript{55} Such intermittent production operations favor finding that the domestic industry is not established.

3. The Scale of Domestic Operations

The Commission has considered the magnitude of domestic operations, with higher operation levels generally supporting a finding that the domestic industry was established\textsuperscript{56} and lower operation levels sometimes suggesting the domestic industry was not established.\textsuperscript{57} In one instance, the Commission found the domestic industry was established where the domestic producers’ market share was “relatively stable.”\textsuperscript{58} As the Commission has previously indicated, depending on the facts, factors such as production as a share of the total market, shipments as a share of the total market, capacity relative to the total market, or even the share of the customer base to which domestic producers have made sales may yield different results. For example, domestic producers might produce large quantities but ship little, ship little relative to the total market but ship at least some volume to each of the major customers, or possess large capacity relative to the total market but use little of it.\textsuperscript{59}

During the POI, the domestic industry produced *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014,\textsuperscript{60} and it operated at a capacity utilization of ***

\textsuperscript{53} CR/PR at Table III-3. The units produced in 2013 and 2014 were ***. Stoughton Producer Questionnaire Response at 6, Item II-2; CR at III-16, PR at III-7.

\textsuperscript{54} CR/PR at Table III-2.

\textsuperscript{55} CR at III-16, PR at III-7.

\textsuperscript{56} See, e.g., Gene Amplification Thermal Cyclers, USITC Pub. 2412 (established industry where, among other factors, the vast majority of the U.S. market was supplied by the domestic industry); Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Preliminary), USITC Pub. 2071 (Mar. 1988) at A-15 (domestic industry established because, inter alia, domestic producers had achieved significant and increasing U.S. market share). But see Benzyl Paraben from Japan, USITC Pub. 2355 at 10 (finding industry not established even though firm had been increasing its market share; petitioner’s increasing market share was found not to be particularly indicative of establishment given the small number of purchasers and findings on other factors).

\textsuperscript{57} See, e.g., Copier Toner, USITC Pub. 1960 at 9 n.24 (not finding established industry where, inter alia, domestic production was small relative to the market as a whole). But see Flat Panels, USITC Pub. 2413 at 18-19 (finding established industry despite finding that domestic production accounted for “at least some” if only a “small” share of total U.S. market); Salmon, USITC Pub. 2272 at 17 (finding established industry despite low domestic market share).

\textsuperscript{58} See, e.g., Laminated Woven Sacks, USITC Pub. 4025 at 25-26 (finding relative capacity to be relevant but not determinative and that this factor favored finding an established industry where domestic producers clearly increased production capacity, production, and U.S. shipments); Wheel Inserts, USITC Pub. 2824 (finding established industry where, inter alia, domestic producers had relatively stable U.S. market share).

\textsuperscript{59} See, e.g., Laminated Woven Sacks, USITC Pub. 4025 at 24-25.

\textsuperscript{60} CR/PR at Table III-3.
percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. 61 Based on U.S. shipments of *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014, 62 the domestic industry’s share of apparent U.S. consumption was *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. 63 Because domestic operations are relatively small, this factor favors finding the domestic industry is not established.

4. Whether the Proposed Domestic Industry Has Reached a Reasonable Financial “Break-Even” Point

In deciding whether the proposed domestic industry is already established, the Commission also has examined whether the proposed domestic industry has reached a reasonable financial “break-even” point. In some previous cases, the Commission has examined whether total revenues and total expenses are equal. Where possible, the Commission has calculated a break-even point by dividing total fixed costs and expenses by the unit contribution margin (which is equal to the unit sales price minus the unit variable cost). 64 In cases where domestic producers as a whole have not reached a reasonable break-even point, the Commission has generally found the domestic industry was not established. 65 Where it has found that domestic producers as a whole had reached a reasonable break-even point, the Commission has found that this factor favored finding the domestic industry to be established. 66 In Laminated Woven Sacks, the Commission examined domestic producers’ plans, assumptions, and expectations when they undertook their operations, and it also conducted a break-even analysis on a retrospective basis using its standard break-even formula,

61 CR/PR at Table III-3.
62 CR/PR at Table III-5.
63 CR/PR at Table IV-4.
64 See, e.g., Benzyl Paraben, USITC Pub. 2355 at 10.
65 See, e.g., Benzyl Paraben, USITC Pub. 2355 at 10 (industry not established where, inter alia, firm did not reach reasonable break-even point during the latest period for which the Commission had data (interim 1990)); Codfish, USITC Pub. 1711 at 5, aff’d, BMT, 667 F. Supp. 880, aff’d, 852 F.2d 1285, cert. denied, 1009 U.S. 1120 (industry not established, company did not reach break-even point).
66 See, e.g., Wheel Inserts, USITC Pub. 2824 (industry established where, inter alia, producers as a whole had passed the break-even point and reached profitability during the period of investigation; they were able to cover fixed and variable costs); Gene Amplification Thermal Cyclers, USITC Pub. 2412 (industry established where, inter alia, an overwhelming majority of domestic producers already had reached a break-even point); Salmon, USITC Pub. 2272 at 16-18 (industry established where, inter alia, by 1988 a portion of the domestic producers had achieved profitability and another firm showed improvement from 1987 to 1988, even though there were no sustained profits for producers as a whole). But see, e.g., Flat Panels, USITC Pub. 2413 at 18-19 (finding established industry without explicitly conducting a break-even analysis); PVC Battery Covers, USITC Pub. 2265 at 12 (finding established industry without explicitly conducting a break-even analysis).
the results of which were consistent with some of the prospective analyses that individual domestic producers had prepared.\textsuperscript{67} Stoughton ***.\textsuperscript{68} Accordingly, this factor favors finding that the domestic industry is not established.

5. Whether the Start-up Production Is More in the Nature of the Introduction of a New Product Line by an Already Established Business

In assessing whether a proposed domestic industry is already established, the Commission has also examined whether the start-up production is more in the nature of the introduction of a new product line by an already established business. The Commission’s examination of this factor has focused on whether the introduction of this product was aided by the domestic producers’ other existing products. Where the Commission has found the start-up production to be akin to the introduction of a new product line by an already established business, it has generally found the domestic industry was established.\textsuperscript{69} In some

\[\text{\textsuperscript{67} See, e.g., Laminated Woven Sacks from China, Invs. Nos. 701-TA-450 and 731-TA-1122 (Final), USITC Pub. 4025 (Jul. 2008) at 26-27 (finding this factor suggested that the domestic industry was not established where domestic producers had conducted market research, talked to prospective customers, set goals, and developed strategies for entering the market, but as a whole experienced operating losses, albeit lower operating losses than reflected in the record of the preliminary phase of the investigations).}
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\[\text{\textsuperscript{68} CR at VI-9 n.13, PR at VI-3 n.13.}
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\[\text{\textsuperscript{69} See, e.g., Wheel Inserts, USITC Pub. 2824 (established industry where, inter alia, wheel inserts were produced as just one of several product lines of established firms); Gene Amplification Thermal Cyclers, USITC Pub. 2412 (established industry; this was a new product for some established firms but a new product made by some newly formed firms); Battery PVC Covers, USITC Pub. 2265 at 13 (finding pressure-sensitive battery covers were merely a new product line of an established firm that had been producing labels for 76 years); Lime Oil, USITC Pub. 1723 at 8 n.19 (noting in dicta that it would have found distilled lime oil to be an established industry because, inter alia, “unlike a new entrant, petitioner has been in the business of selling lime oil for years and could use existing customer contacts and distribution infrastructure in introducing distilled lime oil. Rather than establishing an industry, petitioner was introducing a new product line which has established a stable presence in the market.”); Neoprene Laminate, USITC Pub. 1608 at 8 nn.24-26 (majority finding R-131 neoprene merely constituted a change in the product line of the established fabric and expanded neoprene laminate industry, but Commissioner Stern finding that “whether or not the company embarking upon production of the new product is new or well-established, the statute requires the Commission to define the industry according to specific like products, not in the general business sense.”). But see, e.g., Benzyl Paraben, USITC Pub. 2355 at 11 (even though petitioner was an established firm, its benzyl paraben operations did not appear to have derived a benefit from its other arguably “established” operations); Copier Toner, USITC Pub. 1960 at 9 n.24 (not discussing this factor but determining that the electrically resistive monocomponent toner (“ERMT”) industry was “nascent” even though the ERMT producers manufactured other toners as well); Codfish, USITC Pub. 1711 at 4-5 (even though petitioner was also producing other dried salted fish such as pollock or hake, that did not prevent finding the industry was not established).}
cases where, *inter alia*, the start-up production was entirely by new firms that did not already manufacture other products, the Commission has still found the domestic industry was established.\(^{70}\) Although this factor may not be dispositive on the issue of establishment, the Commission has found that it raises considerations that at least help to put the inquiry into context. For example, to the extent that domestic producers already possess some of the equipment, employees, expertise, distribution systems, customer bases, and/or other components needed to produce and distribute the products and are able to leverage these assets for purposes of their new operations, this factor would lend some support to a finding that the domestic industry is established.\(^{71}\)

Founded in 1961, Stoughton began as a manufacturer of truck bodies, then expanded its production lines to include semitrailers, over-the-road vans, flatbed trailers, and chassis.\(^{72}\) Petitioner and respondents argue that Stoughton’s prior production operations are distant in time from and involved a different product (mechanically assembled aluminum containers) than its current operations (welded steel stackable containers).\(^{73}\) Stoughton nevertheless appears to acknowledge that it benefited from its prior container production and/or its production of other products when it reports that purchasers began approaching it in 2009 in search of a domestic supplier.\(^{74}\) Indeed, the evidence could also be viewed to support a progression from mechanically assembled aluminum containers to the current product. The evidence is mixed on this issue.

6. Conclusion

The statute, legislative history, and case law provide little guidance regarding material retardation issues and factors the Commission should consider when analyzing the establishment of an industry. Focusing primarily on events since 2011, all but the fifth factor pertaining to a “new product line of an existing business” favor finding that the domestic industry is not established, which is consistent with what the parties argued. Accordingly, we find that the domestic industry is not established.

\(^{70}\) See, *e.g.*, Flat Panels, USITC Pub. 2413 at 18-19 (finding established industry even though most domestic producers were dedicated to manufacturing this product).

\(^{71}\) Laminated Woven Sacks (Final), USITC Pub. 4025 at 28-29 (this factor favored finding an established industry where, at least for some domestic producers, there was some overlap in the production equipment and employees used to produce laminated woven sacks and other products, and at least some domestic producers were able to leverage, at least to some degree, their existing customer lists and distribution systems).

\(^{72}\) CR at Ill-5, PR at Ill-3 and Hearing Tr. at 25 (Wahlin).

\(^{73}\) Petitioner Prehearing Brief at 23 n.77; CIMC Prehearing Brief at 6; Singamas Prehearing Brief at 11; and J.B. Hunt Prehearing Brief at 21.

\(^{74}\) Hearing Tr. at 27-28 (Wahlin).
IV. Whether the Establishment of a Domestic Industry Has Been Materially Retarded by Reason of Subject Imports

Based on the record in the final phase of these investigations, we find that the establishment of an industry in the United States is not materially retarded by reason of imports of 53-foot domestic dry containers from China found by Commerce to be sold in the United States at less than fair value and to be subsidized by the government of China.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether the establishment of an industry in the United States is materially retarded by reason of the imports under investigation.\(^{75}\) In prior investigations where the Commission has determined that a domestic industry was not established, the Commission then has examined whether the establishment of the domestic industry was materially retarded by reason of subject imports.\(^{76}\) The Commission has previously stated that, because each attempt to establish a new industry is inherently unique, it makes its determination of whether the establishment of an industry is materially retarded on a case-by-case basis.\(^{77}\) The Commission has framed its inquiry as whether the industry’s performance “reflects merely the normal start-up condition of a company entering an admittedly difficult market or, is the performance worse than what could reasonably be expected ….”\(^{78}\)

The factors that the Commission has examined in assessing whether the establishment of a domestic industry is materially retarded by reason of subject imports have included many of the same factors it considers in its material injury determinations: domestic production,

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\(^{75}\) 19 U.S.C. §§ 1671d(b), 1673d(b).

\(^{76}\) See, e.g., Laminated Woven Sacks (Preliminary), USITC Pub. 3942 at 23-32 (in preliminary phase investigations finding industry not yet established where several firms began producing relatively recently, domestic producers as a whole had not achieved break-even status based on a retrospective analysis, even though domestic production and shipments were relatively small but not insignificant, capacity was large relative to entire market, and there was some overlap in employees, production equipment, customers, and distribution systems between laminated woven sacks and other products); Benzyl Paraben, USITC Pub. 2355 at 9, 14 (industry not yet established where domestic producers had intermittent production) (affirmative material retardation case); Copier Toner, USITC Pub. 1960 at 9-10 (industry not yet established where domestic production was modest) (negative material retardation case); Codfish, USITC Pub. 1711 at 4 (industry not yet established where domestic producers had ceased production) (affirmative material retardation case); Commuter Airplanes, USITC Pub. 1269 at 8 (domestic industry, which had not yet begun production, was not established) (negative material retardation case).

\(^{77}\) See, e.g., Laminated Woven Sacks (Preliminary), USITC Pub. 3942 at 32; Codfish, USITC Pub. 1711 at 4.

\(^{78}\) See, e.g., Laminated Woven Sacks (Preliminary), USITC Pub. 3942 at 32; Codfish, USITC Pub. 1711 at 5.
shipments, capacity utilization, inventories, financial condition, employment, projected performance compared to actual performance, and other market conditions.\textsuperscript{79}

**B. Conditions of Competition and the Business Cycle**

The following conditions of competition inform our analysis of whether the establishment of a domestic industry is materially retarded by reason of subject imports.

**1. Demand Considerations**

Demand for certain domestic containers is derived from the demand for intermodal shipping, which in turn is related to several factors. These include general economic activity, a transition from other forms of shipping to intermodal for efficiency reasons, the need to replace retired containers reaching their 15-year average useful life, and capital availability to purchase containers.\textsuperscript{80} Questionnaire respondents reported some seasonality in purchasing behavior, with the third and fourth quarters of the year being the busiest for the shipping industry.\textsuperscript{81}

Most industry participants reported an increase in U.S. demand for certain domestic containers since the beginning of the POI.\textsuperscript{82} This increase was attributed to a change from over-the-road transportation to intermodal transportation, stemming from fluctuations in fuel costs and driver shortages associated with over-the-road transport.\textsuperscript{83} Apparent U.S. consumption, however, declined from *** units in 2011 to *** units in 2012 and *** units in 2013, and then rose to *** units in 2014.\textsuperscript{84} A witness appearing for Stoughton at the hearing attributed the

\textsuperscript{79} See, e.g., *Laminated Woven Sacks (Preliminary)*, USITC Pub. 3942 at 32; *Benzyl Paraben*, USITC Pub. 2355 at 9, 14; *Copier Toner*, USITC Pub. 1960; *Codfish*, USITC Pub. 1711 at 4; *Commuter Airplanes*, USITC Pub. 1269 at 8 (negative material retardation case) (finding any difficulties were not due to subject imports but rather to petitioner’s failure to make sufficient marketing efforts such as providing detailed product specifications to prospective customers, who were unwilling to proceed with financing negotiations, let alone commit to purchase product).

Sometimes, the Commission has examined documents prepared by firms at their inception to gauge whether they had achieved a reasonable level of operations. See, e.g., *Copier Toner*, USITC Pub. 1960 at 9-10 (negative material retardation case) (finding better industry performance than what could be expected (increasing U.S. shipments, stable production, steady financial performance improvements, and signs of new entrants) and that the business plan for higher market share was unrealistic given the absence at the time of an extensive national distribution network); *Codfish*, USITC Pub. 1711 at 4, aff’d, *BMT*, 667 F. Supp. 880, aff’d, 852 F.2d 1285, cert. denied, 1009 U.S. 1120 (affirmative material retardation case) (looking at a market and feasibility study prepared at inception of operations).

\textsuperscript{80} CR at II-2, PR at II-1.

\textsuperscript{81} CR at II-15, PR at II-8.

\textsuperscript{82} CR at II-15, PR at II-9.

\textsuperscript{83} CR at II-15-16, PR at II-9.

\textsuperscript{84} CR/PR at Table IV-4.
relatively high level of purchase volumes in 2011 to pent-up demand following the recession that began in 2008.85

Only a relatively small number of purchasers account for the overwhelming majority of purchases in this industry, and these firms are the end users of the certain domestic containers. Approximately one dozen firms purchase the vast majority of certain domestic containers. Of these, the top five purchasers (J.B. Hunt, Hub Group, Schneider, Norfolk Southern, and Union Pacific) are estimated to account for about *** percent of purchases in the U.S. market.87

Different purchasers have different requirements or preferences. These include requirements that containers be fully welded (to prevent moisture from leaking into the containers),88 that they have an interior width of more than 100 inches,89 and that their side panels be made of corrugated (and not stamped) steel.90 Some purchasers also reported a preference for taking delivery of their containers on the West Coast due to the flow of trade across the United States, repositioning costs, and container market saturation.91

2. Supply Considerations

Before 2005, the U.S. market for 53-foot intermodal dry goods containers was served primarily by mechanically assembled lightweight aluminum plate intermodal containers, predominantly supplied by U.S. producers.92 U.S. producers Stoughton and Wabash National Corporation made some innovations in container design during 2004-2005, with Wabash offering stackable containers and both firms offering containers with an interior width of more than 100 inches.93 In 2005, CIMC, Singamas, and Jindo introduced into the U.S. market lightweight, fully welded steel containers made in China that complied with exterior-width restrictions, had greater interior widths due to thin but durable walls, and could withstand double-stacking on rail cars. According to respondents, these welded steel products imported from China provided a longer useful life with fewer leakage problems and resultant damage claims than the then-available mechanically assembled containers which required holes for bolts and rivets that provided water entry points over time.94

Stoughton idled its aluminum container manufacturing facility in 2006 after finding its product was no longer competitive with the fully welded steel containers imported from China.95 U.S. production of containers ended in 2007.96
In 2009, U.S. rail and truck carriers and lessees approached Stoughton in search of a U.S. source of domestic containers.\textsuperscript{97} After reconfiguring its plant, Stoughton began production of welded steel certain domestic containers in 2011.\textsuperscript{98} As discussed above, since 2011 Stoughton has made a very limited number of U.S. shipments and has supplied an extremely small percentage of apparent U.S. consumption.

AICM is a startup U.S. company that intends to supply fully welded certain domestic containers. ***\textsuperscript{99} ***\textsuperscript{100}

During the POI, subject imports accounted for virtually all sales of certain domestic containers to the U.S. market.\textsuperscript{101} There were no known imports of certain domestic containers from any nonsubject countries during the POI.\textsuperscript{102}

3. Substitutability/Quality Issues

Purchasers were asked to rank the importance of several factors in purchasing decisions. The most frequently cited first-most important factor (cited by six firms) was a supplier’s ability to meet the purchaser’s container specifications. Production capacity was the most frequently reported second-most important factor (four firms), and delivery time was the most frequently reported third-most important factor (5 firms). Quality, price, and other factors were also ranked among purchasers’ top three most important factors in purchasing decisions.\textsuperscript{103}

Purchasers were also asked to rate the importance of 24 factors in their purchasing decisions. The factors rated as “very important” by all responding purchasers were availability, life cycle costs, and product consistency. Factors related to quality and design (e.g., container design, design testing, and quality exceeds/meets AAR M-930 standards\textsuperscript{104}) were also rated as

\textsuperscript{97} CR at III-6, PR at III-3-4.
\textsuperscript{98} CR at III-6, PR at III-4.
\textsuperscript{99} CR at III-16, PR at III-7.
\textsuperscript{100} CR at III-17-18, PR at III-8.
\textsuperscript{101} CR/PR at Table IV-4.
\textsuperscript{102} CR at VII-11-12, PR at VII-6. Two firms, ***, however, were identified as possible producers in nonsubject countries from questionnaire responses.
\textsuperscript{103} CR at II-18, PR at II-10-11, CR/PR at Table II-5.
\textsuperscript{104} The American Association of Railroads (AAR) publishes Specification M-930 for “closed van containers for domestic intermodal service” that establishes baseline requirements for domestic containers so that they meet minimum safety standards for containers used in rail and highway modes. While the AAR M-930 standard sets certain physical and dimensional specifications for containers, and defines certain strength tests that containers must pass, they are not designed to restrict structural design methods or use of any materials. CR at I-16, PR at I-13. Purchasers have additional requirements and specifications beyond these baseline standards. For example, while domestic containers can be made of any material of sufficient strength and durability to meet the AAR M-930 performance requirement, including aluminum and Duraplate, all industry participants acknowledged that containers made from corrugated carbon steel was the practical industry standard. CR at I-18-19, PR at I-14-15.
very important by 10 or more of the 12 responding purchasers. Eight of the 12 responding purchasers rated “price” as a very important factor.\textsuperscript{105}

The record in these investigations also indicates that price is an important factor in purchasing decisions for certain domestic containers. Two-thirds of responding purchasers rated “price” as a very important factor. By the same token, however, the record also shows that other factors – most notably the ability of a producer to meet design specifications – were more important to purchasers than price. In other words, price is not important to a purchaser if its basic design specifications are not met. While the lowest price bid often won the contract, a significant minority of the sales for which we have bid data were awarded to a bidder that did not have the lowest price. It is also apparent that at least some purchasers will consider their total cost of ownership of a container, and not just the initial price.\textsuperscript{106}

The parties agree that certain domestic containers made in the United States and China are used for the same general purpose of intermodal transportation of dry cargo, but they disagree as to whether the products are substitutable. We find that the evidence on the record supports a finding that there is a limited degree of substitutability between the domestic like product and subject merchandise.\textsuperscript{107} Although Stoughton reported that certain domestic containers made in the United States and China are *** interchangeable, most importers and purchasers reported that these products are “never” interchangeable.\textsuperscript{108} Similarly, Stoughton reported that the differences other than price between certain domestic containers made in China and the United States were *** significant; most importers and purchasers reported that these non-price differences were “always” significant.\textsuperscript{109}

Most responding purchasers reported that U.S. certain domestic containers were inferior to Chinese certain domestic containers regarding availability, container design, delivery terms, delivery time, delivered laden with third party merchandise, discounts offered, extension of credit, fully welded containers, life cycle costs, minimum quantity requirements, price, quality exceeds AAR M-930 standards, and reliability of supply.\textsuperscript{110}

In particular, we note two factors limiting substitutability between subject imports and the domestic like product: the method of fastening the container and the interior width of the container. These factors, in addition to the numerous factors limiting substitutability noted above, played a significant role in affecting individual firms’ purchasing decisions, as discussed in section IV.C. These design features are discussed below.

\textsuperscript{105} CR at II-23, PR at II-13, CR/PR at Table II-6.
\textsuperscript{106} E.g., J.B. Hunt Prehearing Brief at 25-26.
\textsuperscript{107} CR at II-16 and II-34 and n.77, PR at 10-11 and II-21 and n.77.
\textsuperscript{108} CR/PR at Table II-9.
\textsuperscript{109} CR/PR at Table II-11.
\textsuperscript{110} CR at II-29, PR at II-17, CR/PR at Table II-8.
a. Methods of Fastening

Most U.S. purchasers preferred, if not required, a fully welded design with no mechanical assembly for their certain domestic containers.\(^{111}\) Nine out of 12 purchasers reported that having a fully welded container was “very” important as a purchasing factor.\(^{112}\) Purchasers referred to several reasons for preferring a fully welded design.\(^{113}\) Certain domestic containers undergo continuous compression tension during their expected 15-year useful lives because they are regularly top lifted, loaded, and unloaded from the chassis and rail cars and must bear the load of other equipment sitting on the top of the box, while the rail car sways back and forth, brakes, and accelerates.\(^{114}\) Purchasers stated that mechanical fasteners become loose, making these containers less durable and leading to water seepage as the holes associated with riveting grow larger. Water seepage damages the contents of the container, causes the container to be taken out of service for repairs, and shortens the container’s useful life. Rivets and bolts are not needed for fully welded containers, which eliminates the problems and costs associated with water seepage.\(^{115}\) Purchaser J.B. Hunt noted that since it began buying fully welded containers from China, the number of claims filed for wet damage to cargo has decreased dramatically.\(^{116}\)

Chinese certain domestic containers have been fully welded throughout the POI.\(^{117}\) Stoughton did not sell a fully welded domestic container in the U.S. market during the POI. When it was first introduced to the market in 2011, Stoughton’s Generation I container employed *** than did the aluminum domestic containers that the company produced until

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\(^{111}\) For purposes of these views, the term “fully welded” domestic container refers to a container in which the steel components are joined together by means of welding except the nonstructural components, specifically the doors and the floor. The term “mechanically fastened” domestic container refers to a container in which at least some of the structural components are connected mechanically (e.g., by rivets and bolts) rather than welded. CR at I-20, PR at I-15-16.

Purchasers Hub City, Schneider, and Union Pacific stated that they required a domestic container design that was fully welded, with no mechanical assembly. Hearing Tr. at 149 (Cerny, Hub Group), 157 (Drella, Schneider), and 152 (Schmelder, Union Pacific). Purchasers J.B. Hunt and CSX stated that they preferred a fully welded design or considered it to be the industry standard. Hearing Tr. at 168-169 (Prevatt, CSX) and 163-164 (Delozier, J.B. Hunt).

\(^{112}\) CR/PR at Table II-6.

\(^{113}\) CR at I-21-22 and II-20, PR at I-16 and II-11-12.

\(^{114}\) CR at I-19, PR at I-15.

\(^{115}\) CR at I-21-22, II-20; PR at I-16 and II-11-12; CIMC Prehearing Brief at 15-18, Singamas Prehearing Brief at 21-22, and J.B. Hunt Prehearing Brief at 6.

\(^{116}\) CR at I-24, PR at I-17. Stoughton claims that its use of fasteners is substantially reduced from the aluminum containers that it produced until 2006. Stoughton states that it first became aware that some purchasers apparently require a fully welded container at the May 2014 staff conference in the preliminary phase of these investigations. It contends that not all of its purchasers clearly specified that they would only buy a fully welded container. Petitioner Prehearing Brief at 15-19, Hearing Tr. at 35 (Wahlin). We do not find that these arguments weigh against the testimony of certain purchasers regarding their preference or requirement for a fully welded domestic container.

\(^{117}\) CR at I-22, PR at I-16.
2006. It based this design on the perception that a domestic container that was primarily welded, albeit not fully welded, would be acceptable to the market while still allowing it to minimize costs related to tooling and labor. Its Generation II container, designed to correct structural problems experienced in its first sale to the market, similarly continued to use mechanical fasteners for certain areas. Stoughton did not produce a fully welded prototype container until July 2014.

b. Interior Width

Certain purchasers require a container with an interior width of 100 3/8 inches. These purchasers are mainly trucking companies. Regulations limit the exterior width of certain domestic containers, but manufacturers in China have managed to produce such containers with a larger interior width using thinner walls. The advantage of the incremental space is that shippers can arrange one of two rows of pallets inside the container in a pinwheel fashion instead of in two uniform rows of 11 pallets, thereby fitting 25 instead of 22 pallets in the container.

During the POI, Stoughton’s certain domestic containers had an interior width of 99 inches, which did not accommodate the efficiency savings of the 100 3/8 inch containers. Stoughton agrees that the availability of greater width containers is important to some customers, but it also reports that it has always been capable of building such containers and that it has informed customers of this capability. However, it did not begin trial production of a welded steel domestic container with an interior width greater than 100 inches until early 2015.

