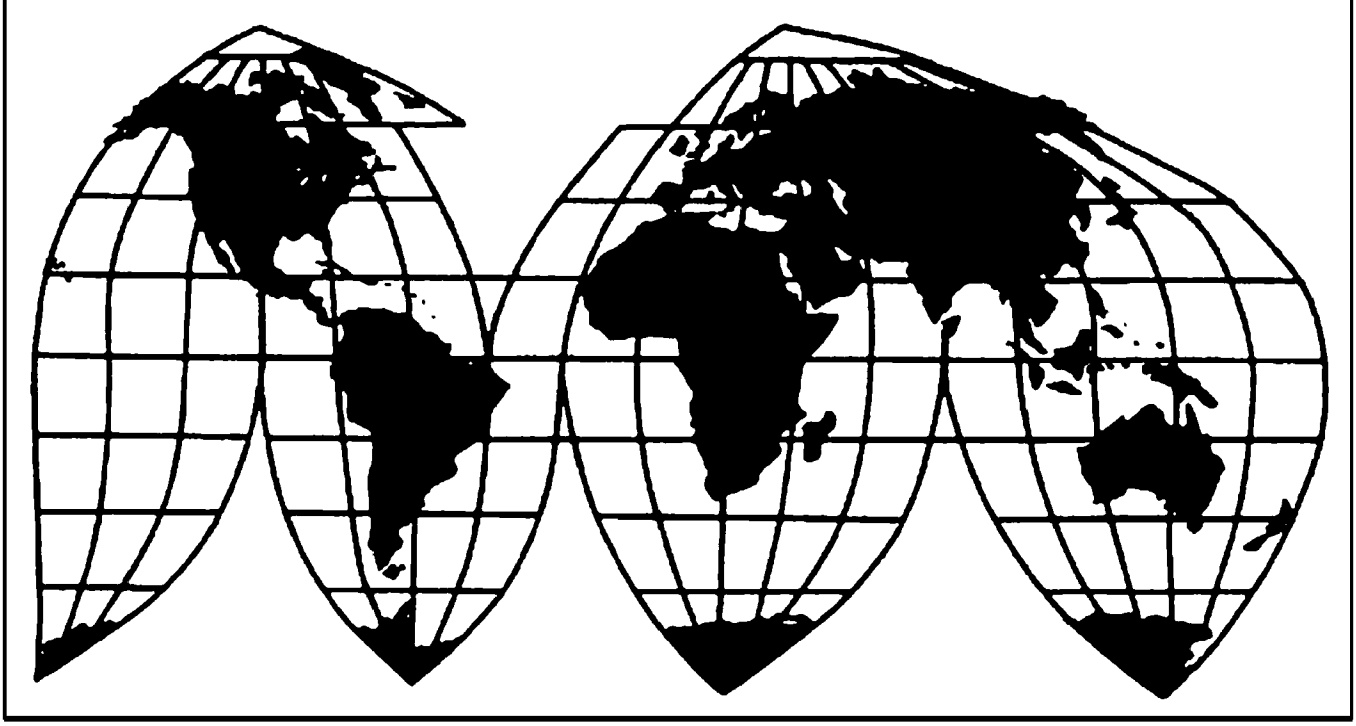
Metal Lockers from China

Investigation Nos. 701-TA-656 and 731-TA-1533 (Preliminary)

Publication 5113 **August 2020**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Jason E. Kearns, Chair
Randolph J. Stayin, Vice Chair
David S. Johanson
Rhonda K. Schmidtlein
Amy A. Karpel

Staff assigned

Celia Feldpausch, Investigator
Sarah Scott, Industry Analyst
James Horne, Economist
Jennifer Brinckhaus, Accountant
Onslow Hall, Statistician
Courtney McNamara, Attorney
Elizabeth Haines, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Metal Lockers from China

Investigation Nos. 701-TA-656 and 731-TA-1533 (Preliminary)

Publication 5113

August 2020

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

Note.—Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets in confidential reports and is deleted and replaced with asterisks (***) in public reports.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-656 and 731-TA-1533 (Preliminary)

Certain Metal Lockers and Parts Thereof from China

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 there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain metal lockers and parts thereof from China, provided for in subheadings 9403.20.00 and 9403.90.80 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.[2]

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in § 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under §§ 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under §§ 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

---

[1] The record is defined in § 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] 85 FR 47343 (August 5, 2020) and 85 FR 47353 (August 5, 2020).

BACKGROUND

On July 9, 2020, List Industries, Inc., Deerfield Beach, Florida; Lyon LLC, Montgomery, Illinois; Penco Products, Inc., Greenville, North Carolina; and Tennsco Corp., Dickson, Tennessee filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and LTFV imports of certain metal lockers and parts thereof from China. Accordingly, effective July 9, 2020, the Commission instituted countervailing duty investigation No. 701-TA-656 and antidumping duty investigation No. 731-TA-1533 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference 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* of July 15, 2020 (85 FR 42917). The conference was held in Washington, DC, on July 30, 2020, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain metal lockers and parts thereof ("metal lockers") that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[2]

II. Background

List Industries, Inc. ("List"); Lyon LLC ("Lyon"); Penco Products, Inc. ("Penco"); and Tennsco Corp. ("Tennsco") (collectively, "petitioners"), domestic producers of metal lockers, filed the petitions in these investigations on July 9, 2020. Petitioners submitted opening remarks, witness testimony, and a postconference brief.[3]

Several respondent entities participated in these investigations. ASI Storage Solutions ("ASI"), Top Tier Storage Products, LLC ("Top Tier"), and S.S.P. Inc. dba Jorgenson Industrial

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

[2] *American Lamb Co*., 785 F.2d at 1001; *see also Texas Crushed Stone Co. v. United States*, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[3] In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference in these investigations through opening remarks, written questions and responses, and submissions of written testimony and postconference briefs as set forth in procedures provided to the parties.

Companies ("Jorgenson Industrial"), importers of subject merchandise, submitted witness testimony, joint opening remarks, and a joint postconference brief. Salsbury Industries ("Salsbury") and WEC Manufacturing, LLC ("WEC"), importers of subject merchandise, submitted witness testimony, joint opening remarks, and a joint postconference brief. Olympus Lockers & Storage Products Inc. ("Olympus Lockers"), an importer of subject merchandise, submitted witness testimony.