4. Other

Raw materials account for approximately *** of the cost of goods sold (“COGS”) to manufacture certain domestic containers. Carbon steel accounts for the largest share of all costs (** percent), and wood flooring (** percent), paint (** percent), door assemblies (** percent), and other components (** percent) account for the balance. U.S. prices for cold-rolled steel and hot-rolled steel decreased by 15.8 percent and 21.6 percent, respectively, between January 2011 and December 2014. Respondents reported that prices for hot-rolled

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118 CR at I-23, PR at I-17.
119 CR at I-23-24, PR at I-17.
120 CR at I-24, PR at I-17.
121 Based on quarterly pricing data, sales of certain domestic containers with interior widths of more than 100 inches may have accounted for *** percent of the U.S. market during the POI. Singamas Prehearing Brief at 24 and Exh. 4.
122 CR at I-25, PR at I-18.
123 Petitioner Posthearing Brief at 7-9.
124 CR at I-26, PR at I-18.
125 CR/PR at V-1.
126 CR at V-2, PR at V-1-2.
and cold-rolled steel declined by 34.4 percent and 32.4 percent, respectively, in the Shanghai region since 2011.\textsuperscript{127} Stoughton reported that the average price of wood flooring increased by approximately *** percent.\textsuperscript{128}

Certain domestic containers are sold on a transaction-by-transaction basis, by bid, and pursuant to contracts.\textsuperscript{129} When issuing requests for quotations (“RFQs”), end users sometimes differentiate between loaded (i.e., laden) and empty containers when purchasing from manufacturers in China.\textsuperscript{130}

C. Whether the Establishment of a Domestic Industry is Materially Retarded by Reason of Subject Imports from China

The domestic industry manufactured small quantities of certain domestic containers during the POI relative to both subject imports and the total U.S. market. It produced *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014\textsuperscript{131} and operated at a capacity utilization rate of *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014.\textsuperscript{132} Stoughton reported ***.\textsuperscript{133} Stoughton reports that its *** investment in the dedicated production facility in Evansville, Wisconsin currently sits all but idle.\textsuperscript{134} Since June 2014, Stoughton has ***.\textsuperscript{135} Navistar produced and ***.\textsuperscript{136} The domestic industry had limited employment indicators during the POI, generally consistent with its limited production operations.\textsuperscript{137}

Based on its U.S. shipments of *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014,\textsuperscript{138} the domestic industry’s share of apparent U.S. consumption was *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014.\textsuperscript{139} Given the absence of any nonsubject imports, subject imports from China accounted for the

\textsuperscript{127} CR at V-2, PR at V-1.
\textsuperscript{128} CR at V-2, PR at V-1.
\textsuperscript{129} CR at V-4, PR at V-2, and CR/PR at Table V-1.
\textsuperscript{130} In some instances, certain domestic containers are shipped from China loaded with unrelated goods, and the revenue from providing that service reportedly offsets the shipping costs of the containers for the importer. CR at IV-6, PR at IV-5.
\textsuperscript{131} CR/PR at Table III-3.
\textsuperscript{132} CR/PR at Table III-3.
\textsuperscript{133} CR/PR at Table III-2.
\textsuperscript{134} Petitions, Vol. I at 3.
\textsuperscript{135} CR/PR at Table III-2.
\textsuperscript{136} CR at I-5, PR at I-4.
\textsuperscript{137} The domestic industry reported relatively low levels of production related workers, total hours worked, and wages paid. These levels generally declined from 2011 through 2013, and then (except for the number of production and related workers) rose in 2014. CR/PR at Table III-8.
\textsuperscript{138} CR/PR at Table III-5.
\textsuperscript{139} CR/PR at Table IV-4.
remainder of apparent U.S. consumption in each year, and therefore the vast majority of the U.S. market during this period.\textsuperscript{140}

Stoughton, the sole domestic producer to report financial data, did not operate profitably during the POI.\textsuperscript{141} \textsuperscript{142} Stoughton reported *** operating income in ***.\textsuperscript{143} On a per-unit basis, Stoughton’s gross and operating *** in 2012 were smaller than in 2011, as its per-unit revenue increased by $*** and its per-unit costs declined by $***. In 2013, Stoughton’s gross and operating *** were greater than in 2012, as its per-unit costs increased by $***, more than its per-unit revenue increase of $***.\textsuperscript{144}

The Commission collected quarterly data on the total quantity and value of four types of certain domestic containers shipped to unrelated U.S. customers during the POI.\textsuperscript{145} Overall, prices for imports from China decreased between 2011 and 2014, while prices for U.S. producers increased.\textsuperscript{146} Purchase cost data for imports by end users show that purchase costs declined between 2011 and 2014.\textsuperscript{147} The decline in prices of subject imports appears to have been influenced, at least in part, by falling costs for certain raw materials.\textsuperscript{148}

The small number of sales in this industry and the limited quantities sold by the domestic producer complicate price comparisons and the evaluation of pricing trends over

\textsuperscript{140} U.S. imports of certain domestic containers from China were *** units in 2011, *** units in 2012, *** units in 2013, and *** units in 2014. CR/PR at Table IV-4.
\textsuperscript{141} CR at VI-9 n.13, PR at VI-3 n.13.
\textsuperscript{142} Stoughton reported capital expenditures and research and development expenses ***. CR/PR at Table VI-3.
\textsuperscript{143} Stoughton’s operating *** were $*** in 2011, $*** in 2012, and $*** in 2013, and its operating *** as a share of net sales was *** percent in 2011, *** percent in 2012, and *** percent in 2013. CR/PR at Table VI-1.
\textsuperscript{144} CR/PR at Table VI-1. As noted above, raw material costs accounted for an average *** percent of Stoughton’s total COGS, and its per-unit raw material costs *** between 2011 and 2012 and then *** between 2012 and 2013. CR/PR at Table VI-1.
\textsuperscript{145} These four pricing products, all of which are described and specified in AAR Specification M-930 applicable to closed van containers for domestic intermodal service, are as follows: Product 1 -- 53-foot, high cube 100 inches or less in internal width, dry domestic containers suitable for intermodal transport, fully welded; Product 2 -- 53-foot, high cube more than 100 inches in internal width, dry domestic containers suitable for intermodal transport, fully welded; Product 3 -- 53-foot, high cube 100 inches or less in internal width, dry domestic containers suitable for intermodal transport, assembled in part with mechanical fasteners; and Product 4 -- 53-foot, high cube more than 100 inches in internal width, dry domestic containers suitable for intermodal transport, assembled in part with mechanical fasteners. CR at V-6, PR at V-3-4.
\textsuperscript{146} CR at V-15, PR at V-5, CR/PR at Figure V-3.
\textsuperscript{147} CR/PR at Table V-10.
\textsuperscript{148} As noted above, raw materials represent approximately *** of COGS in the manufacture of certain domestic containers, and steel represents *** percent of raw material costs. CR/PR at V-1. Respondents reported that prices for hot-rolled and cold-rolled steel declined by 34.4 percent and 32.4 percent in the Shanghai region since 2011, consistent with declining steel prices in the United States. CR at V-2, PR at V-1-2.
Product-specific price comparisons could not be made; Stoughton only reported pricing data for unladen Product 3, whereas Chinese importers reported pricing data for unladen product 1 containers and laden and unladen product 2 containers. A comparison of unladen containers for U.S. product 3 with Chinese products 1 and 2 combined showed that the subject imports sold at lower prices in all six possible quarterly comparisons, at margins ranging from *** percent to *** percent.

The Commission also collected bid data from those purchasers that use a bidding process to purchase certain domestic containers. These data showed that bids were often, but not always, awarded to the lowest bidder. In particular, we note that ***. When Stoughton competed in bidding events, but did not win the sale, purchasers cited ***.

Stoughton alleged *** instances of sales lost to imported certain domestic containers from China. The Commission received responses from purchasers involved in *** of these allegations. Even though subject imports accounted for the vast majority of the U.S. market during the POI, and the limited pricing data suggest that subject imports undersold the domestic like product, we do not find that competition by subject imports was the cause of the failure of the domestic industry producing certain domestic containers to establish itself during the POI.

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149 During the POI, Stoughton ***. CR at III-24-25, PR at III-9-10.
150 CR at V-6, PR at V-4.
151 CR at V-16, PR at V-6, and CR/PR at Table V-9.
152 Nine firms provided data, representing a total of 26 bidding events. Domestic producers participated in *** events. Of the *** bidding events with multiple bid offers, *** events had a single supplier win the sale. Of these *** bidding events, the lowest bid won in *** instances. CR at V-19-20, PR at V-8, CR/PR at Table V-11.
153 CR at V-19-20, PR at V-7-8. The award of a sale *** included the ***. CR/PR at Table V-11. In addition, *** containers from Stoughton in 2012 (CR at III-25, PR at III-10) at prices that were *** than the average quarterly price of containers from China at that time. Compare CR/PR at Table V-5 with Tables V-3 and V-4.
154 CR/PR at Table V-11.
155 The *** lost sales allegations for which the Commission did not receive responses involved as much as $*** and as many as *** containers. CR at V-36, PR at V-9.
156 CR at V-36, PR at V-9.
157 We note that the there is no documentation to support the assertion ***. The bid data in the record show that ***. CR/PR at Table V-11 (**).
158 In its final determination, Commerce found antidumping duty margins of 111.22 percent for imports from producers and exporters entitled to separate rates, and 107.19 percent for the PRC-wide entity. 53-Foot Domestic Dry Containers From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value; Final Negative Determination of Critical Circumstances, 80 Fed. Reg. 21203, 21205 (April 17, 2015). We recognize that Stoughton argues that these dumping margins are high (Hearing Tr. at 54 (Doug an)), but this does not detract from our conclusion that subject imports were not responsible for the material retardation of the establishment of the domestic industry. Commerce found aggregate subsidy levels of 28.0 percent for CIMC and 17.13 percent for Singamas. 53-Foot Domestic Dry Containers From the People’s Republic of China: Final Affirmative Countervailing Duty Determination, 80 Fed. Reg. 21209, 21211 (April 17, 2015).
Stoughton attempted to enter the certain domestic container market after receiving inquiries in 2009 from domestic purchasers (rail and truck carriers and leasers) that were interested in securing a U.S. source of supply. In 2011, Stoughton introduced its Generation I certain domestic containers into the U.S. market after receiving its first order, ***. After Norfolk Southern discovered quality and design problems with the side panels of the containers, Stoughton acknowledged that there were design problems with the initial production and repaired the containers by adding reinforcing material. According to Norfolk Southern, however, these modifications made the containers too heavy for the purpose for which they were intended.

Stoughton’s problems with the Norfolk Southern order were recognized by potential purchasers, and the difficulties that Norfolk Southern experienced became well known, as they unfolded over time. A representative from Union Pacific testified that “it was common knowledge that Stoughton was unable to deliver containers to Norfolk Southern on time at commercial scale.” The damage to Stoughton’s reputation was not limited to its inability to supply the number of units originally ordered; problems with the quality of the containers delivered also became known. For example, Union Pacific personnel “saw firsthand that the side walls of Stoughton’s containers suffered significant damage during ordinary uses on initial trips.” A representative from Norfolk Southern testified that a partner railroad threatened to embargo the Stoughton containers because of safety concerns. Other potential purchasers also became aware of Norfolk Southern’s experience with Stoughton’s containers.

In addition to the problematic rollout with Norfolk Southern and consequent concerns in the industry regarding the quality of Stoughton’s containers and its ability to meet purchasers’ delivery terms, there is substantial evidence on the record detailing additional concerns purchasers had regarding Stoughton’s containers. Although Stoughton’s use of mechanical fasteners was emphasized during the preliminary phase of these investigations as a reason purchasers were not interested in Stoughton’s containers, the more robust record in the

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159 CR at III-6, PR at III-3-4. Several purchasers in these investigations continue to express an interest in locating a qualified domestic source of supply. For example, Union Pacific noted that it ***. Union Pacific Prehearing Brief at 13. Similarly, FedEx stated that it has “a concern about purchasing containers from only one country, if that country is not the U.S.” because of “inherent risks in relying on a single global source of supply.” FedEx Freight Response to Questions Posed at Hearing, at 11.

160 CR at III-24-25, PR at III-9-10.

161 CR at III-25, PR at III-9-10.

162 CR at III-25, PR at III-9-10.

163 Hearing Tr. at 167 (Dean).

164 Hearing Tr. at 154 (Schmelder).

165 Hearing Tr. at 155 (Schmelder).

166 Hearing Tr. at 167 (Dean). This partner railroad apparently was ***. See CIMC Posthearing Brief, Exh. 3

167 Hearing Tr. at 209 (Woodruff, J.B. Hunt) (“the problems with the NS containers that had been put out and resulted in NS having to cancel a substantial part of their order started to find its way into the marketplace’’); Hearing Tr. at 253 (Cerny, Hub City) (issue of Stoughton’s reputational competence persists).
final phase shows that it was not just one issue that dissuaded purchasers from buying Stoughton’s product. Indeed, some purchasers admitted they were willing to consider a container with some mechanical fasteners, while others were only interested in fully welded containers.\footnote{\textit{See, e.g.}, Hearing Tr. at 206 (DeLozier) (admitting that J.B. Hunt was willing to consider a container with mechanical fasteners); Union Pacific Posthearing Brief at 1 (explaining that Union Pacific’s design specification has required fully welded, corrugated steel containers since at least 2009).} Similarly, some purchasers prioritized a need to have containers with an interior width that exceeded 100 inches, while others were content with the smaller interior.\footnote{\textit{See, e.g.}, J.B. Hunt Posthearing Brief, Answers to Hearing Questions from Commissioners at Exh. 3, Attachment 6 (detailing key design specifications for J.B. Hunt that included an interior width of over 100 inches); Union Pacific Posthearing Brief, Exh. 1 (listing the internal dimensions on Union Pacific’s design specification as less than 100 inches).} Some purchasers also had specific delivery terms, and a supplier’s inability to meet these terms was an influential factor in their purchasing decisions.\footnote{\textit{See, e.g.}, Hearing Tr. at 154 (Schmelder) (stating that timely delivery and commercial quantity are critical to Union Pacific); Hearing Tr. at 169-170 (Prevatt) (explaining the importance of production capacity and delivery timeliness to CSX Intermodal Terminals and Stoughton’s inability to meet certain delivery terms); CR/PR at Table V-11.} The common complaint was that Stoughton was unable to provide the purchasers with what they wanted. We discuss the experiences of various purchasers in turn.

\textbf{J.B. Hunt.} Stoughton sent J.B. Hunt a written proposal in August 2011 for building a prototype container. The proposal provided that J.B. Hunt would share in the cost of production of the prototype and the prototype would be completed in 2011. The proposal did not specifically require that the prototype be fully welded. As the production of the prototype fell during the time period when Stoughton was modifying its design from Generation I to Generation II, in light of its experience with the Norfolk Southern order, Stoughton recommended that the prototype production be delayed until the Generation II design was completed. J.B. Hunt initially agreed, but the project was ultimately never completed.\footnote{CR at III-7-8, PR at III-4.} J.B. Hunt maintains that it lost interest in pursuing the prototype project with Stoughton after observing workmanship problems with another Stoughton product, a chassis, and after identifying quality problems with a Stoughton prototype container at a trade show in November 2011.\footnote{J.B. Hunt Posthearing Brief at 4-5.} In November 2012, Stoughton notified J.B. Hunt that it was “not ready to talk about a J.B. Hunt container yet.” Stoughton contends that this statement did not mean that Stoughton could not build a container that met J.B. Hunt’s specifications, but rather that it could not build a container that would meet J.B. Hunt’s price requirements.\footnote{Petitioner Posthearing Brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson) at 10.} Stoughton also construes J.B. Hunt’s eventual lack of interest in pursuing a Stoughton prototype as having been “due to pricing.”\footnote{Petitioner Posthearing Brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson) at 11.} Stoughton, however, has not cited to any evidence to support its
interpretation of these events. Moreover, J.B. Hunt reported that it ***,175 at a time when the prices of subject imports were at *** and before the petition leading to these investigations had been filed.176 This belies Stoughton’s contention that J.B. Hunt was not interested in a domestic container because subject imports were available at low prices.

Hub City. U.S. purchaser Hub City testified that it contacted Stoughton in February 2011 to discuss product specification and production plans. Hub City did not find that Stoughton’s product satisfied Hub City’s specifications, including a fully welded design, and therefore never requested pricing. After Stoughton changed its design and introduced its Generation II container, Hub City expressed interest in hearing about Stoughton’s latest container developments and actually considered buying the container that Stoughton displayed at a 2012 trade show.177 After Hub City reviewed the container’s test results, however, it found them to be unacceptable and informed Stoughton that the “current design of your container would require us to pay special attention to this unit, in our opinion, which we’re not set up to do.”178 In light of these quality concerns, Hub City inquired as to whether there was the possibility to set up a “lease-to-purchase” program, which would allow it to lease the container for an initial period of one to two years, during which it could “inspect the container regularly ... to see whether there are any potential issues with the design.”179 The record, therefore, does not support Stoughton’s assertion that Hub City was motivated only by considerations of price, and not by the specifications of Stoughton’s product.180 We note that there is no evidence that Hub City ever requested pricing information from Stoughton, or that Stoughton provided it.

Union Pacific. Union Pacific has required fully welded containers with corrugated steel walls since at least 2009.181 Union Pacific communicated this to Stoughton in September 2010, when Union Pacific responded to a request from Stoughton for information regarding its specifications for certain domestic containers. In November 2010, Union Pacific issued a Request for Information to Stoughton, to which Stoughton did not respond. In 2011, Stoughton submitted an unsolicited bid to Union Pacific with a design – employing mechanical fasteners and stamped (instead of corrugated) panels – that did not comply with Union Pacific’s specifications. Union Pacific did not respond.182 As noted above, Union Pacific personnel saw firsthand the defects in the side walls of the containers that Stoughton delivered to Norfolk Southern and noted that the ***.183

***.184

175 CR at III-17, PR at III-8.
176 See CR/PR at Tables V-6 and V-7.
177 CR at III-8, PR at III-5; Hearing Tr. at 149-150 (Cerny).
178 Petitioner Posthearing Brief, Exh. 29.
179 Petitioner Posthearing Brief, Exh. 29.
180 Petitioner Posthearing Brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson) at 14, Exh. 26, and Exh. 28.
181 Union Pacific Posthearing Brief at 1.
182 Union Pacific Posthearing Brief at 2-4.
183 CIMC Posthearing Brief, Exh. 3.
184 CR at V-38, PR at V-9.
CSX. A representative from CSX testified that it views fully welded, corrugated steel containers as the industry standard. CSX included Stoughton in its RFPs for container purchases in 2012 through 2014. CSX contends that, through these interactions, CSX became aware that Stoughton could not meet its specifications and also that Stoughton could not fill CSX’s order sizes in a timely manner.\textsuperscript{185}

FedEx. In February 2013, FedEx issued its first RFQ for certain domestic containers and contacted Stoughton, among other potential U.S. producers, to determine its interest in participating in the RFQ. Stoughton and the other potential U.S. producers declined to participate.\textsuperscript{186} FedEx issued a second RFQ in May 2014. Stoughton indicated in its bid that it could not meet FedEx’s specification, particularly FedEx’s requirement for strong logistics posts in the containers.\textsuperscript{187} One of the Chinese suppliers was able to meet all of the required design specifications.\textsuperscript{188}

Schneider. A representative from Schneider testified that, because it experienced leakage problems with older, aluminum, mechanically fastened containers, it decided, in 2008, to purchase only fully welded containers. Schneider also requires an interior width of over 100 inches. The Schneider representative examined a Stoughton container at a trade show in 2012 and found that it had several problems, including the use of mechanical fasteners in critical areas, the poor quality of welds in certain areas, and an interior width of less than 100 inches. The Schneider representative testified that he brought these problems to the attention of the Stoughton representative at the trade show. In October 2014, Schneider’s engineers examined Stoughton’s most recent model, which was fully welded, and found that it was an improvement but still did not match the quality of Schneider’s current fleet of containers.\textsuperscript{189} Despite these concerns, Schneider was willing to move forward with Stoughton, so long as certain design changes were made, but ultimately postponed all container and chassis purchases through 2015.\textsuperscript{190}

Taking the evidence on the record as a whole, we find that Stoughton failed to offer products that met the requirements of potential purchasers of certain domestic containers when it attempted to enter the market. Although petitioner contends that it was losing sales because it could not compete with the price of subject imports, Stoughton did not provide evidence that supports this assertion. Indeed, there is little evidence on the record showing price discussions between Stoughton and potential purchasers.\textsuperscript{191} It was not subject imports

\textsuperscript{185} Hearing Tr. at 168-170 (Prevatt).
\textsuperscript{186} CR at III-9, PR at III-5.
\textsuperscript{187} Hearing Tr. at 173 (Hoffman) and FedEx’s Response to Questions Posed during April 16, 2015 Hearing at 3.
\textsuperscript{188} FedEx’s Response to Questions Posed during April 16, 2015 Hearing at 4.
\textsuperscript{189} Hearing Tr. at 156-159 (Drella). Stoughton provided an affidavit from ***. Petitioner Posthearing Brief at Exh. 34. In our view, the opinions expressed in this affidavit do not significantly detract from the Schneider representative’s testimony at the hearing. We note that the ***, which is not inconsistent with the Schneider representative’s testimony that the company required an interior width of over 100 inches or that it had other quality issues with the Stoughton prototypes.
\textsuperscript{190} Petitioner Posthearing Brief, Exh. 36-40.
\textsuperscript{191} See, e.g., Petitioner Posthearing Brief, Exh. 13-14.
that prevented Stoughton from establishing itself in the market, but rather Stoughton’s well-known problems with the Norfolk Southern order and its inability to meet the specifications and requirements of major purchasers. We are not persuaded by Stoughton’s suggestion that some purchasers developed a fully welded “requirement” merely as an argument to use in these investigations, as a pretext that masks their preference for the lower priced containers from China.\textsuperscript{192} The evidence in these investigations shows that purchasers had valid reasons for preferring a fully welded container and that this preference was widespread among purchasers. Moreover, Stoughton does not dispute that some purchasers require a domestic container with an interior width of more than 100 inches, but it did not develop a prototype of this dimension **. \textsuperscript{193}

There is ample evidence in the record that at least some purchasers were interested in having a domestic source of supply for at least some of their needs. As noted above, both Union Pacific and FedEx explained the value of having a domestic source of supply.\textsuperscript{194} The willingness of J.B. Hunt first to contribute to the cost of building a Stoughton prototype \textsuperscript{195} and then to pursue an order ***\textsuperscript{196} is further evidence of this interest in having a domestic supply source that could meet their requirements.

We recognize that not all of the purchasers’ criticisms of Stoughton’s marketing efforts are supported by the record in these investigations,\textsuperscript{197} but this does not detract from our overall conclusion that Stoughton had widespread difficulty meeting the specifications, quality requirements, and delivery schedules of a significant number of purchasers.

Stoughton was slow to address the requirements of many of its potential customers. For example, as late as 2013, Stoughton was *** .\textsuperscript{198} We recognize that Stoughton has now begun to build prototypes that may address the requirements of some purchasers for a fully welded container and for a container with an interior width of more than 100 inches, but these efforts occurred late in the POI (in the case of a fully welded container) or after the POI (in the case of a container with an interior width of more than 100 inches).

In sum, the record indicates that the domestic industry’s performance reflects its difficulties in producing a product that would meet purchaser requirements and that its performance was not worse than could reasonably have been expected notwithstanding subject import competition. We have accordingly reached negative determinations in these investigations.

\textsuperscript{192} Petitioner Prehearing Brief at 15-19, Hearing Tr. at 35 (Wahlin).
\textsuperscript{193} CR at I-26, PR at I-18.
\textsuperscript{194} Union Pacific Prehearing Brief at 13, FedEx Freight Response to Questions Posed at Hearing, at 11.
\textsuperscript{195} Petitioner Posthearing Brief, Responses to Commissioners’ Questions (Johanson and Williamson) at 5.
\textsuperscript{196} CR at III-17, PR at III-8.
\textsuperscript{197} For example, the assertion by a representative of Hub City that Stoughton did not contact him before February 2011 (Hearing Tr. at 149 (Cerny)) does not appear to be borne out by the record. See Petitioner Posthearing Brief, Responses to Commissioners’ Questions (Johanson and Williamson) at 12.
\textsuperscript{198} Petitioner Posthearing Brief at Exh. 47, ***.
V. Conclusion

For the reasons stated above, we determine that the establishment of an industry in the United States is not materially retarded by reason of imports of 53-foot domestic dry containers from China found by Commerce to be sold in the United States at less than fair value and to be subsidized by the government of China.
PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Stoughton Trailers, LLC, Stoughton, Wisconsin, on April 23, 2014, alleging that the establishment of a domestic industry is material retarded and that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of 53-foot domestic dry containers ("certain domestic containers") from China. The following tabulation provides information relating to the background of these investigations.2 3

1 See the section entitled “The Subject Merchandise” in Part I of this report for a complete description of the merchandise subject to these investigations.
2 Pertinent Federal Register notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).
3 A list of witnesses appearing at the hearing is presented in appendix B of this report.
<table>
<thead>
<tr>
<th>Effective date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 23, 2014</td>
<td>Petition filed with Commerce and the Commission; institution of the Commission's investigations (79 FR 24005, April 29, 2014)</td>
</tr>
<tr>
<td>May 19, 2014</td>
<td>Commerce’s notices of initiation (79 FR 28674, 79 FR 28679)</td>
</tr>
<tr>
<td>June 9, 2014</td>
<td>Commission’s preliminary determinations (79 FR 33950, June 13, 2014)</td>
</tr>
<tr>
<td>July 14, 2014</td>
<td>Commerce’s postponement of its preliminary determination in the countervailing duty investigation (79 FR 40714)</td>
</tr>
<tr>
<td>August 28, 2014</td>
<td>Commerce’s postponement of its preliminary determination in the antidumping duty investigation (79 FR 51305)</td>
</tr>
<tr>
<td>September 29, 2014</td>
<td>Commerce’s preliminary determination concerning the countervailing duty investigation on imports from China; alignment of final countervailing duty determination with final antidumping duty investigation (79 FR 58320)</td>
</tr>
<tr>
<td>November 26, 2014</td>
<td>Commerce’s preliminary determination concerning the antidumping duty investigation on imports from China; preliminary negative determination of critical circumstances; postponement of final determination and extension of provisional measures (79 FR 70501)</td>
</tr>
<tr>
<td>November 26, 2014</td>
<td>Scheduling of the final phase of countervailing duty and antidumping duty investigations (79 FR 73626, December 11, 2014)</td>
</tr>
<tr>
<td>December 31, 2014</td>
<td>Commerce’s amendment of its preliminary determination of sales at less-than-fair-value (79 FR 78800)</td>
</tr>
<tr>
<td>April 16, 2015</td>
<td>Commission’s hearing</td>
</tr>
<tr>
<td>April 17, 2015</td>
<td>Commerce’s final determination concerning the antidumping duty investigation on imports from China; final negative critical circumstances determination; final determination concerning the countervailing duty investigation on imports from China (80 FR 21203 and 80 FR 21209)</td>
</tr>
<tr>
<td>May 19, 2015</td>
<td>Commission’s vote</td>
</tr>
<tr>
<td>June 1, 2015</td>
<td>Commission’s views</td>
</tr>
</tbody>
</table>
STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

. . .

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

. . .

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the
domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of report

Part I of this report presents information on the subject merchandise, subsidy/dumping margins, and domestic like product. Part II of this report presents information on conditions of competition and other relevant economic factors. Part III presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. Parts IV and V present the volume of subject imports and pricing of domestic and imported products, respectively. Part VI presents information on the financial experience of U.S. producers. Part VII presents the statutory requirements and information obtained for use in the Commission’s consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Certain domestic containers are generally used for the intermodal transport of goods throughout North America via trucks and railcars. The sole U.S. producer to report commercial sales of certain domestic containers is petitioner Stoughton, although two other firms have produced *** and an additional firm is considering producing ***. The two known producers of certain domestic containers outside the United States are China International Marine Containers (Group), Ltd. (“CIMC”) and Singamas Container Holdings, Ltd. (“Singamas”) of China. Leading U.S. importers of certain domestic containers from China include CIMC, Hub City Terminals Inc. (“Hub City”), J.B. Hunt Transport, Inc. (“J.B. Hunt”), Singamas North America, Inc. (“Singamas North America”), and Union Pacific Railroad Company (“UPRR”). There were no reported imports from nonsubject countries between January 2011 and December 2014. The primary U.S. purchasers of certain domestic containers are railroad companies and transport companies. The largest purchasers of certain domestic containers are ***, which accounted for nearly *** percent of certain domestic containers purchased from January 2011 through December 2014.

Apparent U.S. consumption of certain domestic containers totaled *** units valued at $*** in 2014. Currently, only Stoughton is known to have commercially produced limited quantities of certain domestic containers in the United States. Stoughton had commercial sales ***, while U.S. producer Navistar produced ***. U.S. producers’ U.S. shipments accounted for *** percent of apparent U.S. consumption by quantity (*** percent by value) in 2014. U.S.

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4 Hearing transcript, pp. 16 (Levin), 24 (Wahlin).
5 American Intermodal Container Manufacturing (“AICM”) has plans to ***. Staff telephone interview with ***; Staff telephone interview with ***. For additional information please see Part III.
imports from China totaled *** units valued at $*** in 2014 and accounted for slightly less than *** percent of apparent U.S. consumption by quantity (*** percent by value).

SUMMARY DATA AND DATA SOURCES

Appendix C, table C-1 presents a summary of data collected in these investigations. Except as noted, U.S. industry data for 2011-14 are based on the questionnaire responses of Stoughton and Navistar.6 Stoughton accounted for all known commercial U.S. production of certain domestic containers during 2011-13, while the production data reported in 2014 by Stoughton and Navistar account for all known *** production of certain domestic containers in that year. U.S. imports for 2011-14 are based on the reported exports to the United States of certain domestic containers by the only two known producers in China (CIMC and Singamas).7

PREVIOUS AND RELATED INVESTIGATIONS

There have been no previous antidumping or countervailing duty investigations on certain domestic containers.

NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

On September 29, 2014, Commerce published a notice in the Federal Register of its preliminary determination of countervailable subsidies for producers and exporters of product from China.8 On April 17, 2015, Commerce published a notice in the Federal Register of its affirmative final determination of countervailable subsidies for producers and exports of certain domestic containers from China.9 Table I-1 presents Commerce’s findings of subsidization of certain domestic containers from China.

6 Staff requested trade, financial, and pricing data over a span of four years (2011-14), rather than the more typical three years. Nearly *** of the production of certain domestic containers by Stoughton since it resumed container operations occurred in 2011. Stoughton also *** in that year.
7 Hearing transcript, pp. 154 (Schmelder) and 278 (Tauriella). The petitions listed a third potential Chinese producer, Shanghai C & Jindo Container Co., Ltd. (“Jindo”). However, Jindo is no longer in business. Singamas’ prehearing brief, p. 6.
Table I-1
Certain domestic containers: Commerce’s preliminary and final subsidy determination with respect to imports from China

<table>
<thead>
<tr>
<th>Entity</th>
<th>Preliminary countervailable subsidy margin (percent)</th>
<th>Final countervailable subsidy margin (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIMC¹</td>
<td>10.46</td>
<td>28.00</td>
</tr>
<tr>
<td>Singamas²</td>
<td>7.13</td>
<td>17.13</td>
</tr>
<tr>
<td>All others</td>
<td>8.79</td>
<td>22.57</td>
</tr>
</tbody>
</table>

¹ “CMIC” collectively refers to CIMC International Marine Containers (Group) Co., Ltd. (CIMC Group); CIMC Containers Holding Co., Ltd. (CIMC Holding); CIMC Wood Development Co., Ltd. (CIMC Wood); Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. (Xinhui Special); Qingdao CIMC Containers Manufacture Co., Ltd. (Qingdao CIMC); Nantong CIMC-Special Transportation Equipment Manufacture Co., Ltd. (Nantong CIMC); Xinhui CIMC Container Co., Ltd. (Xinhui Container); and Xinhui CIMC Wood Co., Ltd. (Xinhui Wood).

² “Singamas” collectively refers to Hui Zhou Pacific Container Co., Ltd.; Qingdao Pacific Container Co., Ltd.; and Qidong Singamas Energy Equipment Co., Ltd.


Commerce determined the following programs to be countervailable:

1. Preferential Loans to State-Owned Enterprises ("SOEs")
2. Export Seller’s Credits from China Ex-Im
3. Export Buyer’s Credits Program
4. Provision of Electricity for Less Than Adequate Remuneration ("LTAR")
5. Provision of Hot Rolled Sheet and Plate for LTAR
6. Two Free/Three Half Program for Foreign Invested Enterprises ("FIEs")
7. Preferential Tax Programs for Enterprises Recognized as High or New Technology Enterprises ("HNTEs")
8. Enterprise Tax Law Research and Development Program Grants

Commerce determined the following programs to be received by CIMC:

1. Supported Fund of Patent Application, also known as “Special Fund for Intellectual Property Rights”
2. 2013 Shenzhen Standard Strategic Funding Plan Fund, also known as “Standardization Implementation Program”
3. Nantong Municipal Science & Project Tech Project Fund
4. Nantong Special Fund on Energy Saving & Industry Recycling

Commerce determined the following program to be received by Singamas:

1. Incentives to Further Promote Industrial Economy, also known as “Incentives for Further Promoting Faster Development of Industrial Economies”
Commerce determined the following programs not to be used or with no allocable benefit during Commerce’s period of investigation (January 1, 2013 – December 31, 2013).

1. “Famous Brands” Program
2. Other Grant to Singamas
3. Provision of Hot-Rolled Steel I-Beams for LTAR
4. Advance Unit for Enterprise Investment, also known as “Award for Elite Persons and Enterprises for their Contributions in 2012”\(^\text{10}\)

**Sales at LTFV**

On November 26, 2014, Commerce published a notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from China.\(^\text{11}\) On December 31, 2014, Commerce published an amended notice in the *Federal Register* of its preliminary determination of sales at LTFV with respect to imports from China.\(^\text{12}\) Commerce preliminarily determined that critical circumstances do not exist for imports of certain domestic containers from China. On April 17, 2015, Commerce published a notice in the *Federal Register* of its affirmative final determination of sales at LTFV with respect to imports from China.\(^\text{13}\) Commerce made a final negative determination of critical circumstances as no parties made any comments regarding its critical circumstances analysis announced in its preliminary determination. Table I-2 presents Commerce’s dumping margins with respect to imports of product from China.


\(^{11}\) *53-Foot Domestic Dry Containers From the People’s Republic of China: Preliminary Determination of Sales at Less Than Fair Value; Preliminary Negative Determination of Critical Circumstances; and Postponement of Final Determination and Extension of Provisional Measures*, 79 FR 70501, November 26, 2014.


\(^{13}\) *53-Foot Domestic Dry Containers From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value; Final Negative Determination of Critical Circumstances*, 80 FR 21203, April 17, 2015.
### Table I-2
**Certain domestic containers: Commerce’s preliminary and final weighted-average LTFV margins with respect to imports from China**

<table>
<thead>
<tr>
<th>Exporter</th>
<th>Producer</th>
<th>Amended Preliminary dumping margin (percent)</th>
<th>Final dumping margin (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC-Wide Entity¹</td>
<td></td>
<td>104.59</td>
<td>107.19</td>
</tr>
</tbody>
</table>

¹ China International Marine Containers (Group) Co., Ltd., China International Marine Containers (HK) Ltd., Xinhui CIMC Special Transportation Equipment Co., Ltd., Nantong CIMC-Special Transportation Equipment Manufacture Co., Ltd., and Qingdao CIMC Container Manufacture Co., Ltd. (collectively, “CIMC”), a mandatory respondent in this investigation, did not demonstrate that it is entitled to a separate rate. Therefore, Commerce considers CIMC to be the PRC-Wide Entity.

THE SUBJECT MERCHANDISE

Commerce’s scope

Commerce has defined the scope of these investigations as follows:14

The merchandise subject to 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 transport15 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


15 “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.
that meets the definition set forth herein is included within the scope of this investigation.

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 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-stacking\(^\text{16}\) 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

\(^\text{16}\) “Double-stacking” refers to two levels of intermodal containers on a rail car, one on top of the other.
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.

Tariff treatment

53-foot dry domestic containers are classified under HTS subheading 8609.00.00. The subheading does not have multiple statistical reporting numbers, so no separate data on the subject containers are available. HTS heading 8609 encompasses all containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport. The current general rate of duty for this heading is free. Imports of the subject merchandise that 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 imported under HTSUS subheading 9803.00.50.

After examining Crowley Liner Services Inc.’s (“Crowley”) requests and claims regarding the inclusion of 53-foot marine containers within the scope of these investigations, as well as the totality of the language of the scope of these investigations, Commerce concluded that 53-foot marine containers, as listed in Crowley’s scope submission, are covered by the scope of these investigations. Countervailing Duty Investigation of 53-Foot Domestic Dry Containers from the People’s Republic of China: Issues & Decision Memorandum for the Final Determination, United States Department of Commerce, International Trade Administration, April 10, 2015.
THE PRODUCT

Description and applications

The product scope includes closed van containers exceeding 48 feet, but generally measuring 53 feet in length, which are designed to transport dry goods primarily by rail or by road vehicles, or by a combination of both modes. Certain domestic containers are designed specifically for the movement of freight by multiple means of transportation throughout North America. Certain domestic containers are closed on all sides, including the top, and accessed through lockable double doors at one end. The length is specified as 53 feet because this is the longest length allowed by U.S. states for use on highways and roads. As a result, the domestic containers are used in the North American intermodal freight market. Domestic containers are “dry” because they are not designed or intended for carrying liquids or goods requiring refrigeration. Domestic containers have various handlings and fittings so that the containers can be lifted and then mounted on various platforms, such as a chassis, a railroad well car, or a ship, for movement (figure I-1).

Figure I-1
Certain domestic containers: 53-foot domestic dry container


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18 Petition, p. 10.
19 Petition, p. 4.
21 Petition, p. 4.
22 Petition, pp. 4-7.
23 In the intermodal freight industry, the term chassis refers to a specific type of flat trailer designed to connect with and secure domestic containers. Conference transcript, p. 173 (Drella).
24 Petition, p. 6; conference transcript, p. 87 (Fenton).
Certain domestic containers are primarily used for transport by road or rail. The subject product is either mounted on a chassis, to be towed by a truck on roads, or placed on a specially designed rail well car, an operation known as container-on-flatcar (COFC). Some domestic containers are also used in maritime transport, and are purchased by Jones Act carriers that transport cargo to Hawaii, Alaska, and Puerto Rico, and barges that carry freight to locations in the Caribbean as well as up the west coast of the United States to Alaska. At a transfer point, containers are lifted and mounted from the chassis onto the rail bed, or the reverse, and moved to their final destination.

The American Association of Railroads (AAR) publishes Specification M-930 for “closed van containers for domestic intermodal service” that establishes uniform baseline requirements for domestic containers so that they meet minimum safety standards and can be used interchangeably on road and rail transport equipment without compatibility problems. The Petitioner stated that domestic containers generally meet the AAR M-930 standards for closed van containers for domestic intermodal service. AAR M-930 defines the minimum safe standards for a container used in rail and highway modes, but is not intended to “place restrictions on the structural design methods or the use of any materials.” For example, AAR M-930 sets the requirements for exterior and interior dimensions; handling fittings; gooseneck tunnel dimensions; maximum gross weight ratings; special features; marking, identification, and coating; and design requirements for dynamic load factors and specific parts of the container. AAR M-930 also defines tests that the container must pass for lifting, front wall strength, rear wall strength, side wall strength, roof strength, floor strength, racking, and weatherproofness.

Each purchaser may establish additional and unique requirements and specifications, leading certain domestic containers to vary by purchaser. Container specifications are determined by the individual purchasers based on their customers’ requirements or other unique requirements for their application within the transportation industry.

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25 Petition, exh. SAD-1.
26 Crowley and Sea Star’s posthearing brief, p. 8.
27 Conference transcript, p. 87 (Fenton).
28 Hearing transcript, p. 103 (Fenton).
29 Petition, p. 6.
31 Petition, p. 10.
33 Petition, exh. I-2, AAR M-930.
34 AAR M-930, pp. 16-18.
36 Hearing transcript, p. 189 (Woodruff).
carriers like J.B. Hunt and Schneider, for example, utilize containers with a width of greater than 100 inches to be able to pinwheel\textsuperscript{37} the loads to maximize the cargo for their customers. FedEx, which is a less than truckload provider, employs 11-guage logistics posts to secure cargo during transportation. The railroads, on the other hand, do not require containers in excess of 100 inches wide, but do utilize containers with thicker, corrugated sidewalls. Lastly, ocean containers are produced in a variety of lengths (20-foot, 40-foot, 45-foot, and 53-foot), and must be of greater strength. As noted above, the scope of these investigations is limited to containers exceeding 48-feet in length. Such transport providers are willing to sacrifice interior width and some other requirements to get the specifications that they need.\textsuperscript{38}

In addition to the AAR M-930, purchasers may require suppliers to meet other approval processes, such as the Convention for Safe Containers (CSC) for marine containers and the Supplier Approval Process\textsuperscript{39} put in place by UPRR. This process is designed to qualify the supplier ***.\textsuperscript{40}

Some domestic containers do not meet all of the AAR M-930 standards; they generally comply with Section 5 (design requirements), but not to the interchangeable dimensions requirements, having been designed to couple only with a specifically configured chassis. These containers typically operate in private fleets that have contracted with railroads to handle their equipment.\textsuperscript{41}

Certain domestic containers typically are fabricated from corrugated carbon steel panels, as this is the material that best fulfills the performance requirements and is demanded by the intermodal freight industry, according to the Petitioner and Respondents.\textsuperscript{42} Corrugated

\begin{footnotesize}
\textsuperscript{37} Pinwheeling means that one row of 11 pallets can go in a 100 inch wide container straight and a second row can be rotated or pinwheeled 90 degrees, allowing for 14 pallets in the second row for a total of 25 pallets overall. A 99 inch wide container only allows for two rows of 11, or 22 total pallets. Conference transcript, p. 128 (Drella).

\textsuperscript{38} Hearing transcript, pp. 189-190 (Woodruff).

\textsuperscript{39} According to UPRR, “the Supplier Approval Process requires an exacting review. When a prospective supplier indicates that its products are in compliance with industry standards and Union Pacific’s specifications, the Company requires a test period of additional due diligence. This expensive, multi-month review process may involve one or more site inspections, the examination and testing of prototypes, and other forms of evaluation. If the review ends in a positive determination, Union Pacific may order a limited number of cars or containers for testing on its rail system. This operational testing may require six to twelve additional months. Only if test versions of the product pass muster in "real world" operations—including numerous loading, unloading, and lift cycles, weather exposure and variances, and track geometry and conditions—will a new supplier be formally qualified to bid for commercial-scale purchases by Union Pacific.” UPRR’s prehearing brief, pp. 8-9.

\textsuperscript{40} UPRR’s purchaser questionnaire response, question II-6.

\textsuperscript{41} Petition, p. 7 n.8.

\textsuperscript{42} Petition, p. 7; conference transcript, pp. 46 (Fenton), 77 (Fenton), 107 (DeLozier), 113-114 (Cerny), 127 (Drella), 180 (Dean).
\end{footnotesize}
carbon steel offers better durability, weatherproofness, and structural integrity, resulting in a longer useful life and lower maintenance cost.\textsuperscript{43} However, domestic containers can be made of any material of sufficient strength and durability to meet the AAR M-930 performance requirement. Both aluminum and Duraplate panels have been used in the past.\textsuperscript{44}

The flooring in the interior of the container can be solid wood, multilayered, or plywood flooring. Customers typically specify laminated oak flooring because in-service usage has demonstrated that this type of flooring can last the useful life of the container,\textsuperscript{45} which is designed to be approximately 15 years.\textsuperscript{46}

Certain domestic containers also include specific design features to enable lifting, stacking, and securing during transport.\textsuperscript{47} The subject containers are highly engineered to be able to withstand the significant loads and forces placed on them when double-stacked on rail cars, the frequent lifting and movement of the containers between railcars and chassis, and the stresses from the rail car’s rocking, bouncing motion and the train’s acceleration and braking.\textsuperscript{48} Handling fittings allow for the loading and unloading of the container from the rail car and chassis. Domestic containers are specifically designed to be stacked, through the installation of stacking frame handling fittings. The fittings, welded at the 40 foot positions onto the container, allow for the container to be lifted vertically.\textsuperscript{49} A feature called a gooseneck tunnel allows for most of the container to have a greater interior height than it would have without the gooseneck tunnel; the portion of the container that rests on the gooseneck of the trailer, where the trailer hitcher attaches to the truck, has a slightly shorter interior height for the length of the gooseneck tunnel.\textsuperscript{50} Forward facing and rear downward facing fittings interface with the trailer chassis and secure the container for transport by road.\textsuperscript{51} Differences in these features for subject 53 foot marine containers are outlined in Part I, 53 Foot Marine Containers.

**Fully welded vs. mechanically fastened containers**

With respect to the terms fully welded and mechanically fastened, there is no one industry accepted definition, although commonalities exist across definitions provided by the petitioner and respondents. Respondents largely agree that “fully welded” means that all structural steel components must be joined by welding, and that mechanical fasteners are limited to non-structural components, such as doors.\textsuperscript{52} The petitioner indicates that the term “fully welded” has not been defined by any “authoritative industry, trade, or standards group,”

\textsuperscript{43} Conference transcript, pp. 113-114 (Cerny), 127 (Drella).
\textsuperscript{44} Conference transcript, p. 105 (DeLozier).
\textsuperscript{45} CIMC and Singamas’ postconference brief, pp. 10-11.
\textsuperscript{46} Petition, p. 7.
\textsuperscript{47} AAR M-930, pp. 4-5.
\textsuperscript{48} CIMC’s posthearing brief, p. 15, UPRR’s prehearing brief, p. 5.
\textsuperscript{49} Petition, p. 6.
\textsuperscript{50} Petition, pp. 6-7.
\textsuperscript{51} AAR M-930, p. 5
\textsuperscript{52} Posthearing briefs of CIMC, Crowley and Sea Star, FedEx, J.B. Hunt, Singamas, and UPRR.
but understands it to mean “the joining of all components together by means of welding except the components of the door and the floor.”

Similarly, there is no standard industry definition of “mechanically fastened,” although several respondents noted in their posthearing briefs that the term is used to mean that some or all of the structural components of a container are connected by mechanical means (e.g., rivets, bolts, etc.) rather than welded. The petitioner considers its Generation I and II domestic containers to be “of welded construction.”

Early domestic containers manufactured in the United States were based on designs for dry cargo trailer vans, which consisted of approximately 13 aluminum plates, mechanically fastened to form one panel. Such a domestic container required more than ***. According to Stoughton, ***. Production of these sheet and post construction containers, generally referred to as mechanically fastened domestic containers, wound down by the end of 2006.

The majority of purchasers reported that fully welded domestic containers were never interchangeable with mechanically fastened domestic containers. U.S. purchaser Hub City has claimed that mechanical fasteners are ***. U.S. purchaser Schneider noted that mechanical fasteners can be ***. Importer J.B. Hunt also reported that certain domestic containers assembled with mechanical fasteners ***.

The respondents in this proceeding stated that they tested and then started using steel welded containers in 2005. Chinese producers branched out into the production of domestic containers using their expertise producing fully welded steel ISO marine containers, and already had the manufacturing process and tooling in place. According to respondents, the production of steel welded marine containers employs the same assembly technique and many of the same processes that are used to produce fully-welded 53-foot domestic containers. Welded steel containers proved to be more durable and more resistant to leakage than containers made from mechanically fastened aluminum plates. Purchaser UPRR reported that ***. Stoughton considered its container design to be “of welded construction” rather than “mechanically fastened.” Stoughton designed its Generation I container as a steel welded container with an interior width of 99 inches, employing *** than did the aluminum

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53 Petitioner’s posthearing brief, supplemental questions from investigation staff, p. 1.
54 Petitioner’s postconference brief, p. 9, n.27.
56 Hearing transcript, pp. 48-49 (Hodes).
57 Hearing transcript, p. 213 (Drella).
58 Hub City’s purchaser questionnaire response, question III-6(b).
59 Schneider’s purchaser questionnaire response, question III-6(b).
60 J.B. Hunt’s importer questionnaire response, question III-17.
61 Conference transcript, p. 115 (Cerny); hearing transcript, p. 157 (Drella).
62 CIMC’s prehearing brief, exh. 3.
63 J.B. Hunt’s postconference brief, pp. 4-6.
64 UPRR’s purchaser questionnaire response, question III-9(b); UPRR’s prehearing brief, p.6.
65 Petitioner’s posthearing brief, supplemental questions from investigation staff, p. 1.
domestic containers that the company produced until 2006.\textsuperscript{66} Stoughton based its Generation I design on its perception that the design would be acceptable to those purchasers who favored a welded construction, and that it could minimize costs related to tooling and labor content by continuing to use some mechanical fasteners in non-critical areas.\textsuperscript{67} One respondent included testimony, however, that “Stoughton’s 2011 design involved the use of mechanical fasteners to join together many of the container’s most significant components.”\textsuperscript{68}

Stoughton completed its first welded steel domestic containers in 2011.\textsuperscript{69} These Generation I containers used a single panel design, which meant that the same panel was used for the roof and the sidewalls. Although the single-panel design would reduce production costs and allow for easier welding, containers with this design have experienced structural issues.\textsuperscript{70}\textsuperscript{71} which continued to use fasteners only in locations where water leakage was never an issue in its aluminum containers.\textsuperscript{72}

Respondents such as J.B. Hunt and Schneider, however, have cited the importance of fully welded containers. Schneider noted that fully welded construction was an important design feature because it prevents leakage.\textsuperscript{74} J.B. Hunt cited similar benefits, noting that since it began buying fully welded containers from China, the number of claims filed for wet damage to cargo has decreased dramatically, resulting in big cost savings and happier customers.\textsuperscript{75} According to respondents during the preliminary phase of these investigations, at least 70 percent of the U.S. purchasers of domestic containers require a fully welded container.\textsuperscript{76}\textsuperscript{77} One respondent provided a statement from Mr. Charles Green, currently a principal at G-P Moves Freight, LLC, who reviewed Stoughton’s prototype and concluded that “the company’s design was similar to the Chinese manufactured units, although the prototype still used bolted cross-members and a composite type rear door. The overall quality of the container appeared to be acceptable but it would still need to be tested to AAR and customers’ requirements to confirm the integrity of the design.”\textsuperscript{78} However, at least one respondent noted quality problems with this Stoughton container as of October 2014, citing concerns with lift points, dimension, and panels, for example.\textsuperscript{79} Another respondent noted that the industry

\textsuperscript{66} Petitioner’s prehearing brief, p. 15.
\textsuperscript{67} Hearing transcript, p. 40 (Fenton).
\textsuperscript{68} CIMC’s prehearing brief, exh. 3, bullet 10.
\textsuperscript{69} Petitioner’s postconference brief, exh. 44.
\textsuperscript{70} Conference transcript, pp. 116-117 (Cerny).
\textsuperscript{71} The ***. Petitioner’s prehearing brief, p. 29.
\textsuperscript{72} Petitioner’s response to Commission staff follow-up questions on U.S. producers’ questionnaire, March 3, 2015. ***. Staff field trip report, Stoughton, March 5, 2015.
\textsuperscript{73} Petitioner’s prehearing brief, p. 16.
\textsuperscript{74} Conference transcript, p. 127 (Drella).
\textsuperscript{75} Conference transcript, p. 107 (Delozier).
\textsuperscript{76} Conference transcript, p. 12 (Morgan).
\textsuperscript{77} Petitioner’s prehearing brief, p. 30.
\textsuperscript{78} CIMC’s prehearing brief, exh. 3, bullet 12.
\textsuperscript{79} Hearing transcript, pp. 265-269 (Drella).
standard is to use corrugated steel panels, which are capable of withstanding the torsion and
dynamic forces of moving rail cars. Stoughton, however, was the only container manufacturer
using stamped, non-corrugated steel side panels, which are less rigid and thus less able to
survive the structural stresses of rail transport. 80

High cube containers

Respondents stated that the freight companies and railroads that use certain domestic
containers prefer a larger size, known as high cube containers. 81 The key difference from the
user’s perspective is not the height, but the additional interior width that is possible with some
high cube container designs. The high cube containers with an interior width of more than 100
inches allow for 25 pallets to be loaded into the container in a pinwheel formation instead of 22
pallets in straight rows in a standard container. 82 This additional space reportedly *** 83 A high
cube container has exterior dimensions of 53 feet in length, 8 feet 6 3/8 inches in width, and 9
feet 6 ½ inches in height. Constructed from thinner walls, the high cube container’s minimum
interior dimensions are 52 feet 6 inches in length, 8 feet 3 inches in width, and 9 feet 1 3/8
inches in height. 84 The standard size container has exterior dimensions of approximately 53 feet
in length, 8 feet 6 3/8 inches in width, and 9 feet 6 inches in height. On the interior, the
standard container has a length of 52 feet 4 1/8 inches, a minimum interior width, at the
narrowest point of the container between the stacking frame posts, of 8 feet 1 13/16 inches,
and a height of 8 feet 8 5/16. 85

In the preliminary phase of these investigations, respondents stated that Stoughton did
not offer a container with an interior width of more than 100 inches. 86 Stoughton stated that it
had produced containers with an interior width of 8 feet 3 inches (99 inches) and designed the
containers so that it could move the walls out to meet specifications for containers of more
than 100-inches inside width, and that it had not yet had the opportunity to build a container
with a wider interior. 87

In February 2015, *** 88 Stoughton has reported that it was the *** 89 *** 90 *** 91

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80 UPRR’s prehearing brief, p. 6.
81 Conference transcript, pp. 147-148 (Drella), 148 (Cerny).
82 Conference transcript, pp. 53-54 (Fenton), 108 (DeLozier), 128 (Drella).
83 Schneider’s purchaser questionnaire response, question IV-3.
84 AAR M-930, p. 6; petition, p. 7.
85 AAR M-930, p. 6; petition, p. 7.
86 Conference transcript, pp. 107-109 (DeLozier), 127-128 (Drella).
87 Conference transcript, pp. 47, 88 (Fenton).
88 Petitioner’s producer questionnaire response, question II-12a.
89 Staff field trip report, Stoughton, March 5, 2015.
90 Petitioner’s response to Commission staff follow-up questions on U.S. producers’ questionnaire,
91 Navistar’s producer questionnaire response, question II-12a.
53 foot marine containers

Two importers, Crowley and Sea Star, reported importing *** or ***. The subject marine containers move freight primarily on water, with incidental inland transit use on road or rail for pick-up and delivery. According to Crowley and Sea Star, the subject marine containers must be trimodal because they have to be able to meet the standards of the Convention of Safe Containers (CSC), International Organization of Standardization (ISO), and the Association of American Railroad (AAR) to be transported on vessels, rail, and trucks. Singamas indicated that trimodal and marine containers are two terms for the same type of container. UPRR noted that marine containers are “capable of laden transport under normal operation by ocean or water vessel” and are considered trimodal “in nature.”