Data Coverage. Except where noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for *** of U.S. production of metal lockers during 2019.[4] U.S. imports are based on questionnaire responses from 22 companies that are estimated to account for *** percent of U.S. imports from China in 2019.[5] The Commission received a response to its questionnaires from one foreign producer of subject merchandise, whose exports accounted for less than *** percent of U.S. imports of metal lockers from China in 2019.[6]

III. Domestic Like Product

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[7] 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 product constitutes a major proportion of the total domestic production of the product."[8] 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."[9]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[10]

---

[4] Confidential Report ("CR"), Public Report ("PR") at I-4.

[5] CR/PR at I-4.

[6] CR/PR at VII-3.

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[10] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind (Continued…)

Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[11] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[12] The decision regarding the appropriate domestic like product(s) 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.[13] [14] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[15]

---

of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[11] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v. United States*, 949 F.3d 710, 717 (Fed. Cir. Feb. 7, 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[12] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *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); *Torrington*, 747 F. Supp. at 748–52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[13] *See*, *e.g.*, *Cleo*, 501 F.3d at 1299; *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).

[14] In a semi-finished products analysis, the Commission examines the following: (1) the significance and extent of the processes used to transform the upstream into the downstream articles; (2) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) whether there are perceived to be separate markets for the upstream and downstream articles; and (5) differences in the costs or value of the vertically differentiated articles. *See*, *e.g.*, *Glycine from India*, *Japan*, *and Korea*, Inv. Nos. 731-TA-1111-1113 (Preliminary), USITC Pub. No. 3921 at 7 (May 2007); *Artists' Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. No. 3853 at 6 (May 2006); *Live Swine from Canada*, Inv. No. 731-TA-1076 (Final), US1TC Pub. 3766 at 8 n.40 (Apr. 2005); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. No. 3533 at 7 (Aug. 2002).

[15] *See*, *e.g.*, S. Rep. No. 96-249 at 90–91 (1979).

The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[16]

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

> {C}ertain metal lockers, with or without doors, and parts thereof (certain metal lockers). The subject certain metal lockers are metal storage devices less than 27 inches wide and less than 27 inches deep, whether floor standing, installed onto a base or wall-mounted. In a multiple locker assembly (whether a welded locker unit, otherwise assembled locker unit or knocked down unit or kit), the width measurement shall be based on the width of an individual locker not the overall unit dimensions. All measurements in this scope are based on actual measurements. The subject certain metal lockers typically include the bodies (back, side, shelf, top and bottom panels), door frames with or without doors which can be integrated into the sides or made separately, and doors. The subject metal lockers typically are made of flat-rolled metal, metal mesh and/or expanded metal, which includes but is not limited to alloy or non-alloy steel (whether or not galvanized or otherwise metallically coated for corrosion resistance), stainless steel, or aluminum, but the doors may also include transparent polycarbonate, Plexiglas or similar transparent material or any combination thereof. Metal mesh refers to both wire mesh and expanded metal mesh. Wire mesh is a wire product in which the horizontal and transverse wires are welded at the cross-section in a grid pattern. Expanded metal mesh is made by slitting and stretching metal sheets to make a screen of diamond or other shaped openings. The doors are configured with or for a handle or other device that permit the use of a mechanical or electronic lock or locking mechanism, including, but not limited to: A combination lock, a padlock, a key

[16] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

lock, lever or knob lock, and a wireless lock. The subject locker may also enter with the lock or locking device included or installed. The doors or body panels may also include vents (including wire mesh or expanded metal mesh vents) or perforations. The bodies, body components and doors are typically powder coated, otherwise painted or epoxy coated or may be unpainted. The subject merchandise includes metal lockers imported either as welded or otherwise assembled units (ready for installation or use) or as knocked down units or kits (requiring assembly prior to installation or use).

The subject lockers may be shipped as individual or multiple locker units preassembled, welded, or combined into banks or tiers for ease of installation or as sets of component parts, bulk packed (i.e., all backs in one package, crate, rack, carton or container and sides in another package, crate, rack, carton or container) or any combination thereof. The knocked down lockers are shipped unassembled requiring a supplier, contractor or end-user to assemble the individual lockers and locker banks prior to installation.

The scope also includes all parts and components of lockers made from flat-rolled metal or expanded metal (e.g., doors, frames, shelves, tops, bottoms, backs, side panels, etc.) as well as accessories that are attached to the lockers when installed (including, but not limited to, slope tops, bases, expansion filler panels, dividers, recess trim, decorative end panels, and end caps) that may be imported together with lockers or other locker components or on their own. The particular accessories listed for illustrative purposes are defined as follows:

a. Slope tops: Slope tops are slanted metal panels or units that fit on the tops of the lockers and that slope from back to front to prevent the accumulation of dust and debris on top of the locker and to discourage the use of the tops of lockers as storage areas.

Slope tops come in various configurations including, but not limited to, unit slope tops (in place of flat tops), slope hoods made of a back, top and end pieces which fit over multiple units and convert flat tops to a sloping tops, and slope top kits that convert flat tops to sloping tops and include tops, backs and ends.

b. Bases: Locker bases are panels made from flat-rolled metal that either conceal the legs of the locker unit, or for lockers without legs, provide a toe space in the front of the locker and conceal the flanges for floor anchoring.

c. Expansion filler panel: Expansion filler panels or fillers are metal panels that attach to locker units to cover columns, pipes or other obstacles in a row of lockers or fill in gaps between the locker and the wall. Fillers may also include metal panels that are used on the sides or the top of the lockers to fill gaps.

d. Dividers: Dividers are metal panels that divide the space within a locker unit into different storage areas.

e. Recess trim: Recess trim is a narrow metal trim that bridges the gap between lockers and walls or soffits when lockers are recessed into a wall.

f. Decorative end panels: End panels fit onto the exposed ends of locker units to cover holes, bolts, nuts, screws and other fasteners. They typically are painted to match the lockers.

g. End caps: End caps fit onto the exposed ends of locker units to cover holes, bolts, nuts, screws and other fasteners.

The scope also includes all hardware for assembly and installation of the lockers and locker banks that are imported with or shipped, invoiced or sold with the imported locker or locker system.

Excluded from the scope are wire mesh lockers. Wire mesh lockers are those with each of the following characteristics:

(1) At least three sides, including the door, made from wire mesh;

(2) the width and depth each exceed 25 inches; and

(3) the height exceeds 90 inches.

Also excluded are lockers with bodies made entirely of plastic, wood or any nonmetallic material.

Also excluded are exchange lockers with multiple individual locking doors mounted on one master locking door to access multiple units. Excluded exchange lockers have multiple individual storage spaces, typically arranged in tiers, with access doors for each of the multiple individual storage space mounted on a single frame that can be swung open to allow access to all of the individual storage spaces at once. For example, uniform or garment exchange lockers are designed for the distinct function of securely and hygienically exchanging clean and soiled uniforms. Thus, excluded exchange lockers are a multi-access point locker whereas covered lockers are a single access point locker for personal storage.

Also excluded are metal lockers that are imported with an installed electronic, internet-enabled locking device that permits communication or connection between the locker's locking device and other internet connected devices.

Also excluded are hardware and accessories for assembly and installation of the lockers, locker banks and storage systems that are separately imported in bulk and are not incorporated into a locker, locker system or knocked down kit at the time of importation. Such excluded hardware and accessories include but

> are not limited to bulk imported rivets, nuts, bolts, hinges, door handles, locks, door/frame latching components, and coat hooks. Accessories of sheet metal, including but not limited to end panels, bases, dividers and sloping tops, are not excluded accessories.[17]

Metal lockers are storage devices found in public or private areas for the secure storage of personal property. They are used in many settings, including schools, fitness centers, apartment buildings, offices, condominiums, single family homes, athletic facilities, warehouses, factories, transportation hubs, healthcare facilities, amusement parks, military installations, retail businesses, and other commercial and industrial establishments.[18] Metal lockers are available in a wide variety of sizes, configurations, and storage possibilities. There are no standard measurements, and while these products can range up to 25 inches in width and depth, they typically come in widths of 9 to 18 inches. Metal lockers are available as individual lockers or banks and either a single tier or in tiers of two, four, or six high. They can be floor standing, installed onto a base, or wall mounted, and can also be configured as individual lockers or as a unit with multiple lockers.[19]

Metal lockers are typically made from non-corrosion resistant flat-rolled steel, (hot-rolled or cold-rolled non-alloy) but can be made of steel that has been galvanized or otherwise metallically coated for corrosion resistance, stainless steel, or aluminum. Metal lockers include bodies (back, side, shelf, top and bottom panels), door frames (with or without doors which can be integrated into the sides or provided separately), and doors. They can also include accessories, including slope tops, bases, expansion filler panels, dividers, recess trim, decorative end panels and end caps, which may be packaged together with other locker components or offered separately.[20]

Metal lockers may come fully assembled (either as welded units or otherwise assembled and ready for installation or use) or as "knocked down" kits that require assembly prior to installation or use and that contain the parts necessary to assemble the locker or locker units.

---

[17] *Certain Metal Lockers and Parts Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 Fed. Reg. 47343 (Dep't of Commerce Aug. 5, 2020); *Certain Metal Lockers and Parts Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 85 Fed. Reg. 47353 (Dep't of Commerce Aug. 5, 2020).

[18] CR/PR at I-13.

[19] CR/PR at I-13.

[20] CR/PR at I-13 – I-14.

The assembled lockers are provided as individual or multiple locker units that are preassembled through the use of rivets, screws, bolts, nuts and other fasteners, welded, or combined into banks or tiers for installation or as sets of component parts. The knocked down lockers are provided unassembled, and thus require a supplier, contractor, or end-user to assemble the individual lockers and locker banks or tiers prior to installation by means of screws, nuts and bolts, rivets, or other means.[21]

A. Arguments of the Parties

Petitioners' Argument. Petitioners argue that the Commission should define a single domestic like product coextensive with the scope. They assert that neither the traditional six factor analysis nor the semifinished like products analysis support expanding the domestic like product or defining any separate domestic like products.[22]

Respondents' Arguments. ASI, Top Tier, and Jorgenson Industrial take no position on petitioners' definition of the domestic like product for purposes of the preliminary phase of these investigations but reserve the right to address domestic like product issues in any final phase.[23]

Salsbury and WEC argue that the domestic like product should "exclude lockers sold in the custom market." Salsbury and WEC contend that there is a "clear distinction" between metal lockers used in the custom specification market and the stock inventory bulk market. These respondents assert that the manufacturing processes are different for bulk and custom lockers, with the latter being unique, complex, and dictated by the project. They claim that the lockers in the custom market are unique and serve a niche market not served by the domestic industry, as is evident from the fact that all of the proposed pricing products were bulk type lockers and the fact that WEC was granted an exclusion from duties imposed on imports from China under Section 301 based on the uniqueness of its custom products. According to WEC, domestic producers are unwilling to produce custom lockers for U.S. firms.[24]

B. Semifinished Like Products Analysis

We first examine whether metal lockers and parts thereof should be included in a single domestic like product. In applying the semifinished like products analysis, we define metal

[21] CR/PR at I-16 – I-17.
[22] Petitioners Postconference Br. at 5-10, Responses to Staff Questions at 13-18.
[23] ASI, Top Tier, and Jorgenson Industrial Postconference Br. at 3.
[24] Salsbury and WEC Postconference Br. at 2-3, Responses to Staff Questions at 1-2.

lockers and parts thereof to be included in a single domestic like product for purposes of the Commission's preliminary determinations.