The petitioner contends that “marine containers” belong to “a special category of ISO certified containers up to 40-feet in length, only,” and that 53-foot “marine containers” do not exist. The petitioner notes that “marine containers” could be considered trimodal since they are capable of transport by three different modes. The petitioner contends that such 53-foot trimodal domestic dry containers are identical to their bimodal counterparts, except that they contain additional features that allow their use on Jones Act vessels.

Crowley and Sea Star noted differences between the 53-foot domestic dry cargo containers and 53-foot marine containers. They stated that these subject marine containers ***. Moreover, they have thicker side walls to take a higher load when the ship rolls, weigh more, have a lower interior capacity, lower interior width, and a smaller door width and height opening than the domestic containers. These containers must also ***, which is distinct from the AAR standards. *** include those for testing, inspection, approval, and maintenance. Containers that comply with these requirements ***.

Although the Chinese producers reported ***, Crowley and Sea Star also contend that production lines would need to be retrofitted to accommodate “the significant physical and structural differences” between 53-foot marine and domestic cargo containers. These structural differences include corner posts, larger headers and sills, thicker side walls,

(...continued)

92 Navistar’s producer questionnaire response, question II-12a; Petitioner’s producer questionnaire response, question II-12a.
93 Crowley and Sea Star’s posthearing brief, p. 9.
94 Crowley and Sea Star’s posthearing brief, p. 4.
95 Singamas’ posthearing brief, attachment B, p. 3.
96 UPRR’s posthearing brief, attachment A, p. 4.
97 Petitioner’s posthearing brief, supplemental questions from investigation staff, p. 3.
98 Crowley’s importer questionnaire response, question II-4; Sea Star’s importer questionnaire response, question II-4.
99 Hearing transcript, p. 187 (Shahani).
100 Sea Star’s importer questionnaire response, question III-17.
101 Crowley’s importer questionnaire response, question II-4; Sea Star’s importer questionnaire response, question II-4.
102 Crowley’s purchaser questionnaire response, question II-3.
corrugation, and increased weight compared to domestic cargo containers.\textsuperscript{103} Another feature specific to 53-foot marine containers are shoe-box sized steel castings at the corners of the box that are the interface to connect with each other; these castings protrude on the interior at the front and door end, minimizing the door opening.\textsuperscript{104}

According to these importers, ***.\textsuperscript{105} Stoughton, however, has reported ***.\textsuperscript{106} ***.\textsuperscript{107}

**Figure I-2**

*Stoughton’s prototype 53-foot marine container*

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**Figure I-3**

*Stoughton’s prototype 53-foot marine container*

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**Manufacturing processes**

The manufacturing process for certain domestic containers consists of three primary procedures, which can be completed a variety of ways, but typically follow a single process:\textsuperscript{108}

- Creating subassemblies;\textsuperscript{109}
- Assembling all subassemblies to other members of the container;\textsuperscript{110} and
- Finishing, including painting and installing flooring.\textsuperscript{111}

The product is made from multiple sheets of carbon steel which are shaped to add corrugation, as specified by the customer. Cutting, bending, and forming of the steel panels and

\textsuperscript{103} Crowley and Sea Star’s posthearing brief, pp. 4-6.
\textsuperscript{104} Hearing transcript, pp. 103 (Fenton), 186-187 (Shahani).
\textsuperscript{105} Crowley’s purchaser questionnaire response, question IV-9; Sea Star’s importer questionnaire response, question II-4.
\textsuperscript{106} Petitioner’s response to follow-up questions on U.S. producers’ questionnaire, March 3, 2015.
\textsuperscript{107} Email from ***, April 27, 2015.
\textsuperscript{108} Petition, p. 8; conference transcript, p. 28 (Fenton).
\textsuperscript{109} Significant subassemblies include a front wall; vertically corrugated side walls; stamped roof panels; an understructure; floor planks; a rear wall consisting of a door frame and supporting members; doors; and stack frames. Petition, p. 8.
\textsuperscript{110} Petition, p. 8.
\textsuperscript{111} Petition, p. 8.
rails may be done inside the production facility, or by a vendor. The sheets are attached to form the five panels (or subassemblies) for the container: the roof panel, floor panel, two side panels, and front panel. A rear wall with a door frame and doors affixed to swing hinges is also produced. Stacking posts are attached to the frame, which provide the interfaces on the exterior for stacking containers and transferring weight. Cross-member beams are installed from side panel to side panel across the bottom of the container to support the flooring and evenly distribute the load to the container frame.

The subassemblies can be attached to other parts of the container using two principal methods, either mechanical assembly or welding. Currently, the predominant method of attaching the subassemblies of certain domestic containers is through welding. Steel-welded containers are assembled from sheets of corrugated steel, which are welded together into panels. Mechanically fastened containers are assembled with sections of flat metal structure. Industrial machine presses punch and rivet the raw material. The smaller sections are painted, and then assembled into the box.

Finishing involves installing the hardwood flooring, painting, installation of locks and security devices, and application of decals and markings. The painting process includes preparation of the surfaces, painting, and curing. Wood flooring is affixed to the cross-members on the floor of the container with self-tapping screws. Finally, locks are installed, markings for the customer are applied, and, if the container meets AAR M-930 standards, a certification plate is affixed to the front end of the container.

Stoughton stated that Chinese companies introduced a steel-welded construction process for certain domestic containers in the early 2000's. Purchasers and importers of the subject product stated that they started purchasing such containers from Chinese producers in the mid-2000s. In the preliminary phase of these investigations, Stoughton stated that it welded all of the subassemblies, but used mechanical fastening in four locations, at each of the corner posts. However, Stoughton reported that. Navistar reported that.

Different perspectives on a fully welded and partially welded container are discussed in Part II.
For Stoughton, the original process of producing containers included the following steps:

1. Personal field trip report, Stoughton, March 5, 2015.
2. J.B. Hunt had reported that, attachment to J.B. Hunt’s importer questionnaire response, p. 6.
3. Personal field trip report, Stoughton, March 5, 2015; email in response to staff questions, April 27, 2015.
4. Conference transcript, pp. 176-77 (Morgan, Heffner); CIMC and Singamas’ postconference brief, p. 16.

Figure I-4
Curbside rear corner of fully welded standard unit design: shows door at left and rear of side at right.

Figure I-5
Standard unit second hinge from bottom of door: welded connection shown attaching side panel to rear corner post.

Figure I-6
Standard unit upper rear corner roadside position: fasteners for panel and top rail connection to rear frame structure.

DOMESTIC LIKE PRODUCT ISSUES

The Commission’s decision regarding the appropriate domestic products that are “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. In the preliminary phase of these investigations, Petitioner Stoughton requested the Commission to define the domestic like product to consist of the certain domestic containers described in the scope and argued that there are clear dividing lines between certain domestic containers and trailers. Respondents agreed with the Commission’s proposed definition in the preliminary phase of these investigations.
The Commission found the domestic like product to be certain domestic containers, not including trailers, in the preliminary phase of these investigations. Specifically, the Commission concluded:

Differences in physical characteristics (including the inability to doublestack trailers) limit the interchangeability of certain domestic containers and trailers for the same uses, particularly for the rail portion of intermodal transportation. Despite some overlap in channels of distribution for sales to trucking and leasing firms, these firms, Stoughton, and other market participants view certain domestic containers and trailers as different products. Notwithstanding some overlap in production processes, employees, and raw materials, there are a number of differences in raw materials and production processes and no overlap in the manufacturing facilities used to produce certain domestic containers and trailers. Prices of trailers are also higher than certain domestic containers. For these reasons, we define the domestic like product as certain domestic containers, not including trailers.129

During the final phase of these investigations, no additional comments or requests for data specifically concerning the domestic like product were provided by parties in their comments on the draft questionnaires, as is contemplated by section 207.20(b) of the Commission’s regulations. U.S. importers Crowley and Sea Star subsequently argued that 53-foot marine containers are a separate domestic like product because “they are distinct from 53-foot domestic dry containers, and therefore do not compete with 53-foot domestic dry containers.”130 The subject 53-foot marine containers move freight primarily on water, with incidental inland transit use on road or rail for pick-up and delivery.131 Crowley and Sea Star contend that 53-foot marine containers must be trimodal because they must meet the standards of the Convention of Safe Containers (CSC), International Organization of Standardization (ISO), and the Association of American Railroad (AAR) in order to be transported on vessels, rail, and trucks.132 While Commerce concluded that 53-foot marine containers, as listed in Crowley’s scope submission, are covered by the scope of these investigations,133 Crowley and Sea Star believe that the Commission should make a separate determination as to which products made in the U.S. constitute the like product.134

130 Crowley and Sea Star’s prehearing brief, p. 5; Crowley and Sea Star’s posthearing brief, p. 1.
131 Crowley and Sea Star’s posthearing brief, p. 9.
132 Ibid., p. 4.
134 Hearing transcript, p. 83 (Signorino).
Physical characteristics

Commerce noted that marine containers “possess the same dimensional characteristics as the subject domestic dry containers and have the stacking frames and fittings as detailed in the scope language; therefore {…these} products meet the plain language of the scope.”\textsuperscript{135} Stoughton contends that certain domestic containers and 53-foot marine containers share identical exterior physical dimensions as well as special design features that permit intermodal use (such as stacking frames at 40-foot locations, and castings, fittings, and apertures for lifting onto a chassis or rail car). Stoughton also explains that they have “identical gooseneck specifications (for interfacing with a chassis), identical floor material and strength ratings, very similar interior dimensions,” and they are both tested to AAR standards. Any differences are related to their use in marine trade.\textsuperscript{136}

Crowley and Sea Star argue that 53-foot marine containers have different physical characteristics than other 53-foot domestic dry containers. For example, 53-foot marine containers weigh approximately 1,000 more pounds than certain domestic containers due to additional corner castings, additional end frames, deeper corrugations within the walls, and a heavier marine door frame in order to withstand the forces applied to the unit during marine transportation. Container ships also require the stacking of containers from six to nine containers high, and the container units are able to be lifted by a crane at both the 53-foot end frame and the 40-foot intermediate frame locations. The rail mode only requires certain domestic containers to be stacked two containers high and the container units can be lifted by a crane at only the 40-foot intermediate frame location. In addition, 53-foot marine containers must be trimodal by having an affixed International Convention for Safe Containers Safety Approval plate, conforming to both AAR and ISO standards, as well as the U.S. Safe Container Act of 1977. Certain domestic containers are only required to be bimodal by complying with just the AAR M-930 specification and they are not required to have CSC Approval plates.\textsuperscript{137} Furthermore, the interior width of 53-foot marine containers is 99 inches rather than greater than 100 inches.\textsuperscript{138}


\textsuperscript{136} Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Broadbent), pp. 3-4.

\textsuperscript{137} Crowley and Sea Star’s prehearing brief, pp. 7-9; Crowley and Sea Star’s posthearing brief, pp. 4-6.

\textsuperscript{138} Crowley and Sea Star’s posthearing brief, p. 6.
Manufacturing facilities and production employees

There is currently no commercial production of 53-foot marine containers in the United States.\textsuperscript{139} Stoughton has manufactured *** on the same production line as certain domestic containers. ***.\textsuperscript{140} Although the Chinese producers also reported ***, Crowley and Sea Star contend that switching production from 53-foot marine containers to certain domestic containers would “require retrofitting of production lines to accommodate the significant physical and structural difference between these containers.”\textsuperscript{141} Stoughton, however, contends that switching production from certain domestic containers to 53-foot marine containers “***. This process takes minimal time and would not even be taking into account when scheduling a production run.”\textsuperscript{142}

Uses, interchangeability, and customer and producer perceptions

Stoughton contends that 53-foot marine containers are virtually the standard certain domestic container that has an additional application for marine transportation.\textsuperscript{143} Stoughton also indicates that it is easy to modify a 53-foot marine container to become a certain container since the cost is relatively low and the process is simple. This process would take ***, cost approximately ***, and would take ***.\textsuperscript{144} Crowley and Sea Star contend, however, that 53-foot marine containers are not interchangeable with certain domestic containers.\textsuperscript{145} They believe that certain domestic containers are not suitable for use in marine settings and ocean carriers expect 53-foot marine containers to meet certain requirements and specifications that are not required for certain domestic containers. In addition, 53-foot marine containers “cannot be used in place of domestic dry container{s} in trucking or rail transport due to logistical price and cargo limitations.”\textsuperscript{146} Crowley and Sea Star also commented that “railroads, like the trucking industry, do not want the additional weight and reduced inside cargo space of {53-foot} marine containers”\textsuperscript{147} and that “different RFPs are sent out for production of {53-foot} marine containers, including different specifications and requirements, than those for domestic dry containers.”\textsuperscript{148}

\begin{footnotesize}
\begin{enumerate}
\item[I-25] Ibid., p. 2.
\item[140] Hearing transcript, p. 128 (Fenton); email from ***, April 27, 2015.
\item[141] Crowley and Sea Star’s prehearing brief, p. 11.
\item[142] Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Broadbent), p. 5.
\item[143] Hearing transcript, p. 136 (Hodes).
\item[144] Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Broadbent), p. 7.
\item[145] Hearing transcript, p. 184 (Signorino).
\item[146] Crowley and Sea Star’s prehearing brief, pp. 4-5.
\item[147] Crowley and Sea Star’s posthearing brief, p. 8.
\item[148] Ibid., p. 12.
\end{enumerate}
\end{footnotesize}
Channels of distribution

Although there have been no reported sales of domestically produced 53-foot marine containers, imported 53-foot marine containers are sold to end users.\textsuperscript{149} Stoughton contends that the use of 53-foot marine containers extends to trucking companies and railroads since 53-foot marine containers are built with truck and rail intermodal features.\textsuperscript{150} Crowley and Sea Star indicate, however, that 53-foot marine containers are sold exclusively to a limited number of Jones Act shipping carriers, whose destinations are limited to Hawaii, Alaska, and Puerto Rico, and they are not purchased by the trucking and rail industries.\textsuperscript{151} Crowley and Sea Star also contend that purchasers of 53-foot marine container require a finite number of units “based on a ship’s capacity to carry these containers” while purchasers of certain domestic containers “place repeat orders, year over year.”\textsuperscript{152}

Price

Crowley and Sea Star contend that the prices of 53-foot marine containers are approximately 15 percent higher than those of certain domestic containers due to the additional amount of steel needed to meet structural standards as well as the increased testing time and forces added to 53-foot marine containers.\textsuperscript{153} Stoughton believes that given the final antidumping and countervailing duty margins of over 100 percent, the 15 percent price difference between certain domestic containers and 53-foot marine containers “does not seem to be a significant enough of a variance to create a clear dividing line” between the two prices.\textsuperscript{154} Although there have been no reported sales of domestically produced 53-foot marine containers, the average unit values of U.S. shipments of 53-foot marine containers versus all subject certain domestic containers are reported in table I-3. As stated earlier, Stoughton estimates that modifying a 53-foot marine container into a certain domestic container would cost approximately ***. This figure is equivalent to *** percent of the average unit value of commercial U.S. shipments by Stoughton in 2011, *** percent in 2012, and *** percent in 2013.

\textsuperscript{149} Crowley and Sea Star’s importer questionnaire responses, question I-8.
\textsuperscript{150} Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Broadbent), pp. 5-6.
\textsuperscript{151} Crowley and Sea Star’s prehearing brief, p. 10; hearing transcript, p. 183 (Signorino).
\textsuperscript{152} Crowley and Sea Star’s posthearing brief, p. 9.
\textsuperscript{153} Crowley and Sea Star’s prehearing brief, p. 17; Crowley and Sea Star’s posthearing brief, p. 13.
\textsuperscript{154} Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Broadbent), p. 8.
Table I-3
Certain domestic containers: average unit values of U.S. shipments of 53-foot marine containers versus average units values of all subject certain domestic containers imported from China

<table>
<thead>
<tr>
<th>Entity</th>
<th>Calendar year</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Unit value (dollars per unit)</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>U.S. shipments of 53-foot marine containers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>imported from China</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
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<tr>
<td>U.S. shipments of all subject containers</td>
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<td></td>
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<tr>
<td>imported from China</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
</tbody>
</table>

Source: Compiled from data submitted in response to Commission questionnaires.
PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

U.S. MARKET CHARACTERISTICS

The market for certain domestic containers is relatively concentrated. Chinese manufacturers/exporters CIMC and Singamas supply the bulk of the market, with additional irregular supply from U.S. producer Stoughton.\(^1\) In addition, as described in Part III of this report, three other U.S. firms have produced, or are considering producing, prototypes of certain domestic containers. CIMC and Singamas are also among the largest U.S. importers of certain domestic containers. Approximately one dozen firms purchase the vast majority of certain domestic containers; these firms are also the end users of the certain domestic containers.

U.S. freight carriers and leasing companies engaged in intermodal shipping within the United States are the primary customers for, and end users of, certain domestic containers. Intermodal transport containers generally, and certain domestic containers specifically, are used to transport goods across long overland distances, typically by a combination of rail and truck. The market for intermodal shipping has been expanding as railroads have upgraded routes to enable double-stacked containers to pass through tunnels and as logistics for handling and scheduling deliveries have improved. Higher fuel costs and limitations on drivers (including regulations expanding the number of consecutive hours they can drive) have made the economics of intermodal shipping more attractive.

In general, the market for certain domestic containers is driven by the demand for intermodal shipping which is related to general economic activity. Additional demand is driven by a shift from other forms of shipping to intermodal due to the efficiencies discussed above.\(^2\) Demand for certain domestic containers at any given time also reflects purchasers’ anticipated replacement needs (the expected useful life of certain domestic containers is 15 years) and capital availability.\(^3\) Various estimates place the number of certain domestic containers currently in use in the United States between 200,000 and ***.\(^4\) These estimates include containers that may be used for intermodal shipping between the United States and Canada and/or Mexico.\(^5\)

From 2011 through 2014, U.S. producer Stoughton produced approximately *** certain domestic containers intended for commercial sale in the United States. Since 2013, U.S. production has been limited to ***. The vast majority of certain domestic containers currently

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\(^{1}\) Conference transcript, p. 14 (Morgan) and p. 126 (Dean).
\(^{2}\) Hearing transcript, p. 27 (Wahlin) and p. 235 (Woodruff).
\(^{3}\) J.B. Hunt’s prehearing brief, p. 30, and hearing transcript, p. 249 (Cerny) and p. 268 (Drella).
\(^{4}\) Conference transcript, p. 50 (Wahlin) and p. 135 (Delozier); “Intermodal News Report” (LoadMatch and Drayage.com) reports 201,410 certain domestic containers in use in the United States as of February 4, 2014. Petition Exhibit I-13. ***.
\(^{5}\) *** of intermodal loadings both originate and terminate between U.S. destinations. CIMC and Singamas’ postconference brief, exh. 1, p. 9.
in use in the United States were imported from China. Data submitted by the U.S. and foreign producers indicate that apparent U.S. consumption was *** units in 2011, *** units in 2012, and *** units in 2013, and *** units in 2014. Overall, apparent U.S. consumption in 2014 was *** percent lower than in 2011.

**U.S. PURCHASERS**

The Commission issued purchaser questionnaires to 13 firms and received 12 usable questionnaire responses from firms that bought certain domestic containers during 2011-14. Five responding purchasers identified themselves as transport companies, four as railroad companies, and one each as a trucking company (**), logistics company (**, which is also a transport company), an intermodal terminal operator (**, which is also a railroad company), a transportation broker (**), and primarily a marine transportation company (**). The largest purchasers of certain domestic containers are ***, which accounted for nearly *** percent of containers purchased between 2011 and 2014. Several of these purchasers are also importers of certain domestic containers. Importer and purchaser *** was the largest direct importer during this period, accounting for *** percent of all direct imports between 2011 and 2014. Importer and purchasers ***, and *** accounted for *** percent and *** percent of all direct imports between 2011 and 2014, respectively.

**CHANNELS OF DISTRIBUTION**

Both U.S. producers and importers sold *** as shown in table II-1. The U.S. market is largely supplied by imports from China with only very limited production in the United States since January 1, 2011.

**Table II-1**

*Certain domestic containers: U.S. producers’ and importers’ U.S. commercial shipments, by sources and channels of distribution, 2011-14*

<p>| | | | | |</p>
<table>
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</table>

End users are railroad, trucking, and logistics companies that purchase certain domestic containers to serve intermodal routes that are typically long-haul. Large trucking companies will purchase chassis in addition to containers and sometimes in greater quantities since chassis

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6 Apparent U.S. consumption is the number of containers added to the fleet each year.
7 Of the 12 responding purchasers, *** purchased the domestic certain domestic containers and *** purchased imports of the subject merchandise from China.
8 Importers and purchasers CSXIT, Crowley, FedEx, Hub City, J.B. Hunt, Norfolk Southern, Schneider, Sea Star, and UPRR appeared at the Commission hearing.
9 Other types of trailers or containers are employed in drayage or short-haul freight routes. Petition, p. 23.
are needed at both ends of an intermodal route.\textsuperscript{10} Railroads use well cars designed to carry certain domestic containers, often in a double stacked configuration.

GEOGRAPHIC DISTRIBUTION

U.S. producers reported selling certain domestic containers to the *** of the United States (table II-2). Of the *** firms importing certain domestic containers for resale, *** importers reported selling to the Pacific region. Importer *** reported selling to *** regions of the contiguous United States, except ***. For U.S. producers, *** were between 101 and 1,000 miles. U.S. producer Stoughton reported the majority of its certain domestic containers were delivered to the Chicago area.\textsuperscript{11} \textsuperscript{12} Importers sold *** percent of shipments within 100 miles of their U.S. point of shipment and *** percent of shipments between 101 and 1,000 miles. Importers *** and *** use the Los Angeles area as their U.S. point of shipment.\textsuperscript{13}

Table II-2
Certain domestic containers: Geographic market areas in the United States served by U.S. producers and importers

\begin{center}
\begin{tabular}{cccccccc}
* & * & * & * & * & * & * & * \\
\end{tabular}
\end{center}

Some purchasers reported a preference for delivery of certain domestic containers to the West Coast due to the flow of trade across the United States, repositioning costs, and container market saturation. Purchasers Schneider and UPRR reported that domestic intermodal containers typically flow from west to east.\textsuperscript{14} Purchaser UPRR reported that delivery of certain domestic containers to the West Coast guarantees that the certain domestic containers will have cargo to carry east.\textsuperscript{15} According to the 2012 Commodity Flow Survey, California ranks second in the overall value of shipments originating in state at approximately $1.5 trillion for 718.3 million tons of goods shipped. Illinois ranks third in the overall value of shipments originating in state at $825.2 billion for 606.9 million tons of goods shipped. Alabama and Tennessee rank much lower in the overall value of shipments originating in state at $214.8

\footnotesize
\begin{itemize}
\item \textsuperscript{10} Petition, p. 23.
\item \textsuperscript{11} Hearing transcript, p. 93 (Fenton).
\item \textsuperscript{12} Purchasers Hub City and J.B. Hunt reported that AICM could use the rail hubs of the cities of Birmingham, Memphis, and Nashville to deliver certain domestic containers. Hearing transcript, p. 241 (Cerny and Delozier).
\item \textsuperscript{13} UPRR’s prehearing brief, p. 21.
\item \textsuperscript{14} Hearing transcript, pp. 237-239 (Drella) and pp. 239-240 (Watson).
\item \textsuperscript{15} UPRR’s prehearing brief, p. 21.
\end{itemize}
billion for 191.5 million tons of goods shipped and $329.4 billion for 187.5 million tons of goods shipped, respectively.16

When certain domestic containers are not delivered to the purchaser’s desired delivery location, the purchaser has to pay for the certain domestic containers to be repositioned. Repositioning costs are the costs associated with moving certain domestic containers from the manufacturers’ delivery point into operation in the end user’s fleet.17 Petitioner Stoughton is headquartered in Stoughton, Wisconsin, approximately 130 miles from Chicago, Illinois. Purchaser UPRR estimated that repositioning certain domestic containers from Chicago to the West Coast would cost approximately $***.18 Additionally, purchaser UPRR reported operational challenges with delivering large quantities of certain domestic containers to Chicago, instead of the West Coast. UPRR reported that Los Angeles, California has more track space and storage on terminal space for certain domestic containers, compared to Chicago. This space allows more operational flexibility for UPRR to handle different flows of trade.19

SUPPLY AND DEMAND CONSIDERATIONS

For *** of reported imports, CIMC and Singamas also served as importers of record for U.S. purchasers/end users, although, in some cases, the U.S. end user was the importer of record. Domestically produced certain domestic containers are sold on an f.o.b. basis at Evansville, Wisconsin. Imported certain domestic containers are delivered to a port of entry from which the end user will arrange inland transportation.

U.S. supply

Domestic production

Although multiple firms have produced prototypes, only Stoughton reported commercial production and shipments of certain domestic containers. Based on available information, U.S. producers of certain domestic containers have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of U.S.-produced certain domestic containers to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the lack of alternative markets and capacity constrained by ***, though mitigated by *** capacity utilization.

17 Hearing transcript, p. 237 (Drella).
18 UPRR’s prehearing brief, p. 21.
19 Hearing transcript, pp. 239-40 (Watson).
Industry capacity

U.S. producer Stoughton reported ***. Domestic production capacity increased by more than *** percent between 2011 and 2014. Domestic capacity utilization decreased from *** percent in 2011 to *** percent in 2014, however, as both orders and production declined. This relatively low level of capacity utilization suggests that U.S. producers may have substantial ability to increase production of certain domestic containers in response to an increase in prices.

Alternative markets

U.S. producer Stoughton *** export certain domestic containers between 2011 and 2014. Purchaser *** reported that outside of the United States, Canada, and Mexico, certain domestic containers are generally not legal to use in transportation.20 U.S. producers’ export shipments indicate that U.S. producers may have very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Most products are produced to order (or produced subsequent to sale), and although there can be a relatively large lag between purchase and delivery, inventory is not normally carried.21 U.S. producer *** inventories peaked in *** at *** containers, but ranged between *** and *** units during 2012-14. These inventory levels suggest that U.S. producers may have a very limited ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Stoughton’s production line used to produce 53-foot domestic dry containers ***.22 However, U.S. producer Stoughton reported *** to shift production ***.

Supply constraints

U.S. producer Stoughton reported ***. Due to ***.23 Production at the current *** unit limit would represent an increase in reported capacity during 2012-14 (*** units), and is substantially higher than production levels in any year since 2011.

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20 *** purchaser questionnaire response, section III-7.
21 U.S. producer ***. These units are not considered in *** inventories. Email from ***, counsel for ***, March 12, 2015.
22 U.S. producer Stoughton’s questionnaire response, section II-3e-ii.
23 U.S. producer Stoughton’s questionnaire, question II-3d and II-13.
Subject imports from China\textsuperscript{24}

Based on available information, producers of certain domestic containers from China have the ability to respond to changes in demand with moderate-to-large changes in the quantity of shipments of certain domestic containers to the U.S. market. The main contributing factors to this degree of responsiveness of supply are recent fluctuations in capacity utilization,*** of alternative markets, and inventories levels.

Industry capacity

Both Chinese capacity and production decreased by more than *** percent since 2011, with capacity utilization dropping by *** percentage points. In 2011, Chinese capacity was at *** units and capacity utilization was at *** percent. Between 2011 and 2013, Chinese capacity and capacity utilization decreased to *** units and *** percent, respectively. In 2014, Chinese capacity and capacity utilization increased to *** units and *** percent, respectively.\textsuperscript{25} This relatively high level of capacity utilization suggests that Chinese producers may have moderate ability to increase production of certain domestic containers in response to an increase in prices.

Alternative markets

Chinese producers have exported *** percent of their total shipments during 2011-14. Chinese exports to the United States decreased from over *** units in 2011 to approximately *** units in 2014, but nonetheless accounted for more than *** percent of total shipments in each year between 2011 and 2014. Chinese producer *** reported exports to Canada between 2011 and 2014, peaking in 2012 at *** units or *** percent of total 2012 shipments. Purchaser *** reported that outside of the United States, Canada, and Mexico, certain domestic containers are generally not legal to use in transportation.\textsuperscript{26} The very high share of shipments already designated for the U.S. market suggests that Chinese producers may have a very limited ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Most products are produced to order (or produced subsequent to sale), and there can be a relatively large lag between purchase and delivery, inventory is not normally carried. Chinese producers’ inventories declined from a high of *** units in 2011 to *** in 2014. These

\textsuperscript{24} The Commission received two questionnaire responses from Chinese producers. These firms’ exports to the United States accounted for all of U.S. imports of certain domestic containers from China during 2011-14.

\textsuperscript{25} Chinese producers reported anticipated capacity utilization will be at *** percent and capacity at *** units in 2016.

\textsuperscript{26} *** purchaser questionnaire, question III-7.
inventory levels suggest that Chinese producers may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Both responding Chinese producers stated that they could switch production from certain domestic containers to other products, including ***.

Supply constraints

Both Chinese producers reported ***. CIMC reported that the *** affect the firm’s ability to produce certain domestic containers. Singamas reported that *** merchandise are produced, and *** constrains its production of certain domestic containers.

Nonsubject imports

There were no reported imports of certain domestic containers from nonsubject countries between 2011 and 2014.

New suppliers

Ten of 12 responding purchasers indicated that new suppliers entered the U.S. market since January 1, 2011. Of those ten purchasers, eight purchasers reported AICM as a being invited to bid or as having prototypes.28 In ***, *** entered a purchase agreement with ***. The purchase agreement specifies *** and an ***. In addition, *** offered ***.29 In its posthearing brief, UPRR indicated that “Since May 2014, *** additional suppliers have formally approached Union Pacific. *** All *** of these prospective suppliers have provided documented evidence that their design meets the specifications required by Union Pacific for a fully welded, corrugated steel container. Union Pacific is currently engaged with each of these suppliers at varying stages of the Supplier Approval Process.”30

U.S. demand

Based on available information, the overall demand for certain domestic containers is likely to experience moderate changes in response to changes in price. The main contributing

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27 In its posthearing brief, petitioner notes that “In addition to AICM, several other purchasers have identified *** as potential new producers of domestic containers. Petitioner’s posthearing brief, p. 11.
28 Purchasers *** and *** also reported U.S. manufacturers *** and *** as considering building prototypes. One purchaser reported ***.
29 Email from *** representing ***, March 4, 2015, EDIS Document Number 552891.
30 UPRR’s posthearing brief, Attachment A IV. *** is a subsidiary of *** Staff telephone interview with ***.
factors are the lack of substitute products and small cost share of certain domestic containers in its primary end use, transport and logistic services.\textsuperscript{31}

**Intermodal shipping services**

U.S. demand for certain domestic containers depends primarily on the demand for intermodal shipping. Nine responding purchasers reported increases in the demand for their firms’ intermodal or transport shipping services since 2011.\textsuperscript{32} Of the nine responding purchasers reporting that the demand for their firms’ intermodal or transport shipping services increased, all purchasers reported that their firms’ demand for certain domestic containers was affected by this increase.

**Cost share**

Certain domestic containers represent a large share of the cost for an individual transportation unit, but certain domestic containers represent a small share of the costs in the overall intermodal or transport shipping industry. For 2014, most purchasers reported that the total depreciation expense recognized for certain domestic containers as a share of the total operating expenses relevant to intermodal or transport shipping services is between *** and *** percent.

**Business cycles**

U.S. producer ***, importers ***, and 7 of 10 responding end users indicated that the market was subject to business cycles. A majority of respondents cited the holiday season or the third and fourth quarters of the year as being the busiest for the shipping industry. Additionally, four of seven responding end users indicated that the market was subject to distinct conditions of competition.\textsuperscript{33} Respondents identified fuel price and driver shortages as distinct conditions of competition.

\textsuperscript{31} Petitioner notes that “container purchases are made not only to reflect needs for current and future demand, but to replace existing containers that are being retired from service in the fleet.” It adds that “According to the American Association of Railroads ("AAR"), rail traffic in 2014 increased over 2013 by 4.5 percent overall, and by 5.2 percent in the intermodal category. By contrast, imports of containers from China increased by *** percent.” Petitioner therefore concludes that “in summary, while some portion of the increase in container imports in 2014 was certainly in response to general demand factors, the large volume increase relative to the main demand driver (intermodal rail traffic) and the timing of a disproportionate share of the increase (after the filing of the case but before Commerce’s preliminary determination) suggests that a very large portion of the increase - perhaps as much as *** - was attributable to the filing of the case and customers’ anticipation of an order going into effect.” Petitioner’s posthearing brief, Answers to Commissioners’ Questions, p. 5, 6, 7-8.

\textsuperscript{32} Purchasers *** and *** reported no changes in demand, and purchaser *** reported demand increasing and fluctuating.

\textsuperscript{33} *** did not respond.
and eight of 10 responding end users indicated that the market’s business cycles or distinct conditions of competition have changed since 2011. End user *** identified the general industry switch, prior to 2011, from aluminum to steel containers due to poor quality and excessive maintenance costs associated with aluminum containers as a change in the market’s business cycles or distinct conditions of competition. End user *** reported that the peak holiday season is more pronounced since 2011 in comparison to 2000-10. End user *** reported changes in the ability of smaller companies getting access to competitive railroad pricing in comparison to larger companies.

**Demand trends**

Most firms reported an increase in U.S. demand for certain domestic containers since January 1, 2011 (table II-3). Responding firms cited conversion from the traditional over-the-road services to intermodal services as driving changes in demand. The conversion stems from the fluctuation in fuel costs and driver shortages associated with over-the-road services. Responding firms reported that demand outside of the United States comes from increases in freight transportation between the United States, Canada, and Mexico. Purchaser *** reported that outside of the United States, certain domestic containers are generally not legal to use in transportation.

**Table II-3**

**Certain domestic containers: Firms’ responses regarding U.S. demand and demand outside the United States**

<table>
<thead>
<tr>
<th>Item</th>
<th>Increase</th>
<th>No change</th>
<th>Decrease</th>
<th>Fluctuate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand in the United States</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. producers</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Importers</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Purchasers</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Demand outside the United States</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. producers</td>
<td>***</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Importers</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Purchasers</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

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

**Substitute products**

Most U.S. producers, importers, and purchasers reported that there were no substitutes for certain domestic containers. Importer and purchaser *** reported that currently ***. Purchaser *** reported that trailers can be used for rail transportation.

**SUBSTITUTABILITY ISSUES**

The degree of substitution between domestic and imported certain domestic containers depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, certain domestic containers services, etc.). Based on
available data, staff believes that there is no more than a moderate degree of substitutability between domestically produced certain domestic containers and certain domestic containers imported from China.

**Lead times**

Certain domestic containers are exclusively produced-to-order. U.S. producer *** reported lead times averaging *** days, and U.S. producer *** reported lead times averaging *** days. Importers *** and *** reported lead times averaging *** days.34

**Knowledge of country sources**

Ten purchasers indicated they had marketing/pricing knowledge of U.S. produced certain domestic containers, and 12 purchasers indicated they had marketing/pricing knowledge of Chinese certain domestic containers.35

As shown in table II-4, most purchasers reported that they and their customers never make purchasing decisions based on the producer or country of origin. Of the three purchasers that reported that they always make decisions based the manufacturer, purchasers *** and *** cited proven ability to meet design and quality specifications as reasons for making decisions based on a producer. Purchaser *** reported that it “usually” makes decisions based on producer in order to ensure quality containers and promote fleet standardization.

**Table II-4**

*Certain domestic containers: Purchasing decisions based on producer and country of origin*

<table>
<thead>
<tr>
<th>Purchaser/customer decision</th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchaser makes decision based on producer</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Purchaser’s customers make decision based on producer</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Purchaser makes decision based on country</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Purchaser’s customers make decision based on country</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

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

**Factors affecting purchasing decisions**

The most often cited top three factors firms consider in their purchasing decisions for certain domestic containers were production capacity (7 firms), delivery time (7 firms), followed by price, quality, and ability to meet purchaser’s container specifications (6 firms) each as shown in table II-5. Ability to meet purchaser’s container specifications was the most frequently cited first-most important factor (cited by 6 firms); production capacity was the most frequently reported second-most important factor (4 firms); and delivery time was the most frequently

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34 Importer *** reported a range of *** days.
35 Purchaser *** reported having country knowledge of Mexico.
reported third-most important factor (5 firms).³⁶ Price was evenly dispersed as the first-, second-, and third-most important factor considered by purchasers (2 firms each).

Table II-5
Certain domestic containers: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

<table>
<thead>
<tr>
<th>Factor</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production capacity</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Delivery time</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Container specifications</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Quality</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Price</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

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

The petitioner and respondents differ on the relative role of price and nonprice factors affecting purchasing decisions. In the its posthearing brief, the petitioner contends that it could not “make commercial sales of domestic containers of any appreciable volume, and at a price that could realistically compete” with subject imports. The petitioner further contends that subject imports, specifically ***, “aggressively cut prices even when {the subject importers’} own publicly-stated expectations were that steel prices would increase.”³⁷ In its posthearing brief, respondent UPRR contends that it never compared Stoughton’s prices for certain domestic containers with those of CIMC or Singamas because Stoughton was not an approved supplier of certain domestic containers for UPRR. Respondent J.B. Hunt contends that “even if imports from CIMC and Singamas had been priced significantly higher, J.B. Hunt would have purchased all of its container needs from these companies, not from Stoughton.”³⁸ The majority of purchasers (9 of 12) reported that they “always” or “usually” purchase the lowest-priced certain domestic containers for their purchases if design specifications are met.³⁹ However, 10 of 12 purchasers reported that if design specifications are not met, they “never” purchase the lowest-priced certain domestic containers for their purchases.⁴⁰

In addition to the factors listed in table II-5, respondents indicated additional nonprice factors affecting purchasers’ buying decisions, most frequently the ability to produce a fully welded container. In their posthearing briefs, respondents CIMC, J.B. Hunt, and UPRR reported

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³⁶ Lifecycle costs and support services were also listed as a major purchasing factor.
³⁸ J.B. Hunt’s posthearing brief, p. 1.
³⁹ Purchaser *** reported both “always” and “usually,” purchasers *** and *** reported “sometimes,” and purchaser *** reported “never” purchasing the lowest-priced certain domestic containers for their purchases if design specifications are met.
⁴⁰ Only *** and *** reported that if design specifications are not met, they “sometimes” purchase the lowest-priced certain domestic containers for their purchases.
that providing a fully welded certain domestic container affected purchasers’ decisions. Respondent UPRR reported requiring fully welded containers in 2009 due to fully welded containers being “more durable and less prone to leaks and structural damage than” mechanically-fastened containers. Respondent CIMC reported that U.S. purchasers and end users prefer fully welded containers to mechanically-fastened containers “based on their experience that bolts/rivets result in leakage and moisture damage to cargo.” Respondent J.B. Hunt reported that fully welded was an industry standard due to the requirements of various purchasers. Additionally, J.B. Hunt reported that fully welded containers provide a ***. In its posthearing brief, the petitioner indicated that “there is in fact no industry-wide definition of a ‘fully welded’ container; this is a term coined by respondents for purposes of their opposition to this petition.” Additionally, the petitioner indicated that “when the Chinese producers introduced their domestic containers into the market place, the focus of the innovation was the shift from aluminum to steel and not from mechanical fasteners to welded construction.” The petitioner indicated that it did not receive a “specification from any purchaser {that} employed the phrase ‘fully welded.’” Instead, the petitioner indicated that purchasers used the phrase “‘like the Chinese domestic container’, {and that} this was not understood to mean that limited fasteners such as those used in Stoughton’s Generation I/II design, could not be employed.”

In their posthearing briefs, respondents also indicated that ability to customize certain domestic containers to meet end user’s needs and delivery options important nonprice factors in purchasers’ buying decisions. Respondent J.B. Hunt reported that the petitioner could not produce “a fully welded container in excess of 100-inches in width” until the ***. In its posthearing brief, the petitioner states that “Stoughton has always been capable of building a

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41 Additionally, purchasers Hub City, Schneider, and Norfolk Southern reported that providing a fully welded container affected their purchasing decisions. Hearing transcript, p. 149 (Cerny), p. 158 (Drella), and p. 167 (Dean), and J.B. Hunt posthearing brief, pp. 9-10.
42 UPRR’s posthearing brief, p. 1. UPRR also identified the references in its 2010 RFI that identify to the need for fully welded components. UPRR posthearing brief, Attachment A, pp. 2-3.
43 CIMC’s posthearing brief, p. 5.
44 J.B. Hunt’s posthearing brief, pp. 9-10.
45 ***, attachment to J.B. Hunt’s importer questionnaire response, p. 3.
46 Petitioner’s posthearing brief, pp. 5-6.
47 Respondents CIMC and J.B. Hunt indicate that ability to supply the market with adequate volumes certain domestic containers in a timely manner as an important nonprice factor, based on the testimony of end users CSX and Norfolk Southern. CIMC’s posthearing brief, p. 10; J.B. Hunt’s posthearing brief, p. 12; hearing transcript, p. 170 (Prevatt); and conference transcript, pp. 122-123 (Dean).
48 J.B. Hunt’s posthearing brief, p. 11. In addition, J.B. Hunt indicated that the petitioner could not provide “High-tensile strength steel for the cross-members and side panels, or logistics posts of specific minimum strength, or marine containers” without riveted attachments of the side to corner posts based on testimony given by end users CSX and FedEx, and independent consultant P.W. (KiKi) Shahani. J.B. Hunt’s posthearing brief, p. 11; hearing transcript, p. 170 (Prevatt); hearing transcript, p. 173 (Hoffman); and hearing transcript, p. 187 (Shahani).
container with an interior width greater than 100 inches and has informed both J.B. Hunt and Schneider that it would be more than willing to build such a prototype."

In its posthearing brief, respondent UPRR indicated that delivery options for certain domestic containers affect purchasers’ buy decisions. UPRR indicated a preference for a West Coast delivery location because of the flow of trade from the West Coast to the East Coast. In addition, UPRR reported that Stoughton’s closest port of entry, Chicago, is one of UPRR’s most congested train corridors and has a smaller storage capacity for UPRR’s equipment than Los Angeles. In its posthearing brief, the petitioner indicated that “Illinois ranks third among all 50 states and the District of Columbia both in terms of shipment value and quantity (in tons) originating in the state in 2012, falling behind only Texas and California.”

When asked if they purchased certain domestic containers from one source although comparable certain domestic containers were available at a lower price from another source, three purchasers reported “no,” citing the requirement to meet specifications. Ten responding purchasers reported that certain types of certain domestic containers were only available from a single source, specifically fully welded containers from Chinese producers CIMC and Singamas. Purchaser *** reported only being able to purchase containers with *** from CIMC. Purchaser *** reported only being able to purchase containers with an interior dimension greater than 100 inches from Chinese producers.

**Importance of specified purchase factors**

Purchasers were asked to rate the importance of 24 factors in their purchasing decisions (table II-6). The factors rated as “very important” by all of responding purchasers were availability, life cycle costs, and product consistency (12 each). Factors related to quality and design (e.g. container design, design testing, and quality exceeds/meets AARM-930 standards) were also rated as very important by 10 or more responding purchasers.

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49 Petitioner’s posthearing brief, p. 7.
50 UPRR’s posthearing brief, p. 7.
51 Petitioner’s posthearing brief, Answers to Commissioners’ Questions, p. 3.
52 Purchaser *** indicated that that certain types of certain domestic containers were available from more than one source, but did not name any sources.
53 Respondents submitted a report on the estimated differences between U.S.-produced certain domestic containers’ life cycle cost and subject imports, which came out to $*** and $*** based on a mechanically fastened U.S. certain domestic container. CIMC’s prehearing brief, Kotler Study, Exhibit 1.
Table II-6
Certain domestic containers: Importance of purchase factors, as reported by U.S. purchasers, by factor

<table>
<thead>
<tr>
<th>Factor</th>
<th>Number of firms reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Very</td>
</tr>
<tr>
<td>Availability</td>
<td>12</td>
</tr>
<tr>
<td>Container design</td>
<td>11</td>
</tr>
<tr>
<td>Delivery terms</td>
<td>8</td>
</tr>
<tr>
<td>Delivery time</td>
<td>11</td>
</tr>
<tr>
<td>Delivered laden with third party merchandise</td>
<td>0</td>
</tr>
<tr>
<td>Design testing</td>
<td>10</td>
</tr>
<tr>
<td>Discounts offered</td>
<td>3</td>
</tr>
<tr>
<td>Extension of credit</td>
<td>2</td>
</tr>
<tr>
<td>Fully welded containers</td>
<td>9</td>
</tr>
<tr>
<td>Interior container dimension &gt;100 inches</td>
<td>5</td>
</tr>
<tr>
<td>Life cycle costs</td>
<td>12</td>
</tr>
<tr>
<td>Minimum quantity requirements</td>
<td>6</td>
</tr>
<tr>
<td>Pinwheeling</td>
<td>2</td>
</tr>
<tr>
<td>Price</td>
<td>8</td>
</tr>
<tr>
<td>Product consistency</td>
<td>12</td>
</tr>
<tr>
<td>Product differentiation</td>
<td>1</td>
</tr>
<tr>
<td>Product range</td>
<td>0</td>
</tr>
<tr>
<td>Port delivery location/options</td>
<td>8</td>
</tr>
<tr>
<td>Quality exceeds AARM-930 standards</td>
<td>11</td>
</tr>
<tr>
<td>Quality meets AARM-930 standards</td>
<td>10</td>
</tr>
<tr>
<td>Reliability of supply</td>
<td>11</td>
</tr>
<tr>
<td>Technical support/service</td>
<td>7</td>
</tr>
<tr>
<td>U.S. transportation costs</td>
<td>5</td>
</tr>
<tr>
<td>Warranty</td>
<td>9</td>
</tr>
</tbody>
</table>

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

Supplier certification

Nine of 11 responding purchasers require their suppliers to become certified or qualified to sell certain domestic containers to their firm. Purchasers reported that the time to qualify a new supplier ranged from 10 to 360 days, averaging 122 days. Purchasers cited meeting AARM-930 standards and prototypes being certified by the American Bureau of Shipping as being part of the certification process. Six purchasers reported that a domestic or foreign supplier had failed in its attempt to qualify certain domestic containers, or had lost its approved status since 2011; all six purchasers specifically identified Stoughton. In its posthearing brief, Stoughton disagreed with purchasers *** and ***’s claim that Stoughton failed in its attempt to qualify certain domestic containers. Specifically, Stoughton reported that purchaser *** never indicated that Stoughton failed their attempt to qualify, ***.\(^54\) Additionally, Stoughton reported

\(^{54}\) Petitioner’s posthearing brief. Answers to Commissioners’ Questions. Answer to Commissioner Schmidtlein’s question at Tr. at 125.
that as of April 2015, a fully welded prototype has been tested by the American Bureau of Shipping (ABS) and is in compliance with the AAR specifications.\textsuperscript{55} UPRR generally described the supplier certification process, indicating that the “...process, which typically includes small-scale orders of prototypes for testing and evaluation (involving a few hundred units, not several thousand units as in a typical commercial purchase), represents an investment by Union Pacific in the development of new suppliers.”\textsuperscript{56} It also indicated that “Union Pacific's Supplier Approval Process involves a series of inspections and audits. If a potential supplier passes these initial steps, Union Pacific will then purchase a limited number of containers for quality and durability testing in ‘real world’ use. All approved suppliers (including CIMC and Singamas) have gone through this process. If Stoughton or any other container manufacturer passes the Supplier Approval Process, then and only then will it be eligible to supply containers in commercial quantities.”\textsuperscript{57}

Prototype testing

All twelve responding purchasers reported either inspecting or testing certain domestic containers from U.S. or Chinese producers. Ten purchasers have inspected or tested prototypes from Chinese producer CIMC (***)\textsuperscript{57}, and eight purchasers have inspected or tested prototypes from Chinese producer Singamas (***\textsuperscript{56}) since 2011. All purchasers reported that the ***. *** purchasers have inspected prototypes from U.S. producer Stoughton (***) since 2011.\textsuperscript{58} Purchasers cited ***.\textsuperscript{59} *** purchasers have inspected prototypes from AICM since 2011. Purchaser *** reported that the ***.

Marketing standards

Marketing of certain domestic containers relies heavily on daily technical communication with purchasers and participation in the annual Intermodal Association of North America (IANA) convention. Chinese producer/exporter Singamas reported that its marketing strategies include daily contact with purchasers about production and delivery of certain domestic containers. Singamas reported that representatives will visit all U.S. purchasers at least once a year. Additionally, Singamas will display a model of a domestic container at the annual IANA convention for purchasers to view.\textsuperscript{60} U.S. producer Stoughton reported that to reenter the certain domestic container market in 2010, Stoughton conducted a

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\textsuperscript{55} Hearing transcript, p. 120 (Fenton).
\textsuperscript{56} UPRR’s posthearing brief, p. 6.
\textsuperscript{57} UPRR’s posthearing brief, Attachment A, p. 14.
\textsuperscript{58} An additional purchaser, ***, reported plans to purchase 100 containers for testing in 2015. *** included in the *** purchasers who inspected or tested a prototype.
\textsuperscript{59} Two purchasers, *** and ***, reported inspecting or testing units from other manufacturers: *** and ***. Both manufacturers passed prototype inspections; however, *** went out of business by 2009 and *** did not want a *** supplier from ***.
\textsuperscript{60} Hearing transcript, pp. 221-2 (Yeung).
survey of potential intermodal purchasers\textsuperscript{61} about their specifications, volume requirements, and pricing expectations.\textsuperscript{62} Stoughton has been in contact with *** about producing certain domestic containers and has made sales to ***. Since 2012, Stoughton has participated in the IANA convention.\textsuperscript{63} In addition, Stoughton reported making site visits to purchaser facilities.\textsuperscript{64, 65}

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2011 (table II-7); reasons reported for changes in sourcing included increased demand for intermodal shipping and replacing aluminum containers due to expensive maintenance costs. Purchaser *** reported ordering *** units from U.S. producer *** and experiencing ***. Purchaser *** reported an increase in demand for U.S. certain domestic containers due to the ongoing investigations; however, *** cited quality issues with domestic manufacturing sources and has begun purchasing used containers. Seven of 12 responding purchasers reported that they had changed suppliers since January 1, 2011. Purchasers reported changing suppliers to ensure diversification of their supplier base.

Table II-7

Certain domestic containers: Changes in purchase patterns from U.S. and China

<table>
<thead>
<tr>
<th>Source of purchases</th>
<th>Did not purchase</th>
<th>Decreased</th>
<th>Increased</th>
<th>Constant</th>
<th>Fluctuated</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

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

\textsuperscript{61} Stoughton surveyed the following firms: ***.

\textsuperscript{62} Petitioner’s posthearing brief, exhibit 11.

\textsuperscript{63} Petitioner’s posthearing brief, Answers to Commissioners’ Questions. Answer to Commissioner Williamson’s question at Tr. at 118.

\textsuperscript{64} Hearing transcript, p. 118 (Wahlin).

\textsuperscript{65} In its posthearing brief, J.B. Hunt compares Soughton’s and *** business plans, concluding that the contrast “could not be more stark,” as “*** provides all of the detailed elements one would expect from a business plan.” J.B. Hunt’s posthearing brief, p. 14. Singamas also identifies the “failure” of Stoughton to “conduct adequate market research prior to re-entering the market,” and similarly compares Stoughton and AICM. Singamas’ posthearing brief, p. 2.

According to Petitioner, Stoughton had “extensive marketing and outreach to several” customers, including J.B. Hunt, Hub, and Schneider, and provides details of the discussions. Petitioner’s posthearing brief, Answers to Commissioners’ Questions, p. 2-19. Petitioner adds that in addition to specific purchasers identified, “over the POI Stoughton and its representatives were not only reaching out to customers to make sales, but also contributing to industry seminars and thought leadership.” Petitioner’s posthearing brief, Answers to Commissioners’ Questions, p. 21.
**Importance of purchasing domestic certain domestic containers**

A majority of purchasers reported that they prefer domestically produced certain domestic container.\(^{66}\) Purchaser UPRR reported that purchasing a domestically produced certain domestic container reduces risk in the following factors: port congestion, a very limited supply base, exchange rate fluctuation, inclement weather, long lead times, and lack of quality control.\(^{67}\) Purchaser FedEx reported desiring a U.S. supplier of certain domestic containers to increase access for quality assurance and to reduce delays in communication caused by time zone differences.\(^{68}\) However, all purchasers reported that domestic certain domestic containers *** required by law, required by their customers, or other preferences for domestic certain domestic containers.

**Comparisons of domestic products, subject imports, and nonsubject imports**

Purchasers were asked a number of questions comparing certain domestic containers produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 24 factors (table II-8) for which they were asked to rate the importance.

Most responding purchasers reported that U.S. certain domestic containers were *** to Chinese certain domestic containers regarding availability, container design, delivery terms, delivery time, delivered laden with third party merchandise, discounts offered, extension of credit, fully welded containers, life cycle costs, minimum quantity requirements, price, and reliability of supply. Seven or more purchasers identified U.S. product as inferior for availability, container design, and fully welded containers. A majority of purchasers generally identified U.S. products as inferior or comparable to Chinese products for design testing, interior container dimension greater than 100 inches, product consistency, product differentiation, product range, port delivery location or options, meets minimum quantity requirements, technical support/service, and warranty.

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\(^{66}\) Stoughton reported that it is in contact with *** potential customers, ***, regarding its fully welded certain domestic container that passed ABS testing in April 2015. Petitioner’s posthearing brief.

\(^{67}\) Hearing transcript, pp. 278-279 (Tauriella).