Dedication for Use. Parts of metal lockers manufactured by the domestic industry are dedicated for use in the production of finished metal lockers. Each domestically produced part is designed and manufactured for assembly into a particular metal locker model, and they are not used for the production of other metal storage devices or products.[25] All seven responding domestic producers reported that upstream parts are dedicated to the production of downstream finished metal lockers.[26]

Separate Markets. Most responding market participants do not perceive there to be separate markets for the upstream parts of metal lockers and the downstream finished metal lockers.[27] While there may be a market for the parts of lockers and there is some evidence that parts could be used in other applications,[28] the record in the preliminary phase of these investigations suggests that parts of lockers are predominantly used in the production of finished metal lockers.[29]

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. According to petitioners, each part is made for use in a particular metal locker, and because they are designed only for use in finished metal lockers, they have no function separate from that of a finished metal locker.[30] All seven responding domestic producers reported that there are not differences in the physical characteristics of metal locker parts and finished metal lockers.[31]

Differences in Value. The record in the preliminary phase of these investigations is mixed in terms of the cost or value of parts of lockers relative to the total cost of finished metal lockers. Petitioners contend that the parts make up a significant majority of the value of the

---

[25] CR/PR at Appendix D-1, Petitioners Postconference Br., Responses to Staff Questions at 15-16.

[26] CR/PR at Appendix D-1. The majority of responding importers (18 out of 20) reported that upstream parts are dedicated to the production of downstream finished metal lockers. *Id*.

[27] Petitioners Postconference Br., Responses to Staff Questions at 16-17. Some importers, however, reported that parts of metal lockers can be used in the repair or replacement of parts in finished metal lockers and one reported that they could be used in other applications, such as shelving. CR/PR at Appendix D-2.

[28] CR/PR at Appendix D-2.

[29] CR at Appendix D-1. All seven responding domestic producers and a majority of responding importers (18 out of 20) reported that upstream parts are dedicated to the production of downstream finished metal lockers.

[30] Petitioners Postconference Br., Responses to Staff Questions at 16-17.

[31] CR/PR at Appendix D-1. Fourteen out of 19 responding importers reported that there are not differences in the physical characteristics of parts of and finished metal lockers. *Id*.

finished metal lockers.[32] Most responding domestic producers (six out of seven) reported that there were not significant differences between the cost or value of finished metal lockers and parts.[33]

Extent of Processes Used to Transform Downstream Product into Upstream Product. According to petitioners, the process of assembling parts of lockers into finished metal lockers is minor. They claim that the production of the metal locker components is "the heart of the production process" for metal lockers and that the vast majority of the machinery used and production steps involved with the production of metal lockers comes at the parts manufacturing stage. In their view, only minor processing of these parts is necessary to turn them into finished metal lockers.[34] Six out of seven domestic producers reported that the process of assembling parts into finished lockers was not intensive.[35]

Conclusion. Based on the foregoing discussion, and in the absence of contrary party arguments, we define the domestic like product in the preliminary phase of these investigations to be coextensive with the scope of these investigations, consisting of metal lockers and parts thereof.

C. Traditional Domestic Like Product Factors Analysis

As a threshold matter, Salsbury and WEC do not request that metal lockers used in the custom specifications and stock inventory metal lockers be defined as separate domestic like products; rather they argue that the Commission should "exclude" metal lockers used in custom specifications from the definition of the domestic like product.[36] In arguing that the Commission should exclude certain lockers from the domestic like product, it appears that Salsbury and WEC are making an argument that would more appropriately be directed to Commerce in the form of a scope exclusion request rather than to the Commission as a domestic like product argument.

Moreover, they base their argument on purported distinctions between their foreign-produced imported products and domestically produced lockers that they claim do not serve the niche market supplied by their imported merchandise. The statute, however, defines the

---

[32] Petitioners Postconference Br., Responses to Staff Questions at 17-18.

[33] CR/PR at Appendix D-1. An equal number of importers (ten) reported that there were or were not significant differences; however, some reported that finished units were more costly while others reported that parts were more costly. CR/PR at Appendices D-1, D-2.

[34] Petitioners Postconference Br., Responses to Staff Questions at 14-15.

[35] CR/PR at Appendix D-1. Eleven out of 20 importers, however, reported that the process was intensive. *Id*.

[36] DBR Respondent's Post-Conference Br. at 2-3.

"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."[37] Emphasizing the statute's mandate to identify a domestic item that is like or most similar to subject imports, the Commission has reasoned that defining a domestic like product that is not produced domestically would ignore this mandate and contradict the statute.[38] Accordingly, even if Salsbury and WEC had requested it, their arguments provide no basis to define separate domestic like products in the preliminary phase of these investigations.

Based on the traditional domestic like product factors, we define a single domestic like product consisting of metal lockers and parts thereof, coextensive with the scope.

Physical Characteristics and Uses. As described above, metal lockers are available in a wide variety of sizes, configurations, and storage capabilities. However, they all share the same basic physical characteristics in that they are made predominantly from various types of metal, such as non-corrosion resistant flat-rolled steel, galvanized steel, stainless steel, or aluminum, and include back, side, shelf, top and bottom panels; door frames; and doors. In addition, all metal lockers serve the same end use as storage devices in public or private areas for the secure storage of personal property.

According to petitioners, metal lockers differ from other storage products that are outside the scope of these investigations. For example, non-metal lockers are made from different raw materials such as wood and plastic, which do not provide the strength, durability and security of metal lockers. According to petitioners, wooden lockers tend to be used in limited areas such as professional sports locker rooms or private clubs where the locker is intended to look more like furniture.[39]

Manufacturing Facilities, Production Processes and Employees. The record indicates that metal lockers are produced in the United States using common manufacturing facilities, employees, and production processes. The manufacturing process for metal locker components begins with coils of cold-rolled steel that are slit into different widths, depending on the desired design and level of durability required for the final product, and which are then cut to length on a shear to create a blank to form each locker component. The steel blanks are loaded onto various punch presses, brake presses, or roll formers where they are folded,

[37] 19 U.S.C. § 1677(10).

[38] *Certain Aluminum Extrusions from China*, Inv. Nos. 701-TA-475 and 731-TA-1177 (Review), USITC Pub. 4677 (March 2017), at 12-14; *Cold-Drawn Mechanical Tubing from China and India*, Inv. Nos. 701-TA-576-577(Final), USITC Pub. 4755 (Jan. 2018), at 13-15.