\(^{68}\) FedEx’s posthearing brief, pp. 6-8.
Table II-8
Certain domestic containers: Purchasers’ comparisons between U.S.-produced and imported certain domestic containers

<table>
<thead>
<tr>
<th>Factor</th>
<th>Number of firms reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S. vs. China</td>
</tr>
<tr>
<td></td>
<td>S</td>
</tr>
<tr>
<td>Availability</td>
<td>2</td>
</tr>
<tr>
<td>Container design</td>
<td>1</td>
</tr>
<tr>
<td>Delivery terms</td>
<td>2</td>
</tr>
<tr>
<td>Delivery time</td>
<td>2</td>
</tr>
<tr>
<td>Delivered laden with third party merchandise</td>
<td>1</td>
</tr>
<tr>
<td>Design testing</td>
<td>1</td>
</tr>
<tr>
<td>Discounts offered</td>
<td>0</td>
</tr>
<tr>
<td>Extension of credit</td>
<td>0</td>
</tr>
<tr>
<td>Fully welded containers</td>
<td>1</td>
</tr>
<tr>
<td>Interior container dimension &gt;100 inches</td>
<td>1</td>
</tr>
<tr>
<td>Life cycle costs</td>
<td>1</td>
</tr>
<tr>
<td>Minimum quantity requirements</td>
<td>1</td>
</tr>
<tr>
<td>Pinwheeling</td>
<td>0</td>
</tr>
<tr>
<td>Price¹</td>
<td>1</td>
</tr>
<tr>
<td>Product consistency</td>
<td>1</td>
</tr>
<tr>
<td>Product differentiation</td>
<td>0</td>
</tr>
<tr>
<td>Product range</td>
<td>1</td>
</tr>
<tr>
<td>Port delivery location/options</td>
<td>2</td>
</tr>
<tr>
<td>Quality exceeds AARM-930 standards</td>
<td>2</td>
</tr>
<tr>
<td>Quality meets AARM-930 standards</td>
<td>1</td>
</tr>
<tr>
<td>Reliability of supply</td>
<td>2</td>
</tr>
<tr>
<td>Technical support/service</td>
<td>1</td>
</tr>
<tr>
<td>U.S. transportation costs¹</td>
<td>4</td>
</tr>
<tr>
<td>Warranty</td>
<td>1</td>
</tr>
</tbody>
</table>

¹ A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported “U.S. superior,” it meant that the U.S. certain domestic containers was generally priced lower than the imported certain domestic containers.

Note.-- S=first listed country’s certain domestic containers is superior; C=both countries’ products are comparable; I=first list country’s certain domestic containers is inferior.

Source: Compiled from data submitted in response to Commission questionnaires.
Comparison of U.S.-produced and imported certain domestic containers

In order to determine whether U.S.-produced certain domestic containers can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether the products can “always,” “frequently,” “sometimes,” or “never” be used interchangeably. As shown in table II-9, most importers and purchasers reported that U.S. and Chinese certain domestic containers are “never” interchangeable. 69

Table II-9
Certain domestic containers: Interchangeability between certain domestic containers produced in the United States and in other countries, by country pairs

<table>
<thead>
<tr>
<th>Country pair</th>
<th>Number of U.S. producers reporting</th>
<th>Number of U.S. importers reporting1</th>
<th>Number of purchasers reporting1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A F S N</td>
<td>A F S N</td>
<td>A F S N</td>
</tr>
<tr>
<td>United States vs. China</td>
<td>*** *** *** ***</td>
<td>1 0 0 7</td>
<td>2 1 0 6</td>
</tr>
<tr>
<td>United States vs. Other</td>
<td>*** *** *** ***</td>
<td>0 0 0 1</td>
<td>0 1 0 0</td>
</tr>
<tr>
<td>China vs. Other</td>
<td>*** *** *** ***</td>
<td>0 0 0 1</td>
<td>0 1 0 0</td>
</tr>
</tbody>
</table>

7 Seven firms responded as both importers and purchasers.

Note.—A=Always, F=Frequently, S=Sometimes, N=Never.

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

Six of nine responding purchasers reported that fully welded domestic containers are “never” interchangeable with mechanically fastened containers. Purchasers ***, ***, and *** indicated that fully welded containers are the best way to provide water proof protection, particularly when shipping food grade loads. Purchasers ***, *** , and ***70 cited cost issues with mechanically fastened dry containers. Mechanical fasteners loosen over time due to stress caused from repeatedly moving containers from rail cars to chassis causing increases in maintenance costs and shortening of container lifespan.

As can be seen from table II-10, six responding purchasers reported that domestically produced certain domestic containers “rarely or never” met minimum quality specifications. Nine responding purchasers reported that the Chinese certain domestic containers “always” met minimum quality specifications. 71

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69 Importer *** reported that U.S. and Chinese certain domestic containers are *** interchangeable. Purchasers *** reported that U.S. and Chinese certain domestic containers are *** interchangeable. 70 Purchaser *** reported that U.S. product is always interchangeable with Chinese product in table II-9. 71 Purchasers *** reported that the U.S. produced certain domestic containers “usually” met minimum quality specifications.
Table II-10
Certain domestic containers: Ability to meet minimum quality specifications, by source¹

<table>
<thead>
<tr>
<th>Source</th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Rarely or never</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>China</td>
<td>9</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

¹ Purchasers were asked how often domestically produced or imported certain domestic containers meet minimum quality specifications for their own or their customers' uses.

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of certain domestic containers from the United States and China. As seen in table II-11, most importers and purchasers reported that factors other than price are always important.

Table II-11
Certain domestic containers: Significance of differences other than price between certain domestic containers produced in the United States and in other countries, by country pairs

<table>
<thead>
<tr>
<th>Country pair</th>
<th>Number of U.S. producers reporting</th>
<th>Number of U.S. importers reporting</th>
<th>Number of purchasers reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A   F  S  N</td>
<td>A   F  S  N</td>
<td>A   F  S  N</td>
</tr>
<tr>
<td>United States vs. China</td>
<td>***  ***  ***  ***</td>
<td>7   0   0   0</td>
<td>9   1   0   0</td>
</tr>
<tr>
<td>United States vs. Other</td>
<td>***  ***  ***  ***</td>
<td>1   0   0   0</td>
<td>0   1   0   0</td>
</tr>
<tr>
<td>China vs. Other</td>
<td>***  ***  ***  ***</td>
<td>1   0   0   0</td>
<td>0   1   0   0</td>
</tr>
</tbody>
</table>

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

ELASTICITY ESTIMATES

U.S. supply elasticity

The domestic supply elasticity¹ for certain domestic containers measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of certain domestic containers. The elasticity of domestic supply depends on several factors including the level of excess capacity and capacity utilization, the ease with which producers can alter capacity, small amount of inventories, environmental regulations, and the lack of alternate markets for U.S.-produced certain domestic containers. Analysis of these factors earlier

¹ A supply function is not defined in the case of a non-competitive market.
indicates that the U.S. industry has the ability to somewhat increase or decrease shipments to the U.S. market; an estimate in the range of 1 to 3 is suggested.\textsuperscript{73 74}

\textbf{U.S. demand elasticity}

The U.S. demand elasticity for certain domestic containers measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of certain domestic containers. This estimate depends on factors discussed earlier such as the lack of commercial viability of substitute products, as well as the component demand for intermodal shipping. Based on the available information, the aggregate demand for certain domestic containers is likely to be inelastic; a range of -0.5 to -1.0 is suggested.

\textbf{Substitution elasticity}

The elasticity of substitution depends upon the extent of certain domestic containers differentiation between the domestic and imported products.\textsuperscript{75} Product differentiation, in turn, depends upon such factors as quality (e.g., fully welded, container design, etc.) and conditions of sale (e.g., availability, delivery terms, etc.). Based on available information, the elasticity of substitution between U.S.-produced certain domestic containers and imported certain domestic containers is likely on the lower end of a range between 1 and 2.\textsuperscript{76 77}

\textsuperscript{73} In J.B. Hunt’s prehearing brief, J.B. Hunt commented that the supply elasticity estimated by Staff was too high considering the high labor costs for producing certain domestic containers. J.B. Hunt’s prehearing brief, p. 17.
\textsuperscript{74} Although welding is a labor intensive, Stoughton plans on *** to take advantage of workers’ available ***. USITC staff trip notes, p. 3.
\textsuperscript{75} The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. certain domestic containers to the subject products (or vice versa) when prices change.
\textsuperscript{76} In its prehearing brief, Stoughton disagreed with the characterization that the degree of substitutability between domestically produced domestic containers and subject imports as no more than moderate. Stoughton commented that the degree of substitutability should be much higher since Stoughton’s Generation 2 containers are in service and the capital investments made to be able to produce fully welded containers. Petitioner’s prehearing brief, pp. 12-15. In its prehearing brief, J.B. Hunt disagreed with the characterization that the degree of substitutability between domestically produced domestic containers and subject imports as no more than moderate. J.B. Hunt commented that the substitution elasticity should be closer to zero due to purchasers’ responses on the interchangeability between U.S.-produced certain domestic containers and Chinese produced certain domestic containers. J.B. Hunt’s prehearing brief, p. 18.
\textsuperscript{77} Stoughton has demonstrated sales, supporting higher substitution elasticity. However, lack of industry-wide commercial acceptance substantially reduces substitution between domestic and subject product weighing in favor of a low, but greater than zero, elasticity.
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 subsidies and dumping margins was presented in Part I of this report and information on the volume and pricing of imports of the subject merchandise is presented in Part IV and Part V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of Navistar and Stoughton. Stoughton accounted for *** known commercial U.S. production of certain domestic containers during 2011-13 while Stoughton and Navistar ***. Furthermore, there was no domestic production of marine containers during 2011-14, thus none of the data presented include this form of certain domestic containers.

BACKGROUND

Petitioner Stoughton began production of domestic containers in 1988, and by 1993 had reached production levels approaching *** units.¹ Stoughton, Pines Trailer Corporation, Monon Trailer Corporation, Great Dane Trailers, and Hyundai Translead were the predominant U.S. manufacturers of aluminum plate intermodal containers between 1993 and 1998.² In 1999, Stoughton’s domestic container production *** at more than *** units.³ Between 2000 and 2004, Wabash National Corporation (“Wabash”) sold mechanically assembled DuraPlate containers manufactured in the United States from two thin layers of steel plate that were bonded to a middle core of formed plastic that was a heavier and smaller product than the aluminum containers. These containers could be double-stacked instead of single-stacked during rail transport.⁴

Between 2004 and 2005, Stoughton and Wabash started producing aluminum containers with an interior width of more than 100 inches.⁵ The number of U.S. firms manufacturing containers fell in 2005, however, when Chinese firms CIMC, Singamas, and Shanghai C. & Jindo Container Co. Ltd. introduced lighter-weight, fully-welded steel containers. These containers complied with exterior-width restrictions but had greater interior widths due to thin yet durable walls with structural integrity that could withstand double-stacking on rail

¹ Staff field trip report, Stoughton, March 5, 2015; Petitioner’s prehearing brief, p. 7.
² Petitioner’s prehearing brief, p. 7; CIMC’s prehearing brief, exh. 3, p. 2.
³ Staff field trip report, Stoughton, March 5, 2015; Petitioner’s prehearing brief, p. 7.
⁴ Conference transcript, p. 20 (Wahlin), p. 84 (Fenton), p. 92 (Wahlin) (noting that to his knowledge, Wabash was not involved in manufacturing containers for intermodal transport), p. 105 (DeLozier); J.B. Hunt’s prehearing brief, p. 4; hearing transcript, p. 161 (Delozier). Hub City also reported that in the early 2000’s, it closely monitored Pacer Stack Train’s efforts to develop a domestic light-weight steel container. Conference transcript, p. 112 (Cerny).
⁵ Conference transcript, p. 181 (Cerny).
cars. These containers also reportedly provided a longer useful life with fewer leakage claims.6 In 2006, Stoughton produced its last aluminum plate domestic containers, ***.7 U.S. production of containers ended in 2007.8 9 In 2011, however, Stoughton re-opened its Evansville, Wisconsin facility in an attempt to produce a commercially competitive product.10

U.S. PRODUCERS

The Commission issued a U.S. producer questionnaire to Stoughton based on information contained in the petition, and to AICM and Navistar, Inc. (“Navistar”) based on information provided in the preliminary phase of these investigations. Stoughton and Navistar provided useable data on their production operations. Staff believes that these responses represent all U.S. production of certain domestic containers between 2011 and 2014.

Table III-1 lists U.S. producers of certain domestic containers, their production locations, positions on the petition, total production, and shares of total production.

Table III-1
Certain domestic containers: U.S. producers of certain domestic containers, their positions on the petition, production locations, and shares of total reported production, 2014

<table>
<thead>
<tr>
<th>Firm</th>
<th>Position on petition</th>
<th>Production location(s)</th>
<th>Share of production (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navistar1</td>
<td>***</td>
<td>Cherokee, AL</td>
<td>***</td>
</tr>
<tr>
<td>Stoughton2</td>
<td>Petitioner</td>
<td>Evansville, WI</td>
<td>***</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

1 Navistar is a wholly owned subsidiary of Navistar, Inc. of Lisle, Illinois. Its share of production reflects ***.
2 Stoughton is a wholly owned subsidiary of STI Holdings, Inc. of Stoughton, Wisconsin. It reported commercial production ***.


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

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6 J.B. Hunt’s postconference brief, pp. 5-6; CIMC and Singamas’ postconference brief, pp. 2-3; conference transcript pp. 105-09 (DeLozier), pp. 112-116, 168 (Cerny), pp. 124-25 (Dean), pp. 126-29, 167-68 (Drella); hearing transcript, p. 157 (Drella).
7 Staff field trip report, Stoughton, March 5, 2015; Petitioner’s prehearing brief, p. 7; hearing transcript, p. 39 (Wahlin).
8 Petition, pp. 2-3; Wabash supplemental trailer producer questionnaire response; Petitioner’s prehearing brief, p. 7; hearing transcript, p. 49 (Hodes).
9 Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Williamson), p. 3; Wabash Exits Domestic Container Market, April 1, 2006. Wabash submitted a supplemental trailer producer questionnaire response during the preliminary phase of these investigations, which reported that it ***.
10 Petitioner’s prehearing brief, p. 7; hearing transcript, p. 28 (Wahlin).
Both Stoughton and Navistar reported that they ***. Stoughton and Navistar also indicated in their questionnaire responses that they were ***.

Producers were asked to report any changes in operations such as plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or production curtailments since January 1, 2011. Table III-2 presents information on Stoughton’s changes in operations since 2011. Stoughton produced certain domestic containers intermittently during 2011-13 11 and reported that it ***.

Table III-2
Certain domestic containers: U.S. producer’s changes in operations, 2011-14

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stoughton</td>
<td>Stoughton</td>
<td>Stoughton</td>
<td>Stoughton</td>
<td>Stoughton</td>
<td>Stoughton</td>
<td>Stoughton</td>
</tr>
</tbody>
</table>

Stoughton was founded in 1961 as a manufacturer of truck bodies and semitrailers at its production facility in Stoughton, Wisconsin. In 1993, Stoughton added plant 7 in Evansville, Wisconsin to manufacture domestic containers, and expanded the facility from 240,000 square feet to 300,000 square feet in 1998. Plant 7 produced certain domestic containers using a mechanical process to assemble aluminum containers. 12 Stoughton reported that it commercially produced *** aluminum containers during 1993-2006. These light-weight aluminum containers had a large interior space and rode as top containers on trains. They could not be stacked on rail cars and lacked a roof aperture to lock in a top box. These aluminum containers were primarily assembled using mechanical fasteners such as bolts and rivets instead of welding. According to testimony presented at the staff conference, holes from mechanical fasteners loosened over time could provide water entry points causing water leakage and resultant damages over time. 13 Stoughton also reported producing ***.

In the early 2000’s, Chinese manufacturers introduced a steel-welded construction process. Stoughton then found that its mechanical assembly process was no longer competitively viable and produced its last mechanically assembled container in 2006. 14 In 2007, Stoughton shut down plant 7 15 but in 2009, Stoughton received inquiries from rail and truck

11 Conference transcript, pp. 21, 96-97 (Wahlin).
12 Petitioner’s prehearing brief, p. 7; hearing transcript, pp. 21 (Heffner), 21, 27 (Wahlin). Stoughton’s production of aluminum mechanically fastened domestic containers utilized ***. Stoughton introduced welded steel certain domestic containers that utilize only ***. Petitioner’s postconference brief, pp. 9-10 n.27.
13 UPRR’s prehearing brief, pp. 2, 10; J.B. Hunt’s prehearing brief, p. 4; hearing transcript, pp. 21 (Heffner), 49 (Hodes), 161 (Delozier).
15 Petition, p. 3; hearing transcript, pp. 21 (Wahlin), 49 (Hodes).
carriers and leasers that were interested in securing a U.S. manufacturer of certain domestic containers.\textsuperscript{16} In 2011, Stoughton re-opened plant 7 with the intention of increasing production capacity to commercially competitive levels (approximately \textsuperscript{***} certain domestic containers) over the next several years.\textsuperscript{17} When Stoughton was planning its re-entry into the market, it conducted a survey in July and August 2010 of intermodal customers to learn about their specifications, volume requirements, and pricing specifications.\textsuperscript{***} There were some fabrication issues with some of the Generation I design products provided to one customer, Norfolk Southern, which observed quality issues such as distorted side panels since the generation I containers “employed an overlap connection to the open faced profile of the top rail\{,\} which required \{flattening\} of the corrugated wall at the connection point.”\textsuperscript{19} To resolve the resulting performance issues, an alternate design of the product was developed by modifying the “design of the connection by employing a two top rail and fully extending the side walls at the top and bottom to form a butted connection,” which was identified as “Generation II.”\textsuperscript{20}

Stoughton sent J.B. Hunt a written proposal in August 2011 for building a prototype container. According to J.B. Hunt, Stoughton “estimated that its cost of producing and delivering the prototype contain would be $157,000, and asked that J.B. Hunt contribute $75,000 toward the cost of the prototype” that would be ready in December 2011. J.B. Hunt did not specifically require that the prototype be a fully welded certain domestic container.\textsuperscript{21} Stoughton testified that representatives traveled to Alabama to visit potential manufacturing sites where Stoughton could produce an intermodal container for J.B. Hunt. According to Stoughton, “J.B. Hunt wanted us to build an additional manufacturing plant to build our container, the very design that included a small amount of fasteners. J.B. Hunt not only approved our design; we reached an agreement to build a prototype for them, which did indeed include the 100 and 3/8ths inch interior width. (...) The prototype was to be completed in 2011. The production of the prototype fell during the time period when Stoughton was modifying its design from Generation I to Generation II.” Stoughton recommended that the prototype production be delayed until the Generation II design was completed. While J.B. Hunt initially agreed, Stoughton contends that the project was ultimately never completed due to price competition from Chinese manufacturers,\textsuperscript{22} although the two companies remained in

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{16} Petitioner’s prehearing brief, p. 7; hearing transcript, pp. 28 (Wahlin), 39 (Fenton). U.S. purchaser UPRR noted that it \textsuperscript{***}. UPSSs prehearing brief; p. 13.
\item \textsuperscript{17} Petition, p. 3; Petitioner’s prehearing brief, p. 55; hearing transcript, p. 28 (Wahlin).
\item \textsuperscript{18} Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), pp. 1-2.
\item \textsuperscript{19} Hearing transcript, p. 45 (Wahlin).
\item \textsuperscript{20} Ibid.
\item \textsuperscript{21} J.B. Hunt’s posthearing brief, pp. 1-2.
\item \textsuperscript{22} Hearing transcript, pp. 33-34 (Wahlin), 42 (Fenton); Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), p. 7.
\end{itemize}
\end{footnotesize}
frequent contact during 2011-14. 23 J.B. Hunt noted, however, that it reassessed purchasing from Stoughton after seeing quality problems with a prototype at a November 2011 trade show. 24 In addition, J.B. Hunt contends that “Stoughton appears to be confusing J.B. Hunt willingness to evaluate a container with mechanical fasteners versus J.B. Hunt approving the design of that system for commercial production.” 25

U.S. purchaser Hub City testified that it contacted Stoughton in February 2011 to discuss product specification and production plans. Hub City did not find that Stoughton’s product satisfied Hub City’s specifications and therefore never requested pricing. 26 Stoughton, however, contends that Hub City had expressed interest in purchasing and leasing Stoughton’s certain domestic containers in 2012 but “ultimately decided not to purchase the container due to its inability to monitor the design closely enough.” Although a purchase was not made, Stoughton has continued to reach out to Hub City. 27 U.S. purchaser UPRR also noted that Stoughton’s product failed to match its specifications in 2011 when Stoughton sent UPRR an unsolicited offer, and in 2013 when UPRR included Stoughton in a bid request, 28 although UPRR had provided Stoughton with its specification of continuous welding in its RFI of November 2010. 29 Additionally, U.S. purchaser CSX Intermodal testified that Stoughton did not prove that it had the ability to provide a product that met its specifications in a timely manner. 30

In February 2013, FedEx Freight issued its first RFQ for certain domestic containers and contacted Stoughton, among other potential U.S. producers, to determine its interest in participating in the RFQ. Stoughton and the other potential U.S. producers declined to participate in the RFQ so FedEx Freight contacted Chinese manufacturers CIMC and Singamas who decided to participate. FedEx Freight noted that Stoughton’s certain domestic containers did not meet its specifications and believed that Stoughton had little interest in pursuing business with FedEx Freight. 31

*** 32 According to Stoughton, it always had the ability to provide a fully welded container but chose the alternative design that included fasteners due to strong pressures to be competitively priced with Chinese competitors. After the preliminary staff conference, Stoughton invested approximately $4 million to enable it to provide a fully welded container

23 Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), pp. 11-12.
24 Hearing transcript, p. 162-163 (Delozier); J.B. Hunt’s posthearing brief, pp. 4-5.
26 Hearing transcript, pp. 149-150 (Cerny).
28 Hearing transcript, pp. 152-154 (Schmelder); UPRR’s posthearing brief, pp. 3-4.
29 CIMC’s posthearing brief, Answer to Commission Questions, p. 4; UPRR’s posthearing brief, p. 3, Attachment A, pp. 5-6.
30 Hearing transcript, p. 170 (Prevatt).
31 FedEx Freight’s posthearing brief, pp. 3-4.
32 Stoughton reported that ***.
design without any additional fasteners. Since resuming operations in 2011, Stoughton has been able to use some of its employees that manufacture trailers for its certain domestic container facility, but those employees need additional training in the welding, assembly, or industrial skills associated with certain domestic containers. Stoughton also explained that ***. Stoughton explained that it developed a list of *** contacts in the intermodal industry by 2011. Stoughton “sent emails to everyone on the list soliciting their business for containers and chassis.” Before the 2012, 2013, and 2014 IANA show, Stoughton “developed a brochure for their steel container, sent it to the contact list, and invited these customers to view the container at Stoughton’s booth during the show.” Stoughton also noted that it has reached out to several potential customers with the idea of constructing a prototype and initiating test developmental runs through meetings at the IANA conference, plant visits, and by bringing products to their facilities. Additionally, Stoughton retained a sales consultant who reached out to potential customers in 2013 and 2014 by “traveling to the customer’s location or by meeting at a trade show.” Stoughton’s sales consultant also gave presentations on the economics and state of the intermodal transportation during 2011-14 at various seminars. Furthermore, Stoughton provided documentation showing that it had ***. Stoughton’s certain domestic container design during the preliminary phase of these investigations had several points of connection that are accomplished by mechanical means. Stoughton also reported during the preliminary phase of these investigations that it had designed a certain domestic container with an interior width of 100 ½ inches, although the certain domestic containers it had produced at the time only had an interior width of 99 inches. Stoughton reported in the final phase of these investigations that ***. Stoughton’s fully welded prototype is reported to be compliant with the AAR specifications; on this basis the

33 Hearing transcript, pp. 35-36, 71 (Wahlin), 41 (Fenton).
34 Conference transcript, pp. 96-97 (Wahlin); Petitioner’s postconference brief, exh. 16.
35 Email from ***, April 27, 2015.
36 Staff field trip report, Stoughton, March 5, 2015.
37 Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), p. 19.
38 Ibid.
39 Hearing transcript, p. 96 (Wahlin).
40 Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), pp. 20-21.
41 Petitioner’s posthearing brief, exh. 10.
42 Stoughton reported that *** and that ***. Petitioner’s postconference brief, exh. 14 (confirmed by email from ***, April 21, 2015).
43 Conference transcript, pp. 46-47 (Fenton).
44 The production processes and *** covering a range of dimensions, methods of joining, and applications were presented to Commission Staff on March 5, 2015. Staff field trip report, Stoughton, March 5, 2015.
company is currently working with three potential purchasers.45 Furthermore, Stoughton reported that *** as well as a prototype unit capable of use in connection with marine applications.46

**Navistar/AICM**

AICM is a startup U.S. company that intends to supply fully welded certain domestic containers. ***47 48 During the preliminary phase of these investigations, J.B. Hunt and Norfolk Southern stated that they had discussed certain domestic containers with AICM and would welcome a U.S. source of supply that met their quality specifications.49

Information provided during the preliminary phase of these investigations indicated that AICM had ***.50 51 52

Initially, AICM expected a ***.53 AICM also *** expected to ***.54 55 56

Since June 2014, there has been ***.57 In March 2015, AICM appointed Jack Allen, formerly Executive Vice President and COO of Navistar, as Chairman.58 59

***.60 61 62 63

45 Hearing transcript, pp. 37, 68 (Wahlin). *** since UPRR is eager to find new and reliable sources of supply. ***. UPRR testified that Stoughton provided a prototype in late 2014 that meets UPRR’s specifications. UPRR plans to evaluate the quality of the product design as well as the manufacturing facilities and processes to ensure that it is a reliable product. If the prototype passes all of the preliminary testing, UPRR intends to “enter into an agreement to purchase prototype units for testing on the road. If they are successful in that process, they will be approved to participate in (its) bids and be a viable supplier for commercial quantities.” Hearing transcript, p. 272 (Tauriella).

Stoughton also contends that it actively pursued business with Schneider who “entertained these efforts throughout the POI and thereafter.” In 2014, ***. Petitioner’s posthearing brief, Answers to Commissioners’ Questions (Commissioners Johanson and Williamson), p. 19; Stoughton’s posthearing brief, Answers to Commissioners’ Questions (Commissioner Schmidtlein), p. 2.

46 Hearing transcript, p. 51 (Hodes).

47 Conference transcript, p. 14 (Morgan); CIMC’s prehearing brief, p. 12.

48 ***. ***. p. 7.

49 Conference transcript, pp. 108, 110 (DeLozier), 125-126 (Dean).

50 ***. pp. 8, 11.

51 ***. ***. p. 10.

52 ***. pp. 8, 13.

53 Staff telephone interview with ***, May 15, 2014. ***. ***. pp. 8, 11.

54 ***. p. 4.

55 ***. pp. 7-8.

56 ***. ***. May 15, 2014.

57 ***. February 27, 2015.

58 J.B. Hunt’s posthearing brief, Answers to Hearing Questions from Commissioners and Posthearing Staff Questions, exh. 2.

59 Staff telephone interview with ***; Staff telephone interview with ***.

60 Staff telephone interview with ***.
According to J.B. Hunt, "***". UPRR noted that ***. UPRR expressed interest in developing a domestic manufacturer and ***. In December 2014, UPRR "included AICM in an RFQ for 2015 demand, with the intention of completing the Supplier Approval Process and securing 100 units for testing. ***.

Potential producers since 2014

In addition to AICM, purchasers ***. As of March 2015, ***. In April 2015, ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 and figure III-1 present Stoughton’s and Navistar’s production, capacity, and capacity utilization. Stoughton has produced at relatively low levels since January 2011 and reported production capacity based on operating *** hours per week, *** weeks per year. Stoughton reported *** in annual capacity between 2012 and 2014, and noted that ***.