[39] Petitioners Postconference Br. at 7.

notched and punched into each component. The processes and machinery used are similar, but producers may use a different combination of machines in a different order, based on the parts being produced, engineering, and locker design. The basic cutting and forming processes to make the metal locker components and parts from sheet metal are the same for knock down, assembled, and welded locker units, and any differences in production process usually happen after the components are formed.[40]

The next step is the application of paint or powder coatings to the components that make up the knock down kits or lockers, followed by assembly with rivets, and/or bolts and nuts. Each component is first cleaned (either mechanically or chemically) to remove dirt, oil and other contaminants to ensure proper adherence of the coating to the metal. The components are then baked and cured for durability and aesthetics before assembly. If the body parts are to be welded into completed units, they are moved to the welding area where the unpainted body components are spot welded together into the locker body, which may also be painted or coated with powder or epoxy and then baked and cured for durability and aesthetics. The assembled lockers, or in the case of knocked down lockers or kits, all body parts, shelves, doors, and hardware and accessories necessary to assemble a completed locker or locker bank or unit, are then packaged for complete installation.[41]

According to petitioners, out-of-scope plastic and wooden lockers are not made on the same lines as metal lockers as they require entirely different inputs and equipment.[42]

Channels of Distribution. During the period of investigation, U.S. shipments of metal lockers to distributors accounted for the majority of U.S. producers' total shipments. Most of the remainder went to end users, followed by shipments to retailers.[43]

Interchangeability. According to petitioners, metal lockers are interchangeable along a continuum of sizes and configurations, each designed to provide secure individual storage space. They contend that metal lockers generally are not interchangeable with non-metal

[40] CR/PR at I-17 – I-18.

[41] CR/PR at I-18 – I-19.

[42] Petitioners Postconference Br. at 8.

[43] CR/PR at Table II-1. Domestic producers' U.S. shipments to distributors accounted for *** percent of total U.S. shipments in 2017, *** percent in 2018, and *** percent in 2019; they accounted for *** percent in interim 2019 and *** percent in interim 2020. Domestic producers' U.S. shipments to end users accounted for *** percent of total shipments in 2017, *** percent in 2018, and *** percent in 2019; they accounted for *** percent in interim 2019 and *** in interim 2020. Domestic producers' U.S. shipments to retailers accounted for *** percent in 2017, 2018, and 2019; they accounted for *** percent in interim 2019 and *** in interim 2020. *Id.*

lockers because, when an architect or designer specifies plastic or wood, metal lockers are inappropriate for reasons related to the particular application or desired aesthetics. For example, plastic lockers are used in areas of high moisture such as a pool area and are also less secure than metal lockers, which are built from a stronger material. Wooden lockers are typically used for aesthetic purposes when the locker is intended to look more like furniture such as in a professional sports locker room or country club locker room and are typically much more expensive than metal lockers.[44]

Producer and Customer Perceptions. The record in the preliminary phase of these investigations does not contradict petitioners' assertion that customers and producers view metal lockers to be a single product category but do not view metal lockers and non-metal lockers to be the same product.[45]

Price. Prices of metal lockers vary somewhat according to size and other features.[46] According to petitioners, because of the different materials, uses, manufacturing processes and customer types, prices for non-metal lockers like wood and plastic lockers are different from those for metal lockers.[47]

Conclusion. All metal lockers are produced using the same basic raw materials, have the same basic components, and have the same end uses. Although metal lockers can vary in size and other features, there do not appear to be any clear dividing lines among different types of metal lockers. In contrast, the record does indicate that there are clear dividing lines between metal lockers and non-metal lockers, such as plastic and wooden lockers, in terms of physical characteristics, production processes, and customer and producer perceptions. Moreover, for purposes of the preliminary phase of these investigations, no party has argued that the Commission should define separate domestic like products or expand the definition of the domestic like product. Consequently, we define a single domestic like product consisting of metal lockers and parts thereof coextensive with the scope of these investigations.

IV. 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

[44] Petitioners Postconference Br. at 8-9.
[45] Petitioners Postconference Br. at 9.
[46] CR/PR at Tables V-3 – V-6, VI-13; Petitioners Postconference Br. at 10.
[47] Petitioners Postconference Br. at 10.

a major proportion of the total domestic production of the product."[48] 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.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[49] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[50]

Several domestic producers are subject to possible exclusion from the domestic industry under the related party provision in the preliminary phase of these investigations. Two U.S. producers – *** – directly imported subject merchandise, while one U.S. producer – *** – is related to a U.S. importer of the subject merchandise.[51] We analyze whether appropriate circumstances exist to exclude each of these producers below.

*** meets the statutory definition of a related party because it is related to an importer of subject metal lockers, ***.[52] *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of metal lockers.[53] During the period of investigation, ***

---

[48] 19 U.S.C. § 1677(4)(A).

[49] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.,* 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[50] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

(1) the percentage of domestic production attributable to the importing producer;

(2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);

(3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;

(4) the ratio of import shipments to U.S. production for the imported product; and

(5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see *also Torrington Co. v. United States*, 790 F. Supp. at 1168.

[51] CR/PR at III-7 & Table III-2.

[52] CR/PR at III-10, n.5.

[53] CR/PR at Table III-1.

imported *** pounds in 2017, *** pounds in 2018, and *** pounds in 2019; it imported *** pounds in January through March ("interim") 2019 and *** pounds in interim 2020.[54] The ratio of its affiliated importer's subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[55] *** explained that it ***.[56] *** is a petitioner.[57]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer and a petitioner, and the ratio of its affiliate's volume of subject imports to *** domestic production was low throughout the period of investigation. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

*** is subject to exclusion pursuant to the related party provision because it imported subject metal lockers during the period of investigation. *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of metal lockers.[58] During the period of investigation, *** imported *** pounds in 2017and 2018 and *** pounds in 2019; it imported *** pounds in interim 2019 and *** pounds in interim 2020.[59] The ratio of these subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[60] *** explained that it imported subject merchandise because the ***.[61] *** is a petitioner.[62]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer and a petitioner. While its volume of subject imports and ratio of subject imports to domestic production increased from 2017 to 2019, both remained relatively low during the period of investigation as its volume of domestic production far exceeded its volume of subject imports. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry pursuant to the related party provision.