Production increased by *** percent from 2011-12 and then decreased by *** percent in 2013. Production increased in 2014 due to ***. Capacity utilization decreased from *** percent in 2011 to *** percent in 2013. ***, capacity utilization increased to *** percent due to the ***.

(...continued)

61 Staff telephone interview with ***.
62 Staff telephone interview with ***.
63 Staff telephone interview with ***.
64 Staff telephone interview with ***.
65 J.B. Hunt’s posthearing brief, Answers to Hearing Questions from Commissioners and Post-Hearing Staff Questions, p. 3.
66 ***. Staff telephone interview with ***.
67 UPRR’s posthearing brief, Attachment A, pp. 7-8.
68 Ibid., p. 8.
69 Staff telephone interview with ***.
70 Staff telephone interview with ***; Staff telephone interview with ***.
71 Staff telephone interview with ***.
72 Staff telephone interview with ***.
73 Staff telephone interview with ***.
74 Staff telephone interview with ***.
75 Petitioner’s posthearing brief, p. 3.
Table III-3
Certain domestic containers: U.S. producers’ production, capacity, and capacity utilization, 2011-14

* * * * * * *

Figure III-1
Certain domestic containers: U.S. producers’ production, capacity, and capacity utilization, 2011-14

* * * * * * *

Overall capacity and production

Domestic producers were asked to provide data on the overall capacity and production in their certain domestic container facilities. Stoughton and Navistar ***.

Producers were asked to describe the constraint(s) that set the limit(s) of their production capacity. Stoughton reported that ***.

Producers were also asked about their ability to switch production capacity between products. Stoughton reported that ***.76

Additionally, producers were asked to provide information regarding trial and commercial production of various types of certain domestic containers, which is presented in table III-4.

Table III-4
Certain domestic containers: Trial versus commercial production

* * * * * * *

Navistar reported that ***. Additionally, Stoughton reported ***.

U.S. PRODUCERS’ U.S. SHIPMENTS AND EXPORTS

Table III-5 presents U.S. producers’ U.S. shipments, export shipments, and total shipments of certain domestic containers. Stoughton reported that its commercial U.S. shipments of certain domestic containers were *** and has not had a commercial sale since the first quarter of 2013.77 In 2011, ***.78 Norfolk Southern subsequently observed caulking on the side panels and irregularities due to forming or stamping, causing the side panel to be distorted and difficult to fit and weld panels, and reduced its order to 199 Generation 1 certain domestic containers.

76 ***. Staff field trip report, Stoughton, March 5, 2015.
77 Hearing transcript, p. 29 (Wahlin).
78 Petitioner’s prehearing brief, pp. 16, 29.
containers and one Generation 2 certain domestic containers. In 2012, Stoughton sold ***. The feedback from ***, with no reports of quality issues to date. *** return to Stoughton if it needed more certain domestic containers. While Stoughton reached out to ***. Furthermore, ***. 

The quantity of U.S. shipments increased by *** percent from 2011 to 2012 and then decreased by *** percent during 2012-14. In addition, Stoughton reported that it ***.

Table III-5
Certain domestic containers: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2011-14

Table III-6 presents U.S. producers' U.S. shipments of laden and unladen certain domestic containers in 2011-14. ***.

Table III-6
Certain domestic containers: U.S. producers' U.S. shipments, laden and unladen, 2011-14

U.S. PRODUCERS' INVENTORIES

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments during 2011-14. *** end-of-period inventories of certain domestic containers decreased by *** percent from during 2011-13. *** of end-of-period inventories in 2014 includes inventories resulting from ***. End-of-period inventories relative to total shipments in 2014 ***.

___________________________________________________________________________

79 UPRR’s prehearing brief, p. 14; J.B. Hunt’s prehearing brief, p. 7; CIMC’s prehearing brief, p. 22; Singamas’ prehearing brief, p. 2; hearing transcript, pp. 166-167 (Dean).
80 Petitioner’s prehearing brief, pp. 29-30.
81 Hearing transcript, p. 132 (Levin, Wahlin); email exchange between ***, May 15, 2014.
82 Email from ***, May 4, 2015.
Table III-7  
Certain domestic containers: U.S. producers’ inventories, 2011-14

* * * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 presents U.S. producers’ employment-related data during 2011-14. Particular skills and training are needed to weld certain domestic containers, which Stoughton has provided to its employees producing certain domestic containers. Stoughton has been able to move employees from its other manufacturing facilities to plant 7 when Stoughton received orders for certain domestic containers.\textsuperscript{83} \textsuperscript{84} Stoughton also plans on “***. The additional training required for these employees will be minimal, compared with hiring completely new employees, allowing Stoughton to transition smoothly to greater production volumes of {certain} domestic containers. As Stoughton’s production ramps up, it plans to add workers at plant 7 where they can be trained by the more experienced employees already in place.”\textsuperscript{85} The level of production and related workers (PRWs) decreased by *** percent during 2011-14. In 2014, *** of the reported PRWs are due to ***. Total hours worked decreased by *** percent from 2011-13 and increased by *** percent from 2013-14 due to ***. Wages paid decreased by *** percent from 2011-13 and then increased by *** percent from 2013-14 due to ***. Hourly wages increased by *** percent during 2011-14, which includes wages paid ***. During 2012 and 2013, the *** hourly wages reflected a change in the mix of employees remaining at the plant while it was effectively idle with respect to container production.\textsuperscript{86} Additionally, productivity and unit labor costs *** between 2011 and 2014.

Table III-8  
Certain domestic containers: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2011-14

* * * * * * * *

\textsuperscript{83} Conference transcript, pp. 96-97 (Wahlin).
\textsuperscript{84} Most of the employees that worked on the mechanically assembled certain domestic containers produced at Stoughton lost their jobs when the facility was closed in 2007. A few employees were transitioned to Stoughton’s trailer operations. Conference transcript, p. 96 (Wahlin). When Stoughton introduced its steel welded container, most of its former production related workers were no longer available. For the employees who were available, the steel welded container was a vastly different product (and plant), which required new training and development. Although some skill sets appeared similar (weld, industrial paint, etc.), it was a very different environment (welding of thinner steel materials, new robotic/tracking weld systems, new material handling systems, very different profiles for industrial painting). Petitioner’s postconference brief, exh. 16.
\textsuperscript{85} Petitioner’s prehearing brief, pp. 55-56.
\textsuperscript{86} ibid., p. 55.
PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 43 firms believed to be importers of containers, as well as to U.S. producers of certain domestic containers.\(^1\) Usable questionnaire responses were received from 11 companies, representing 54.7 percent of U.S. imports from China in 2014 under HTS subheading 8609.00.00, a broad category that encompasses all containers.\(^2\) In light of the U.S. importer data coverage, unless otherwise noted, U.S. import data presented throughout this report are based on the reported exports to the United States of certain domestic containers by the only two known producers in China (CIMC and Singamas).\(^4\) There were no reported imports from nonsubject countries from January 2011 through December 2014.\(^5\) Table IV-1 lists all responding U.S. importers of certain domestic containers, their locations, and their shares of U.S. imports in 2014.

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\(^1\) The Commission issued questionnaires to firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than 0.2 percent of total imports under HTS subheading 8609.00.00 in 2011-14.\(^2\) CIMC and Singamas reported that whether their firms act as the importer of record depends on the customer. This will vary from customer to customer and may even vary for the same customer. Additionally, whether the container arrives full or empty may determine which firm is the importer of record. Conference transcript, pp. 131-132 (Yeung), pp. 132-133 (Hagen).\(^3\) U.S. importers and U.S. purchasers receive payment for use of their certain domestic container when the container is shipped from China containing third party merchandise. CIMC and Singamas' postconference brief, exh. 1 p. 9.\(^4\) Hearing transcript, pp. 154, (Schmelder), 278 (Tauriella). The petitions listed a third potential Chinese producer, Shanghai C & Jindo Container Co., Ltd. (“Jindo”). However, Jindo is no longer in business. Singamas’ prehearing brief, p. 6.\(^5\) CIMC’s prehearing brief, p. 11.
<table>
<thead>
<tr>
<th>Firm</th>
<th>Headquarters</th>
<th>Imports from China (share in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A123 Systems LLC</td>
<td>Livonia, MI</td>
<td>***</td>
</tr>
<tr>
<td>China International Marine Containers (Group) Co., Ltd.</td>
<td>Shenzhen, China</td>
<td>***</td>
</tr>
<tr>
<td>Crowley Liner Services, Inc.</td>
<td>Jacksonville, FL</td>
<td>***</td>
</tr>
<tr>
<td>CSX Intermodal Terminals, Inc.</td>
<td>Jacksonville, FL</td>
<td>***</td>
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<tr>
<td>FedEx Freight, Inc.</td>
<td>Harrison, AR</td>
<td>***</td>
</tr>
<tr>
<td>Hub City Terminals, Inc.</td>
<td>Oak Brook, IL</td>
<td>***</td>
</tr>
<tr>
<td>J.B. Hunt Transport, Inc.</td>
<td>Lowell, AR</td>
<td>***</td>
</tr>
<tr>
<td>Sea Star Line, Inc.</td>
<td>Jacksonville, FL</td>
<td>***</td>
</tr>
<tr>
<td>Singamas North America, Inc.</td>
<td>San Ramon, CA</td>
<td>***</td>
</tr>
<tr>
<td>Union Pacific Railroad Company</td>
<td>Omaha, NE</td>
<td>***</td>
</tr>
<tr>
<td>UTS Leasing, Inc.</td>
<td>Warren, MI</td>
<td>***</td>
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<tr>
<td>Total</td>
<td></td>
<td>100.0</td>
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</tbody>
</table>

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

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1 A123 Systems is 100 percent owned by Wanxiang Clean Energy USA, Elgin, Illinois. ***.
2 CIMC is *** percent owned by China Merchants (CIMC) Investment Limited, Hong Kong, *** percent owned by COSCO Container Industries Limited (including Long Honour Investments Limited), British Virgin Islands; and *** owned by publicly traded shares.
3 Crowley is 100 percent owned by Crowley Maritime Corp., Jacksonville, Florida. The containers imported by Crowley ***. Commerce has determined that these containers meet the plain language of the scope, noting that these differences are not characteristics that define the scope of these investigations. 53-Foot Domestic Dry Containers from the People’s Republic of China: Issues and Decisions Memorandum for the Final Determination of Sales at Less Than Fair Value, Department of Commerce, April 10, 2015.
4 CSX Intermodal is 100 percent owned by CSX Corporation, Jacksonville, Florida.
5 FedEx Freight is 100 percent owned by FedEx Corporation, Memphis, Tennessee. ***.
6 Hub City is 100 percent owned by Hub Group, Inc., Oak Brook, Illinois.
7 J.B. Hunt is 100 percent owned by J.B. Hunt Transport Services, Inc., Lowell, Arkansas.
8 Sea Star is 100 percent owned by Tote Inc., Princeton, New Jersey.
9 Singamas North America is 100 percent directly owned by Value Success Investment Limited, Samoa, and 100 percent indirectly owned by Singamas Container Holdings Limited, Hong Kong. ***.
10 UPRR is *** percent owned by Union Pacific Corporation, and *** percent owned by Southern Pacific Rail Corporation, all of Omaha, Nebraska.
11 UTS Leasing is 100 percent owned by Universal Truckload Services, Inc., Warren, Michigan. ***.
U.S. IMPORTS

Table IV-2 presents data for U.S. imports of certain domestic containers. U.S. import data are based on the quantity and landed, duty-paid value\(^6\) of exports to the United States as reported by the two active manufacturers/exporters of certain domestic containers in China, CIMC and Singamas.\(^7\) The quantity of imports from China decreased by *** percent during 2011-13 and then increased by *** percent in 2014. The value of imports from China decreased by *** percent during 2011-13 and increased by *** percent in 2014. During 2008-10, firms reportedly limited capital expenditures, contributing to pent-up demand.\(^8\) In 2011, the economy improved and firms were able to replace older containers.\(^9\) According to Stoughton, the increase in imports again in 2014 were likely due to a perceived unavailability of containers should an order go into place.\(^10\) J.B. Hunt testified that the increase of imports in 2014 was due to general growth in its intermodal fleets, while Hub and Schneider testified that inclement weather in the first half of 2014 caused containers to “reside with the railroads for longer than normal periods {...causing Hub and Schneider} to purchase more containers just to keep up with their normal volume requirements.”\(^11\)

The average unit values of U.S. imports from China decreased by *** percent from 2011-14, declining in each successive year. Overall, the average unit values calculated from data provided by CIMC and Singamas decreased by $*** per container between 2011 and 2014.\(^12\)

Table IV-2 also presents data on the ratio of U.S. imports to U.S. production. Imports of certain domestic containers from China were equivalent to *** in 2014, while they were ***.

---

\(^6\) Import values as reported by Chinese firms CIMC and Singamas for full calendar years 2011-14 ***.
\(^7\) Import quantities and values for full calendar years 2011, 2012, and 2013 ***.
\(^8\) Petitioner’s prehearing brief, pp. 32, 66; hearing transcript, p. 108 (Dougan).
\(^9\) Conference transcript, pp. 135-137 (Drella), 137 (DeLozier); hearing transcript, p. 235 (Delozier).
\(^10\) Hearing transcript, p. 109 (Dougan).
\(^11\) Hearing transcript, pp. 235-237 (Delozier, Cerny, Drella).
\(^12\) U.S. importer data, though less complete than exporters’ data, reflect a similar decline of $*** per container.
Table IV-2
Certain domestic containers: U.S. imports, by source, 2011-14

<table>
<thead>
<tr>
<th>Item</th>
<th>Calendar year</th>
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<td>2011</td>
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<td>Quantity (units)</td>
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<td>U.S. imports from--</td>
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<td>All other sources</td>
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<td>Value (1,000 dollars)¹</td>
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<td>U.S. imports from--</td>
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<td>China</td>
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<td>Total U.S. imports</td>
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<td>Unit value (dollars per unit)²</td>
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<td>U.S. imports from--</td>
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<td>Share of quantity (percent)</td>
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<td>U.S. imports from--</td>
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<td>Share of value (percent)</td>
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<td>U.S. imports from--</td>
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<td>Ratio to U.S. production (percent)</td>
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<td>Total U.S. imports</td>
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¹ Landed, duty-paid.
² U.S. importers’ reported average unit values were $*** per unit in 2011, $*** in 2012, $*** in 2013, and $*** in 2014. Between May and November 2014, average unit values calculated from importers’ U.S. imports fell below $*** in *** months, but rose above $*** in December 2014.

Note.—U.S. import data are based on exports to the United States reported by the only known active manufacturers/exporters of certain domestic containers in China.

Note.—***
Note—Crowley and Sea Star reported a total of *** 53-foot marine container units imported in 2011, *** units in 2013, and *** in 2014, with average unit values of ***, ***, and ***, respectively. ***. The total landed, duty-paid values for 53-foot marine container imported into the United States were $***, $***, $***, and $*** in 2011-14, respectively.

Source: Compiled from data submitted in response to Commission questionnaires.
Figure IV-1 presents data for U.S. import quantities and average unit values.

**Figure IV-1**

**Certain domestic containers: U.S. imports by source, 2011-14**

* * * * * * * * *

**Laden versus unladen**

Table IV-3 presents U.S. imports of laden and unladen certain domestic containers in 2011-14. According to the study provided by the Kotler Marketing Group, “Chinese manufacturers offer a cargo program whereby their customers can opt for a certain percentage of their containers to be loaded with third-party cargo during transit from China to the United States. The revenue from providing this service partially offsets the shipping costs of the containers normally incurred by the buyer.”\(^{13}\) There were more unladen containers than laden containers imported from China in all calendar years except for ***. Unladen containers accounted for *** percent of total imports from China during 2011-14.

**Table IV-3**

**Certain domestic containers: U.S. imports, laden and unladen, 2011-14**

* * * * * * * * *

**NEGLIGIBILITY**

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.\(^{14}\) Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.\(^{15}\) Imports from China accounted

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\(^{13}\) *Documenting the Business Value of CIMC and Singamas 53-Foot Domestic Containers*, Kotler Marketing Group, p. 23.

\(^{14}\) Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

\(^{15}\) Section 771 (24) of the Act (19 U.S.C § 1677(24)).
for 100.0 percent of total imports of certain domestic containers by quantity during 2011-14 (including April 2013 – March 2014).

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-4 presents data on apparent U.S. consumption and U.S. market shares for certain domestic containers. These data show that apparent U.S. consumption, based on quantity, decreased by *** percent from 2011 to 2013 and then increased by *** percent from 2013 to 2014.16 Apparent U.S. consumption, based on value, decreased by *** percent from 2011 to 2013 and then increased by *** percent from 2013 to 2014. U.S. producers’ share of apparent U.S. consumption, based on quantity, peaked in 2012 at *** percent.

Table IV-4

* * * * * * * *

Figure IV-2 presents data on apparent U.S. consumption.

Figure IV-2
Certain domestic containers: U.S. apparent consumption, 2011-14

* * * * * * * *

16 Consumption data in 2014 include *** of certain domestic containers.
PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Raw materials represent approximately *** of the cost of goods sold (COGS) in the manufacture of certain domestic containers.1 Carbon steel, such as hot-rolled and cold-rolled steel, I-beams, and castings, constitutes the major raw material used and accounts for the majority of raw material costs (***)]. Domestic containers also typically have a floor of wood planks or other wood materials.2 Flooring material accounts for the next largest share of raw material and other input costs (***)], followed by paint (***)], door assemblies (***)], and other components (***)].

Two importers, ***, indicated that overall raw material prices have decreased as a result of declines in the hot-roll steel prices. Additionally, *** and *** importers indicate that raw material prices have fluctuated since 2011. U.S. producer Stoughton reported that *** have affected overall raw material costs. According to U.S. producer Stoughton, “the price of domestic containers is not as tightly tied to its raw material inputs as with other products,” and “while steel may account for *** container production cost, it does not drive the price of the end product to the same degree as with other products in which a single raw material constitutes a majority (or even a larger share) of production cost.”4 Stoughton reported that the average price of wood flooring has increased by approximately *** percent.5 At the hearing, purchaser UPRR reported that UPRR monitors the price of steel as it relates to the cost of certain domestic containers and has noticed the decline in the price of steel.6

Figure V-1 presents cold-rolled and hot-rolled steel prices from January 2011 through March 2015. U.S. prices for cold-rolled steel decreased by 15.8 percent between January 2011 and December 2014, and declined by 17.1 percent over the first three months of 2015. U.S. prices for hot-rolled steel decreased by 21.6 percent between January 2011 and December 2014, and declined by 21.7 percent over the first three months of 2015. Both cold-rolled and hot-rolled steel average prices peaked in March 2011. U.S. producer Stoughton reported that either cold-rolled or hot-rolled steel can be used in production if both steel types can meet tensile strength and elongation standards.7 Importers Singamas and CIMC reported that hot-

---

1 Stoughton’s raw material costs as a share of COGS from *** ranged from ***. Stoughton did ***.
2 Conference transcript, p. 27 (Fenton).
3 Petitioner’s postconference brief, exh. 44.
4 Petitioner’s posthearing brief, Answers to Commissioners’ Questions, p. 5.
5 Petitioner’s posthearing brief. Answers to Supplemental Questions from Investigation Staff.
6 Hearing transcript, p. 229 (Tauriella).
7 Petitioner’s posthearing brief. Answers to Supplemental Questions from Investigation Staff. Answer to steel usage question.
rolled and cold-rolled steel have declined by 34.4 percent and 32.4 percent in the Shanghai region since 2011.8

**Figure V-1**
Certain domestic containers: Average cold-rolled and hot-rolled steel sheet prices (Midwest), monthly, January 2011-March 2015

* * * * * * * * *

**U.S. inland transportation costs**

U.S. producer Stoughton and importer Singamas North America reported that ***.9 However, importer CIMC reported that ***. Stoughton reported that its U.S. inland transportation costs averaged about *** percent while importer Singamas North America reported costs of *** to *** percent.10

**PRICING PRACTICES**

**Pricing methods**

Three firms reported using transaction-by-transaction negotiations to set prices. *** reported using bidding as well and *** reported the use of contracts (table V-1).

**Table V-1**
Certain domestic containers: U.S. producers and importers reported price setting methods, by number of responding firms

* * * * * * * * *

Importers reported selling most of their product under short-term contracts (table V-2). Seven responding purchasers reported that they purchase on an as needed basis, and five responding purchasers reported purchasing on an annual basis.11 Nine of 12 responding

---

9 *** reported the same arrangement.
10 The other responding importers are end users.
11 Purchasers *** reported typically purchasing on an annual basis and supplementing orders as needed. Purchaser *** reported placing only one order for certain domestic containers, but expects to purchase certain domestic containers in the future on an annual or less-frequent basis.
purchasers reported that their purchasing patterns had changed in since 2011.\textsuperscript{12} Most purchasers contact on average 2 to 4 suppliers before making a purchase.

Table V-2  
Certain domestic containers: U.S. importers’ shares of U.S. commercial shipments by type of sale, 2014

* * * * * * * * *  

Sales terms and discounts

*** and *** typically quote prices on an f.o.b. basis, and importers *** and *** typically quote prices on a delivered basis. Producers and importers offered no discounts. Importers reported sales terms of *** days; whereas, U.S. producers reported sales terms of ***.

Price leadership

Five of twelve responding purchasers reported that CIMC and/or Singamas were price leaders due to market share, price responsiveness to market conditions, quality of certain domestic containers, quick turn around, and reliability.

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity, f.o.b. value, and landed duty value paid purchase cost (separately for both laden and unladen containers) of the following certain domestic container products shipped to unrelated U.S. customers during 2011-14.

\textit{Product 1.}—53-foot, high cube \textbf{100 inches or less in internal width}, dry domestic containers suitable for intermodal transport, \textbf{fully welded}, as described and specified in American Association of Railroads Specification M-930 (Adopted: 1972; Last Revised: 2013) applicable to closed van containers for domestic intermodal service.

\textit{Product 2.}—53-foot, high cube \textbf{more than 100 inches in internal width}, dry domestic containers suitable for intermodal transport, \textbf{fully welded}, as described and specified in American Association of Railroads Specification M-930 (Adopted: 1972; Last Revised: 2013) applicable to closed van containers for domestic intermodal service.

\textsuperscript{12} Purchaser *** reported that an order made in *** had to be cancelled due to the effect of Commerce’s and the Commission’s preliminary determinations on the price of imports from China.
Product 3.—53-foot, high cube 100 inches or less in internal width, dry domestic containers suitable for intermodal transport, assembled in part with mechanical fasteners, as described and specified in American Association of Railroads Specification M-930 (Adopted: 1972; Last Revised: 2013) applicable to closed van containers for domestic intermodal service.

Product 4.—53-foot, high cube more than 100 inches in internal width, dry domestic containers suitable for intermodal transport, assembled in part with mechanical fasteners, as described and specified in American Association of Railroads Specification M-930 (Adopted: 1972; applicable to closed van containers for domestic intermodal service).  

U.S. producer *** and *** importers provided usable data and for sales or purchases of the requested products, although not all firms reported pricing for all products for all quarters.  

Price data for products 1-3 are presented in tables V-3 to V-5 and figure V-2. Purchase cost data for products 1-2 are presented in tables V-6 to V-7 and figure V-3.

Table V-3
Certain domestic containers: Weighted-average f.o.b. prices and quantities imported product 1, by quarters, 2011-14

*            *            *            *           *            *            *

13 No responding firms reported sales in product 4.
14 Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision of these figures may be affected by rounding, limited quantities, and producer or importer estimates.
15 Unladen certain domestic containers made up *** percent of Chinese import pricing data in 2014. Certain domestic containers more than 100 inches in internal width made up *** percent of Chinese import pricing data in 2014.
16 Unladen certain domestic containers made up *** percent of purchase cost data for imports from China in 2014. Certain domestic containers 100 inches or less in internal width made up *** percent of pricing data for imports from China in 2014.
Overall, prices for Chinese imports decreased between 2011 and 2014, while prices for U.S. producers increased (table V-8).\textsuperscript{17} Between 2011 and 2012, Chinese prices for product 1 unladen increased by nearly *** percent. Chinese prices for product 1 unladen peaked in ***. Between 2013 and 2014, Chinese prices for product 1 unladen decreased by *** percent. Chinese importers reported the largest decrease in price for product 2 unladen containers at

\textsuperscript{17} U.S. producer *** and importers *** and *** reported pricing data.
**Table V-8**  
*Certain domestic containers: Summary of weighted-average f.o.b. prices for products 1-3 from the United States and China*

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**Price comparisons**

Due to the lack of product-specific comparisons between U.S. and Chinese sales, the lack of sales of U.S.-produced laden containers, and the price differences between laden and unladen containers, product pricing comparisons are provided for unladen containers for U.S. product (product 3) and Chinese product (product 1 and product 2 combined (table V-9). Prices for certain domestic containers imported from China were below those for U.S.-produced product in all six instances (** units).19

**Table V-9**  
*Certain domestic containers: Instances of underselling/overselling and the range and average of margins, by country, 2011-14*

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18 In its posthearing brief, J.B. Hunt states that “between the period September-October 2011 and June-July 2012,... J.B. Hunt's own purchases show there was no significant drop in the prices it paid for Chinese containers during that time period.” J.B. Hunt’s posthearing brief, p. 7. It also notes that “there is nothing extraordinary that occurred in pricing to support Stoughton's story that pricing was the reason that J.B. Hunt did not have further negotiations with Stoughton because pricing in 2012 fluctuated in a tight band.” J.B. Hunt’s posthearing brief, Answers to Hearing Questions from Commissioners and Posthearing Staff Questions, p. 25.

19 According to Singamas, the “option to buy a container on a laden basis is properly considered a non-price factor and not a ‘discount’” because it “is not an arrangement exclusively available to the Chinese producers,” and the producer does not realize a “lower net revenue.” Singamas’ posthearing brief, p. 11.
Purchase cost trends

Purchase cost data for imports by end users declined between 2011 and 2014 (table V-10). For product 1 (both unladen and laden) purchase costs were highest in the first quarter of 2011. For product 2 (both unladen and laden) purchase costs peaked in the ***.

Table V-10
Certain domestic containers: Summary of weighted-average landed duty value paid purchase cost for products 1-2 from China

| * | * | * | * | * | * | * | * |

Of the *** importers that reported purchase cost data, *** importers indicated that their firm did not incur additional transaction costs when importing Chinese certain domestic containers directly compared to purchasing product from a U.S. producer or importer. Importer *** indicated that the firm incurs *** when directly importing from a Chinese producer. Additionally, equipment, such as ***, needs to be removed and returned to the foreign manufacturer. *** estimates these added costs range from *** to *** percent of purchase costs.

*** importers indicated that the firm was able to reduce its transaction savings by directly importing Chinese product. Importer *** indicated that directly importing Chinese certain domestic containers saved the firm on ***. Importer *** reported that directly importing Chinese product helped to *** and gave the firm the ability to ***. Importer *** indicated that direct imports ***.

Bid data

Some purchasers use requests for quotes (RFQs) and the bidding process to purchase certain domestic containers. The Commission requested information regarding bids that were issued by end users to foreign producers and U.S. manufacturers. Nine firms provided data on their bids and bid process, representing a total of 26 bidding events (Table V-11). The overall quantity was approximately 50,000 units during 2011-14 and the average number of bid solicitations during 2011-14 per purchasing firm was three. *** bids requested quantities under

---

20 Importers *** reported purchase cost data. Importers *** and *** imported *** in the last two quarters of 2011, the second and third quarter of 2013, and the second quarter of 2014.