[54] CR/PR at Table III-9.
[55] CR/PR at Table III-9.
[56] CR/PR at Table III-8.
[57] CR/PR at Table III-1.
[58] CR/PR at Table III-1.
[59] CR/PR at Table III-9.
[60] CR/PR at Table III-9.
[61] CR/PR at Table III-9.
[62] CR/PR at Table III-1.

*** is subject to exclusion pursuant to the related party provision because it imported subject metal lockers during the period of investigation. *** was the *** domestic producer in 2019, accounting for *** percent of domestic production of metal lockers.[63] During the period of investigation, *** imported *** pounds in 2017, *** pounds in 2018, and *** pounds in 2019; it imported *** pounds in interim 2019 and *** pounds in interim 2020.[64] The ratio of these subject imports to *** domestic production was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.[65] *** explained that it imported subject merchandise because ***.[66] *** is a petitioner.[67]

The record in these investigations indicates that *** primary interest is in domestic production rather than importation. It is a large U.S. producer and a petitioner. Although its volume of subject imports and the ratio of its subject imports to domestic production increased from 2017 to 2019 and were higher in interim 2020 compared to interim 2019, its domestic production far exceeded its volume of subject imports throughout the period of investigation, and *** explained that it imported subject merchandise to remain competitive. For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry pursuant to the related party provision.

In sum, we define the domestic industry to include all domestic producers of metal lockers.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[68]

During the most recent 12-month period preceding the filing of the petitions in these investigations (July 2019 through June 2020), subject imports accounted for *** percent of

[63] CR/PR at Table III-1.
[64] CR/PR at Table III-9.
[65] CR/PR at Table III-9.
[66] CR/PR at Table III-9.
[67] CR/PR at Table III-1.
[68] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

total imports of metal lockers.[69] Because imports from China are above the statutory threshold, subject imports are not negligible.

VI. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[70] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[71] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[72] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[73] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[74]

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[75] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[76] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact

---

[69] CR/PR at Table IV-4.

[70] 19 U.S.C. §§ 1671b(a), 1673b(a).

[71] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[72] 19 U.S.C. § 1677(7)(A).

[73] 19 U.S.C. § 1677(7)(C)(iii).

[74] 19 U.S.C. § 1677(7)(C)(iii).

[75] 19 U.S.C. §§ 1671b(a), 1673b(a).

[76] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[77]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[78] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[79] Nor does the

[77] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[78] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA) at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[79] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make (Continued…)

"by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[80] It is clear that the existence of injury caused by other factors does not compel a negative determination.[81]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports."[82] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [83] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[84]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial

---

"bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[80] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[81] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[82] *Mittal Steel*, 542 F.3d at 876 &78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[83] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[84] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

evidence standard.[85] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[86]

B. Data Issues

In the preliminary phase of these investigations, the Commission encountered multiple issues with respect to data collection, including limited purchaser coverage and challenges in determining the appropriate method to ascertain the most accurate import data.

Petitioner reported that subject imports entered for statistical reporting purposes under two Harmonized Tariff Schedule of the United States ("HTSUS") numbers: 9403.20.0078, which includes metal lockers (metal furniture other than household; storage lockers, other than exchange lockers), and 9403.90.8041, which includes locker parts and components (parts of other furniture of metal).[87] Because these categories contain an unknown amount of out-of-scope merchandise, however, we do not rely on official import statistics to measure the volume of subject imports. Rather, we find the appropriate methodology to measure subject imports is data derived from responses to the Commission questionnaires.

The Commission issued importer questionnaires to the 17 firms identified in the petition, along with additional firms that, based on a review of data provided by U.S. Customs and Border Protection, may have accounted for more than one percent of total imports under HTSUS statistical reporting numbers 9403.20.0078 and 9403.90.8041 in 2019.[88] As discussed above, the Commission received usable importer responses from 22 firms,[89] and it received certified responses from all but one of the firms identified in the petition.[90] Taking the total volume of subject imports reported in the U.S. importer questionnaires for 2019 as a ratio to the total volume of imports as estimated by petitioners for 2019, as adjusted, coverage would

---

[85] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[86] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

[87] Petitions, vol. I at 12-13. *See also* CR/PR at I-10. HTSUS 9403.20.0080 was discontinued and 9403.20.0078 was established on July 1, 2019. *HTSUS (2019) Revision 8, Change Record, USITC Publication No. 4918, July 2019. Id.*

[88] CR/PR at IV-1 n.1.

[89] CR/PR at I-4, IV-1.

[90] CR/PR at IV-1 n.2. The Commission did not receive a response from ***. *Id*. In addition, one firm, which had been identified in the petitions as an importer of subject merchandise, ***, returned a certified response indicating that it was not a U.S. importer of subject merchandise, and therefore was not included in the calculations. *Id.*

be calculated at *** percent.[91] Commission staff, however, believes the coverage of U.S. imports from China is higher, closer to *** percent.[92] In any final phase of these investigations, we intend to further examine the methodology for calculating the volume of imports so as to maximize coverage of subject imports.[93]

We will also endeavor to increase purchaser coverage, particularly as it pertains to purchases of subject imports. In response to lost sales/lost revenue allegations, staff contacted 70 purchasers and received responses from four firms.[94] These firms reported purchasing *** pounds of subject imports from 2017 to 2019,[95] while the total reported volume of subject imports during this time was approximately 99.8 million.[96] In addition, from 2017 through 2019, two of these purchasers reported increasing their purchases from domestic producers and decreasing their purchases of subject merchandise, while the remaining two reported that ***.[97] In contrast, subject import market share increased from *** percent in 2017 to *** percent in 2018 before decreasing to *** in 2019.[98] In any final phase, we will examine any correlation between purchaser responses and trends in subject import data.

---

[91] CR/PR at IV-1 n.2. The total volume of subject imports estimated by the petitioners, which includes their estimated totals for the firms identified in the petition plus an estimated total for all others importing from China, adjusted to ***), amounts to (***). *Id.*

[92] CR/PR at IV-1 n.2. Petitioners' estimates of imports by the firms identified in their petitions as importers from China greatly exceeded the volumes of imports reported in certified questionnaire responses by those firms themselves. For its coverage calculation, Commission staff relied on the data in the certified responses rather than estimates for those firms that responded to the questionnaires. Specifically, Commission staff calculated coverage by taking the total volume of subject imports reported in the U.S. importer questionnaires for 2019 plus petitioners' estimated total for all others importing from China (***). *Id.* While the numerator in both ratios – the ratio based on petitioners' estimated import volume and the ratio based on the Commission's estimates – are the same (*i.e.*, the volume of imports reported in certified questionnaire responses), the denominator in the Commission's calculation is smaller than that used in the ratio based on petitioners' estimates, resulting in a higher percentage. In other words, using the actual figures reported by those firms, and the amount that petitioners estimated was imported by other firms, implies that the questionnaire coverage is higher than petitioners assert.

[93] We observe that a number of firms submitted responses indicating that they were not importers of subject merchandise. CR/PR at IV-1 n.1. In addition, several firms, including Amazon, National Lockers & Shelving, and Tiburon did not provide certified questionnaire responses, although they provided some data regarding their imports during the period of investigation. CR/PR at IV-1 n.2. In addition, *** also did not provide a response. *Id.*

[94] CR/PR at V-15.

[95] CR/PR at Table V-9.

[96] CR/PR at Table IV-2.

[97] CR/PR at Table V-9.

[98] CR/PR at Table C-1.

C. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

1. Demand Conditions

Demand for metal lockers derives from the applications in which they are used, such as new and renovated schools, athletic facilities, restaurants, factories, retail stores, work sites, and warehouses. Three of seven responding U.S. producers and 11 of 21 responding importers indicated that the market was subject to business cycles or specific conditions of competition, reporting that demand for metal lockers increases in summer when schools are out of session and use the holiday to replace lockers.[99] Most responding U.S. producers reported that demand in the U.S. market for metal lockers increased since January 1, 2017, while importers' responses were mixed, with six reporting that demand increased, four reporting no change, five reporting it decreased, and six reporting that it fluctuated.[100]

During the period of investigation, apparent U.S. consumption increased from *** pounds in 2017 to *** pounds in 2018 before decreasing to *** pounds in 2019.[101]

2. Supply Conditions

During the period of investigation, the domestic industry accounted for the largest share of the U.S. market. Its market share decreased *** percentage points overall, decreasing from *** percent in 2017 to *** in 2018 before increasing to *** in 2019.[102] The domestic industry's capacity to produce metal lockers grew by 1.8 percent from 2017 to 2019.[103] Domestic producers overall produce a significant quantity of products other than metal lockers on the same production equipment.[104] Subject imports accounted for the next largest share of the U.S. market, with a market share that increased *** percentage points overall, increasing from

[99] CR/PR at II-5 – II-6; *see also* Petitioners Postconference Br. at 13-14, Responses to Staff Questions at 24, 46; ASI, Top Tier, and Jorgenson Industrial, Postconference Br., Responses to Staff Questions at 2-4, 6.

[100] CR/PR at II-6 & Table II-4.

[101] CR/PR at Table C-1. Apparent U.S. consumption was *** pounds in interim 2019 and *** pounds in interim 2020. *Id*.

[102] CR/PR at Table C-1. The domestic industry's market share was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[103] CR/PR at Table III-4.

[104] CR/PR at Table III-5.

*** percent in 2017 to *** percent in 2018, before decreasing to *** percent in 2019.[105] Nonsubject imports accounted for the smallest share of the U.S. market; their market share remained constant at *** percent from 2017 to 2019.[106]

3. Substitutability and Other Conditions

Based on the record in the preliminary phase of these investigations, we find there to be a high degree of substitutability between the domestic like product and subject imports. All responding U.S. producers reported that the domestic like product and subject imports are always interchangeable. Responses from importers were mixed, but the majority reported that the domestic like product and subject imports are always or frequently interchangeable.[107]

We also find that price is an important factor in purchasing decisions. Four out of five responding purchasers reported price to be an important purchasing factor.[108] The majority of U.S. producers reported that factors other than price are never significant in purchasing decisions, while most importers reported that factors other than price are frequently significant.[109]

U.S. producers primarily produce metal lockers to order, while importers sell metal lockers from inventories. U.S. producers reported that 64.5 percent of their commercial shipments were produced-to-order, with lead times averaging 35 days. The remaining 35.5 percent of their commercial shipments came from inventories, with lead times averaging 5 days. Importers reported that 64.3 percent of their commercial shipments came from U.S. inventories, with lead times averaging 60 days. Importers reported that 32.7 percent of their commercial shipments were produced-to-order, with lead times averaging 93 days, and that

---

[105] CR/PR at Table C-1. Subject import market share was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[106] CR/PR at Table C-1. Nonsubject imports market share was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[107] CR/PR at Table II-5. Six responding importers reported metal lockers from domestic and subject sources were always interchangeable, five reported that they were frequently interchangeable, six reported that they were sometimes interchangeable, and one reported that they were never interchangeable. *Id.*

[108] CR/PR at II-7. Three purchasers identified quality as an important purchasing factor, two identified delivery time, and one listed ability to meet demand. *Id.*

[109] CR/PR at Table II-6. Four responding purchasers reported that difference other than price are never significant, while one each reported that such differences are sometimes and always significant. *Id.* Three responding importers reported that differences other than price are never significant, two reported that such differences are sometimes significant, nine reported that they are frequently significant, and four reported that they are always significant. *Id.*

the remaining three percent of their commercial shipments came from foreign inventories, with lead times averaging 15 days.[110] During the period of investigation, U.S. producers sold mainly to distributors, while importers sold the majority of subject merchandise to distributors and retailers.[111]

U.S. producers and importers reported setting prices using transaction-by-transaction negotiations, contracts, price lists, and other methods, including bidding.[112] During the period of investigation, U.S. producers and importers reported selling the largest portion of their metal lockers in the spot market.[113] Responding U.S. producers and importers reported offering quantity, total volume, and other discounts. In particular, several U.S. producers and importers reported that the size or volume of the order of metal lockers was key to determining discounts.[114]

The parties disagree regarding the role of Buy American policies in the U.S. market. According to petitioners, Buy American policies account for only a very small portion of the U.S. market, and they claim that, ***. Respondents argue that Buy America policies limit the ability of imported products to supply certain publicly funded projects.[115]

Metal lockers are typically made of flat-rolled, expanded or mesh non-alloy steel, stainless steel, or aluminum. Raw materials are the largest component of the total cost of goods sold ("COGS") for metal lockers, making up over half of the COGS throughout the period of investigation. Five U.S. producers reported that raw material costs had fluctuated since 2017, and two reported that they had increased. Ten importers reported that raw material

---

[110] CR/PR at II-6 – II-7.