21 *** bid on *** RFQs.

22 Purchasers *** reported not using bids or RFQs to purchase certain domestic containers. Therefore, these companies’ answers to purchaser questionnaire questions V-1 to V-5 were not used in the Staff Report.

23 Purchaser *** reported on a pending bidding event; this event is included in table V-11 but not in the analysis.
1,000 units, *** bids requested quantities between 1,000 and 3,000 units, and *** bids requested quantities of more than 3,000 units. Of the 25 bidding events with multiple bid offers, 24 bidding events had a single supplier win the bidding event; of these 19 bidding events, the lowest bid won 15 bidding events. Of the 25 bidding events with multiple bid offers, six bidding events had multiple suppliers win the bidding event; of those six bidding events, the lowest bid won the majority of the volume in four bidding events. Of the 26 bidding events, 14 RFQs required fully welded certain domestic containers. Of the nine firms reporting bidding data, *** firms reported that their firm “always” or “frequently” allow bidders more than one chance to bid on a particular sales agreement. Purchaser *** indicated that bidders may improve their proposal until the contract for the business is signed. Eight of nine purchasers reported “rarely” or “never” discussing the bids of competing firms with their suppliers in order to get a lower bid price. Six of nine purchasers reported that a single RFQ could be awarded to multiple suppliers, citing diversification of supplier base and meeting volume and delivery requirements. All nine responding purchasers reported “rarely” or “never” requesting a bid from only one supplier. All nine responding firms reported that their firm did not exclude one or more firms from the bidding process and that their firms’ RFQs did not include requests for other services.

Table V-11
Certain domestic containers: Bid events by U.S. importer/end users, 2011-14

|           |           |           |           |           |           |           |

**LOST SALES AND LOST REVENUE**

The Commission requested the U.S. producer of certain domestic containers to report any instances of lost sales or revenue it experienced due to competition from imports of certain domestic containers from China since January 2011. Stoughton alleged *** instances of lost sales to imported certain domestic containers from China.

Staff contacted the *** purchasers cited in the allegations and received responses from *** purchasers. The Commission did not receive responses to *** allegations involving bids in

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24 *** bidding event, ***, had only one firm bid due to the *** and ***.
25 In *** bidding event, Staff categorized this event as the lowest supplier bid not winning due to *** original higher bid. However, *** was awarded the bid volume based on a lower price that matched *** original offer.
26 Purchaser *** reported “frequently” discussing the bids of competing firms with its suppliers in order to get a lower bid price by ***.
27 Petitioner Stoughton addresses bidding event data in its posthearing brief, Answers to Commissioners’ Questions.
28 *** provided responses.
response to specific customer RFQs from ***. These *** allegations for which information was received did not involve price quotes for specific order requests. ***. A summary of the information obtained on the *** allegations is provided in table V-12 and is discussed below.

Table V-12
Certain domestic containers: U.S. producer’s lost sales allegations

| * | * | * | * | * | * | * | * |

*** disagreed with the allegation that Stoughton lost *** sales from ***. *** reported that the quantity of the potential purchase was *** containers. *** stated: “*** requests bids that include the cost of delivering containers to a point on its network. The rejected quote identified in column 4 does not include delivery costs. The quote with delivery was ***. *** based its decision to award the bid to another producer based on several factors, one of which was price.” *** provided additional information as follows:

***.

***.

***.

*** with the allegation. *** submitted the following comment: “***”.

End users responding to the lost sales allegations also were asked whether they shifted their purchases of product from the U.S. producer to suppliers of certain domestic containers from China since January 2011. *** of the responding end users indicated that they did not shift purchases from the U.S. producer to Chinese suppliers. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of product from China. ***.

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29 Bid data and information provided by *** appear in table V-11.
30 ***.
PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Stoughton and Navistar were the only U.S. producers of certain domestic containers during 2011-14. Stoughton’s financial results on certain domestic containers were reported for calendar-year periods and on the basis of U.S. generally accepted accounting principles (GAAP).\(^1\) Navistar, which produced and recognized revenue during the second half of 2014 for ***, did not report financial results on certain domestic containers.\(^2\)

As described in Part III of this report, Stoughton idled production of certain domestic containers for extended periods and reported only minimal prototype production in 2013 and 2014.\(^3\) Stoughton’s only sales of certain domestic containers, classified as commercial sales, were recognized during 2011-13.

OPERATIONS ON CERTAIN DOMESTIC CONTAINERS

Stoughton’s financial results on certain domestic containers are presented in table VI-1. A variance analysis of these financial results is presented in table VI-2.\(^4\)

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\(^1\) ***. Stoughton U.S. producer questionnaire response to III-2.
\(^3\) Stoughton’s current production of certain domestic containers began in 2011 and involved the transformation of its existing production site in Evansville, Wisconsin from a mechanically-assembled production system to a steel-welded production system. Conference transcript, p. 30 (Fenton). ***. E-mail with attachment from ***, March 3, 2015.
\(^4\) ***. Ibid. ***. Stoughton U.S. producer questionnaire response to III-5.

The Commission’s variance analysis is calculated in three parts: sales variance, cost of sales variance, and selling, general and administrative (SG&A) expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the cost of sales variance and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from the cost of sales and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, cost of sales, and SG&A expense variances.

In general, the utility of the variance analysis is enhanced when product mix remains the same throughout the period. ***. E-mail with attachment from ***, March 13, 2015. As indicated below and at least with respect to some physical characteristics, the transition from Generation 1 containers to Generation 2 containers can be characterized as a change in product mix during 2011-13.
Table VI-1
Certain domestic containers: Results of operations of U.S. producer Stoughton, 2011-14

Table VI-2
Certain domestic containers: Variance analysis on the operations of U.S. producer Stoughton, 2011-14

Sales volume and value

As shown in the revenue section of the table VI-2 variance analysis, period-to-period changes in total revenue were *** due to changes in sales volume. Changes in average sales value, which increased *** percent in 2012 and then *** percent in 2013, had a minimal impact on the level of total revenue.5 While Stoughton’s sales volume reached its highest level in 2012, its capacity utilization was *** percent in that year.

Cost of goods sold

Table VI-1 shows that raw materials accounted for the largest share of Stoughton’s cost of goods sold (COGS) for certain domestic containers (ranging from ***). The following inputs represent the principal raw materials and their approximate share of total raw material cost: ***.6 To the extent that average raw material costs remained in a relatively narrow range during 2011-13, changes in the share of raw material costs to total COGS were largely due to corresponding increases and decreases in average direct labor and other factory costs (see table VI-1).

In terms of the impact on COGS in general, Stoughton reported that costs specific to rework, which would appear to be specifically relevant to Stoughton’s Generation 1 containers, were ***.7 According to the company ***.8

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5 ***. Petition, p. 27. E-mail with attachment from ***, March 13, 2015.
7 As described by a Stoughton company official at the staff conference, Generation 1 containers “... did have some design issues that once out in the field we worked with the customer to remedy. And we remedied that by repairs out into the field on their equipment as well as repairs to the equipment at our facility. So, with that, after those corrections, those units have been in service and we have not had any other reported issues with those. From that, we also took that information to our design and engineering and testing departments and developed our Generation 2 container. Our Generation 2 container corrected any issues that were on Generation 1.” Conference transcript, p. 49 (Wahlin); hearing transcript, p. 34 (Wahlin).
With regard to COGS, Stoughton reported that ***. Stoughton U.S. producer questionnaire response to III-11b
8 E-mail with attachment from ***, March 13, 2015.
Stoughton reported for the final phase of these investigations that it considers COGS to be *** and all SG&A expenses ***.\footnote{E-mail with attachment from ***, March 3, 2015. ***.} With respect to COGS specifically and at full commercial production levels, the company also indicated that the cost of materials, direct labor, and other factory costs, as a share of total COGS, would be expected to represent, respectively, ***.\footnote{Stoughton reported that ***. Ibid.} In contrast and as shown in table VI-1, direct labor and other factory costs, as shares of total COGS, were *** in 2013 when Stoughton’s sales volume was at its ***.

In general, the *** share of total COGS actually accounted for by direct labor and other factory costs, as compared to Stoughton’s projections, appears to be consistent with the company’s inability to achieve underlying volume assumptions.\footnote{These percentages are generally in line with Stoughton’s postconference pro-forma analysis. ***. Petitioner’s postconference brief, Exhibit 33. USITC auditor final-phase notes (prehearing). Based on the information submitted in Exhibit 32 of petitioner’s postconference brief, the learning curve, as that term is normally used (i.e., the amount by which relevant hours to produce a unit declines as cumulative production doubles), was around ***. USITC auditor final-phase notes (prehearing).} Production volumes achieved could also be expected to affect raw material costs indirectly.\footnote{In general, raw material cost is variable in terms of its direct relationship to production, but can also be impacted indirectly by changes in production volume; e.g., ***. E-mails from ***, May 16, 2014, and May 28, 2014.} Since, as noted above, Stoughton considers COGS to be ***.

### Gross profit or loss

Table VI-1 shows that Stoughton generated *** of varying magnitudes during 2011-13. As a ratio to sales, the company’s *** was reported in 2012. In conjunction with higher sales volume and the positive impact of modest declines in average direct labor and other factory costs, ***.\footnote{E-mail with attachment from ***, March 13, 2015.} As described above (see footnote 5), Stoughton generally ***.

Analysis provided in Stoughton’s postconference brief indicated that it was *** until it achieved enough production volume to facilitate the learning curve noted in footnote 11 and corresponding reduction in average COGS. According to Stoughton, an average price of ***, in conjunction with production volume at or near capacity, would have ***.\footnote{From the perspective of a traditional breakeven sales volume analysis, in which a specific volume amount is calculated that balances total revenue and costs, the designation of variable and fixed costs is important because the difference between sales value and variable costs (contribution margin) is ultimately the amount generated per unit that is available to cover fixed costs. In addition to a number of other assumptions, breakeven sales volume analysis relies on a specified range of production to establish the relevant level of variable and fixed costs. Cost Accounting: Using a Cost Management Approach, L. Gayle Rayburn, Irwin, 1993, p. 453, pp. 458-459. ***. USITC auditor final-phase notes (prehearing).}
SG&A expenses and operating income or loss

Table VI-1 shows that Stoughton’s SG&A expense ratios (SG&A expenses divided by total revenue) for certain domestic container activity ranged ***. Although these are somewhat *** compared to the overall SG&A expense ratios calculated for Stoughton Trailers (ranging ***), the difference appears to be consistent with the relatively low level of sales generated for certain domestic containers. As indicated in footnote 9, the *** in the level of SG&A expenses reported in 2013 is also generally consistent with an allocation of total SG&A expenses based on relative sales activity.

Since Stoughton generated *** during 2011-13, SG&A expenses were not partially offset and, as such, had the effect of amplifying losses at the operating level.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-3 presents Stoughton’s capital expenditures and research and development (R&D) expenses related to its operations on certain domestic containers.

Table VI-3
Certain domestic containers: Capital expenditures and research and development expenses of U.S. producer Stoughton, 2011-14

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditures</th>
<th>R&amp;D Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>2012</td>
<td>*</td>
<td>*</td>
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<td>2013</td>
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<tr>
<td>2014</td>
<td>*</td>
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</tbody>
</table>

Stoughton’s 2011 capital expenditures reflect investments to reconfigure the original aluminum container production line (organized primarily around mechanical assembly) into a production line specific to steel-welded containers (with limited mechanical assembly). Capital expenditures in 2014 reflect the company’s initial investment ***. As noted by a Stoughton company official during the Commission’s hearing, modifying the company’s paint system was necessary to produce fully-welded containers efficiently and on a commercial scale. To this end, the company incurred total expenditures of approximately $4 million.

Stoughton’s 2011 R&D expenses were for prototype production and related labor and training costs. The company stated that ***. As noted previously, Navistar ***.

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14 USITC auditor final-phase notes (prehearing).
15 Stoughton reported total assets related to its operations on certain domestic containers as follows: ***. Stoughton U.S. producer questionnaire response to III-2.
16 Conference transcript, pp. 29-30 (Fenton). ***. E-mail from ***, May 16, 2014.
17 Hearing transcript, p. 36, pp. 72-74 (Wahlin).
18 A schedule of expenditures provided by Stoughton showed that the total project amount will be around ***. Petitioner’s posthearing brief, response to supplemental question from investigation staff.
19 E-mail from ***, May 16, 2014.
20 E-mail with attachment from ***, March 3, 2015.
CAPITAL AND INVESTMENT

The Commission requested U.S. producers of certain domestic containers to describe any actual or potential negative effects of imports of certain domestic containers from China on their firms’ growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Responses by Navistar and Stoughton follow.

Effects of imports

Navistar ***.22
Stoughton ***.

Anticipated effects of imports

Navistar ***.
Stoughton ***.23

(...)continued

21 E-mail with attachment from ***, February 22, 2015. ***, ***. ***. ***. pp. 10-11.
22 As indicated previously, Navistar was engaged in ***.
23 ***.
In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors—

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,

(III) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

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1 Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider these factors . . . as a whole in making a determination of 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 under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”
(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²

Information on the nature of the subsidies 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. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, “. . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry.”
THE INDUSTRY IN CHINA

Overview

The Commission issued foreign producers’ or exporters’ questionnaires to two firms believed to produce and/or export certain domestic containers from China: CIMC and Singamas. Useable responses to the Commission’s questionnaire were received from both firms. Staff believes that these firms’ exports to the United States accounted for all U.S. imports of certain domestic containers from China during 2011-14. According to estimates requested of the responding Chinese producers, the production of certain domestic containers in China reported in their questionnaires accounts for all known production of certain domestic containers in China. Table VII-1 presents information on the production, exports, and total shipments of each foreign producer.

Table VII-1
Certain domestic containers: Summary data reported by the two Chinese producers, 2014
*   *   *   *   *   *   *

   CIMC is dedicated to manufacturing and supplying containers, trailers, tank equipment and airport facilities. CIMC is the largest container manufacturer in the world and CIMC representatives visit customers in the United States twice a year to answer customer inquiries regarding production and delivery. CIMC estimated that it accounted for approximately *** percent of certain domestic containers production in China in 2014. CIMC also estimated that it exported *** of the total exports of certain domestic containers from China to the United States in 2014.

   Singamas is one of the world’s leading container manufacturers and a major logistics operator in the Asian-Pacific region. According to Singamas, it has “sustained communication with all of its actual and potential U.S. customers” for certain domestic containers during 2009-2014 “principally in the form of phone calls and email communication about proposed or existing sales, submission of formal bids, and visits to customer offices.” Singamas also participates in the annual IANA show. Singamas estimated that it accounted for approximately *** percent of certain domestic containers production in China. Singamas also estimated that it

3 Hearing transcript, pp. 154, (Schmelder), 278 (Tauriella). These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records. The petitions listed a third potential Chinese producer, Shanghai C & Jindo Container Co., Ltd. (“Jindo”). However, Jindo is no longer in business. Singamas’ prehearing brief, p. 6.


5 Conference transcript, p. 17 (Wahlin).

6 Hearing transcript, p. 221 (Yeung).


8 Singamas’ posthearing brief, Attachment B, p. 1.
exported *** of the total exports of certain domestic containers from China to the United States in 2014.

**Operations on certain domestic containers**

Table VII-2 presents information on certain domestic container operations of the only two known producers and exporters in China. Reported capacity fluctuated throughout 2011-14 because CIMC and Singamas ***. Singamas also reported ***. The capacity of these producers decreased by *** percent during 2011-12 and increased by *** percent during 2012-14. CIMC reported that during 2013, ***.

Production of the two Chinese firms decreased by *** percent from 2011 to 2013 and increased by *** percent from 2013 to 2014. Additionally, capacity utilization decreased from *** percent to *** percent from 2011 to 2013 and then increased to *** percent from 2013 to 2014. Capacity utilization for these firms is projected to be *** and *** percent in 2015 and 2016, respectively, assuming no antidumping or countervailing duties are applied.

**Table VII-2**
**Certain domestic containers: Data for producers in China, 2011-14, and projected 2015-16**

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During 2011-14, *** certain domestic containers to the home market in China; rather, *** shipments were exports (more than *** percent to the United States). Both firms also projected that *** of their export shipments from China will be to the United States in 2015 and 2016. In the absence of antidumping duties, table VII-2 shows that exports to the United States are projected to increase by *** percent from 2015 to 2016 due to ***. If antidumping and countervailing duties are applied, the two firms projected that total exports to the United States to be *** units in 2015 and *** units 2016, a decrease of *** percent in 2015 and *** percent in 2016. CIMC also noted that ***. In addition, CIMC reported ***, which accounted for *** percent of its total shipments of certain domestic containers in 2014. Singamas reported ***.

**Alternative products**

Data regarding the two Chinese producers’ overall capacity and production of certain domestic containers, as well as the production of nonsubject merchandise, are presented in table VII-3. The ***. CIMC reported in the preliminary phase of these investigations that during 2011-14, ***. In the final phase of these investigations, CIMC reported that it ***.

---

9 Email from ***, May 28, 2014.
During 2011-14, Singamas reported in the preliminary phase of these investigations that it *** which resulted in a *** of *** percent. Singamas noted in the final phase of these investigations that ***. Customer demands for ***.

Export shipments

Table VII-4 presents Chinese producers’ exports to the United States of laden and unladen certain domestic containers during 2011-14. Exports of laden containers increased by *** percent from 2011-14. Exports of unladen containers decreased by *** percent during 2011-13 and then increased by *** percent during 2013-14.

Table VII-4
Certain domestic containers: Chinese producers’ exports to the United States, laden and unladen, 2011-14

U.S. INVENTORIES OF IMPORTED MERCHANDISE

***. *** are end users of certain domestic containers. These subject containers are usually put into use immediately, although some U.S. purchasers may store them. Since the stored certain domestic containers are owned by U.S. purchasers for their use, they are not considered unsold U.S. imports of certain domestic containers.

U.S. IMPORTERS’ OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of certain domestic containers from China after December 31, 2014. *** reported arranging for imports of certain domestic containers in 2015. Table VII-5 presents data reported by U.S. importers concerning their arranged imports of certain domestic containers.

Table VII-5
Certain domestic containers: U.S. importers’ arranged imports after December 31, 2014

10 Conference transcript, p. 153 (Whitehead).
ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There have been no antidumping duty, countervailing duty, or safeguard investigations on certain domestic containers in any other country.

INFORMATION ON NONSUBJECT COUNTRIES

There are no known imports of certain domestic containers from any nonsubject countries.\(^{11}\) Although Staff have not been able to substantiate production of certain domestic containers in any nonsubject country,\(^{12}\) two firms, ***, were identified as possible producers from questionnaire responses.

FedEx reported that ***. According to FedEx, ***.\(^{13}\) Schneider ***.\(^{14}\) Sea Star reported ***. According to Sea Star, ***.\(^{15}\)

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\(^{11}\) CIMC’s prehearing brief, p. 11.
\(^{12}\) CIMC and Singamas’ postconference brief, exh. 1, p. 11 (***.)
\(^{13}\) FedEx’s purchaser questionnaire response, question II-6.
\(^{14}\) Schneider’s purchaser questionnaire response, question II-6.
\(^{15}\) Sea Star’s importer questionnaire response, question III-2f.
APPENDIX A

FEDERAL REGISTER NOTICES
The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

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APPENDIX B

CALENDAR OF THE PUBLIC HEARING
CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission’s hearing:

Subject: 53-Foot Domestic Dry Containers from China
Inv. Nos.: 701-TA-514 and 731-TA-1250 (Final)
Date and Time: April 16, 2015 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

CONGRESSIONAL APPEARANCE:
The Honorable Steve Womack, U.S. Representative, 3rd District, Arkansas

OPENING REMARKS:

Petitioner (Jeffrey S. Levin, Levin Trade Law, P.C.)
Respondents (Douglas J. Heffner, Drinker Biddle & Reath LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

Levin Trade Law, P.C.
Bethesda, MD
on behalf of

and

Hodes, Keating & Pilon
Chicago, IL
on behalf of

and

Stoughton Trailers, LLC

Robert (“Bob”) Wahlin, President, Stoughton Trailers, LLC

Gary L. Fenton, Vice President Engineering, Stoughton Trailers, LLC
In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Richard Raymond, General Counsel and Secretary, STI Holdings, Inc.

James Dougan, Vice President, Economic Consulting Services, LLC

Jeffrey S. Levin
Michael Hodes – OF COUNSEL

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Sandler, Travis & Rosenberg, P.A.
Washington, DC
on behalf of
Crowley Maritime Corporation
Crowley Liner Services Inc.
Sea Star Line LLC
(collectively “Crowley”)

Wayne Oliver, Director of Maintenance, Crowley

John Azzo, Director of Purchasing, Crowley

Ronald L. Signorino, President, The Blueocean Company Inc.

Michael Holt, General Counsel, Senior Vice President, Chief Ethics Officer, TOTE, Inc.

Wyle Norman, Equipment Manager, Seastar Line LLC


Kristen Smith
Mark Ludwikowski – OF COUNSEL
Emily Simon

B-4
In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Covington & Burling LLP
Washington, DC
on behalf of

Union Pacific Railroad Company (“Union Pacific”)

William J. Schmelder, Director of Strategic Sourcing, Union Pacific

Marcia Tauriella, Senior Manager, Strategic Sourcing, Union Pacific

Walter D. Watson, General Director, Intermodal Operations, Union Pacific

David R. Grace)

James M. Smith)

– OF COUNSEL

White & Case LLP
Washington, DC
on behalf of

China International Marine Containers (Group), Ltd. (“CIMC”)

Daniel Drella, Director of Inermodal Safety and Training, Schneider National, Inc.

Paul Dean, Director Intermodal Equipment/Maintenance, Norfolk Southern Railway Company

Jakub Cerny, Vice President, Fleet Services, Hub Group, Inc.

Vernon Prevatt, Director Logistics, Safety & Training, CSX Intermodal Terminals, Inc.

Tony Kotler, Managing Director, Kotler Marketing Group

Jay C. Campbell)

Keir A. Whitson)

– OF COUNSEL
In Opposition to the Imposition of 
Antidumping and Countervailing Duty Orders (continued):

Drinker Biddle & Reath LLP
Washington, DC
on behalf of

J. B. Hunt Transport Inc. (“J.B. Hunt”)

Kent Delozier, Director of Maintenance, J.B. Hunt
Greer Woodruff, Senior Vice President, Safety, J.B. Hunt
Jennifer Boattini, Director of Litigation and Contract Management, J.B. Hunt
Dr. Robert A. Robicheaux, Marshall Scholar and Professor of Marketing, Department of Marketing, Industrial Distribution & Economics, Collat School of Business, University of Alabama at Birmingham

Douglas J. Heffner )
Richard P. Ferrin ) – OF COUNSEL

Steptoe & Johnson LLP
Washington, DC
on behalf of

Hui Zhou Pacific Container Co., Ltd.
Qingdao Pacific Container Co., Ltd
Qidong Singamas Energy Equipment Co., Ltd.
Singamas North America Inc.
(collectively “Singamas”)

Johnny Yeung, Marketing General Manager, Singamas

Eric C. Emerson ) – OF COUNSEL

B-6
In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Steptoe & Johnson LLP
Washington, DC
on behalf of
FedEx Freight, Inc.

Michael Hoffman, Managing Director of Facilities
and Administration, FedEx Freight, Inc.

Susan G. Esserman – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioner (Jeffrey S. Levin, Levin Trade Law, P.C. and James Dougan,
Economic Consulting Services, LLC)
Respondents (Jay C. Campbell, White & Case LLP)

-END-
### Table C-1
Certain domestic containers: Summary data concerning the U.S. market, 2011-14

(Quantity units: Value = 1,000 dollars; Unit values, unit labor costs, and unit expenses = dollars per unit; Period changes = percent — exceptions noted)

<table>
<thead>
<tr>
<th></th>
<th>Calendar year</th>
<th>Period changes</th>
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<tr>
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<tr>
<td>Amount</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Producers' share (fn1):</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Importers' share (fn1):</td>
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<td>***</td>
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<tr>
<td>China</td>
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<tr>
<td>All others sources:</td>
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<tr>
<td>Total imports</td>
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<tr>
<td>U.S. consumption value:</td>
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<tr>
<td>Amount</td>
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<td>***</td>
</tr>
<tr>
<td>Producers' share (fn1):</td>
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<td>***</td>
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<tr>
<td>Importers' share (fn1):</td>
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<td>China</td>
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<tr>
<td>All others sources:</td>
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<tr>
<td>Total imports</td>
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<td>***</td>
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<tr>
<td>U.S. imports from:</td>
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<tr>
<td>China</td>
<td></td>
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<tr>
<td>Quantity</td>
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<td>***</td>
</tr>
<tr>
<td>Value</td>
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<td>***</td>
</tr>
<tr>
<td>Unit value</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Ending inventory quantity</td>
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<td>All other sources:</td>
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<tr>
<td>Unit value</td>
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<tr>
<td>Ending inventory quantity</td>
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<tr>
<td>Total imports</td>
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<tr>
<td>U.S. producers':</td>
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<td>Average capacity quantity</td>
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<tr>
<td>Production quantity</td>
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<tr>
<td>Capacity utilization (fn1)</td>
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<tr>
<td>U.S. shipments:</td>
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<tr>
<td>Quantity</td>
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<td>***</td>
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<tr>
<td>Value</td>
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<td>Unit value</td>
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<td>Export ships:</td>
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<td>Unit value</td>
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<td>Ending inventory quantity</td>
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<td>Inventories-total shipments (fn1)</td>
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<td>Hours worked (1,000s)</td>
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<td>Wages paid ($1,000)</td>
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<td>Hourly wages (dollars per hour)</td>
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<td>Productivity (units per 1,000 hours)</td>
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<td>Unit labor costs</td>
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</tr>
<tr>
<td>Net sales:</td>
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<tr>
<td>Quantity</td>
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<td>Value</td>
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<tr>
<td>Unit value</td>
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<tr>
<td>Cost of goods sold (COGS)</td>
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<td>Gross profit (less)</td>
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<td>SG&amp;A expenses</td>
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<td>Operating income or (loss)</td>
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<td>Capital expenditures</td>
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<td>COGS/sales (fn1)</td>
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<tr>
<td>Operating income or (loss)/sales (fn1)</td>
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**Notes:**

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

TIMELINE
The following timeline presents the interactions between U.S. producers, foreign producers, and U.S. purchasers of certain domestic containers. This information was retrieved from the following sources:

- Petitioner’s prehearing brief
- Petitioner’s posthearing brief, exh. 51
- Stoughton’s U.S. producer questionnaire response
- Supplemental information provided in Stoughton’s U.S. producer questionnaire response
- CIMC’s posthearing brief, exh. 6, exh. 7
- Singamas’ posthearing brief, exh. 1, Attachment B
- J.B. Hunt’s U.S purchaser questionnaire response
- J.B. Hunt’s posthearing brief, exh. 3, exh. 15, exh. 16, and exh. 17
- UPRR’s posthearing brief, Attachment A III, IV, and V
- Hearing transcript
- AICM, Extract from Confidential Private Placement Memorandum

A detailed description of the events listed below as well as their respective sources can be found in memorandum INV-MM-025.
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