[111] CR/PR at II-2 & Table II-1.

[112] CR/PR at V-2 & Table V-1.

[113] CR/PR at Table V-2. U.S. producers reported that *** percent of their U.S. commercial shipments were sold as spot sales, *** percent were sold pursuant to short-term contracts, *** percent were sold pursuant to annual contracts, and *** percent were sold pursuant to long-term contracts. *Id.* Importers reported that *** percent of their U.S. commercial shipments were sold as spot sales, *** percent were sold pursuant to annual contracts, *** percent were sold pursuant to long-term contracts, and *** percent were sold pursuant to short-term contracts. *Id.*

[114] CR/PR at V-3.

[115] ASI, Top Tier, and Jorgenson Industrial, Postconference Br., Responses to Staff Questions at 4; Salsbury and WEC Postconference Br. at 5. WEC also asserts that Buy American policies have been waived in Pennsylvania and other states due to lack of supply from domestic producers. Salsbury and WEC Postconference Br., WEC Responses to Staff Questions at 3. Petitioners claim that they are unaware of any exemptions to Buy American requirements in Pennsylvania, and if any such exemptions were granted, they should not have been approved because domestic producers have excess capacity and ***. Petitioners Postconference Br., Responses to Staff Questions at 25.

costs have increased since 2017 while eight reported that raw material costs have fluctuated, and one reported they had remained constant.[116]

Metal lockers within the scope definition are not and have not been subject to additional duties pursuant to section 232 of the Trade Expansion Act of 1962. However, certain flat-rolled steel mill products, classifiable under various headings in chapter 72, HTSUS, used in manufacturing metal lockers were among the iron and steel articles that became subject to the additional 25 percent ad valorem section 232 duties, if imported on or after March 23, 2018.[117] The majority of responding U.S. producers (5 of 7) and responding importers (15 of 20) reported that section 232 tariffs increased the raw material costs of metal lockers. A plurality of responding U.S. producers (3 of 7) reported that section 232 tariffs had caused the price of metal lockers to fluctuate, while the majority of responding importers (13 of 21) reported that section 232 tariffs had increased the price of metal lockers.[118]

Multiple products from China relevant to these investigations are subject to additional tariffs pursuant to section 301 of the Trade Act of 1974. Metal lockers classifiable in the relevant HTSUS statistical reporting numbers were included among the group of products originating in China that were subject to additional 25 percent ad valorem duties, as of May 10, 2019. However, as of July 23, 2020, exclusions from these additional duties have been granted for certain of these products originating in China.[119] In addition, some of the raw materials for manufacturing metal lockers—certain flat-rolled steel mill products, such as cut-to-length plate, classifiable under the various subheadings of chapter 72, HTSUS, originating in China -- are currently subject to an additional 7.5 percent ad valorem duty, as of February 14, 2020.[120] These section 301 duties are in addition to the existing section 232 duties on steel imports.

The majority of U.S. producers (6 of 7) reported either that the section 301 tariffs had no impact or that they did not know if the section 301 tariffs had an impact on the market for metal lockers. One U.S. producer reported that section 301 tariffs had decreased the supply of domestic metal lockers and the overall demand in the U.S. market. Two responding U.S. producers reported that section 301 tariffs had no impact on the supply of lockers from China and from nonsubject countries in the U.S. market. The majority of importers (12 of 21) reported that the section 301 tariffs had an impact on the market. The majority of responding

[116] CR/PR at V-1.
[117] CR/PR at I-11 – I-12.
[118] CR/PR at V-1.
[119] CR/PR at I-10 – I-11.
[120] CR/PR at I-11. Effective July 1, 2020, no exclusions from these additional duties have been granted for flat-rolled steel originating in China. *Id*.

importers (11 of 13) reported that prices of metal lockers increased and (9 of 11) reported that raw material costs had increased as a result of section 301 tariffs. A majority of responding importers (6 of 11) reported that section 301 tariffs had no impact on the supply of metal lockers in the U.S. market and a plurality of responding importers (5 of 12) reported that section 301 tariffs had no impact on overall demand in the U.S. market.[121]

D. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that 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."[122]

During the period of investigation, the volume of subject imports increased from 32.8 million pounds in 2017 to 38.2 million pounds in 2018, before decreasing to 28.8 million pounds in 2019.[123] U.S. shipments of subject imports were 30.1 million pounds in 2017, 33.7 million pounds in 2018, and 30.8 million pounds in 2019.[124] As discussed above, subject import market share increased from *** percent in 2017 to *** percent in 2018, before decreasing to *** percent in 2019, for an overall *** of *** percentage points.[125]

Based on the foregoing, we find that the volume of subject imports is significant in absolute terms and relative to apparent U.S. consumption.

E. Price Effects of the Subject Imports

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of subject imports, 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

[121] CR/PR at II-1.

[122] 19 U.S.C. § 1677(7)(C)(i).

[123] CR/PR at Table IV-2. The volume of subject imports was 7.6 million pounds in interim 2019 and 5.3 million pounds in interim 2020. *Id.*

[124] CR/PR at Table C-1. U.S. shipments of subject imports were 6.8 million pounds in interim 2019 and 6.6 million pounds in interim 2020. *Id*.

[125] CR/PR at Table C-1. It was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

(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.[126]

As discussed in section VI.B.4 above, we find that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important purchasing factor.

We have examined several sources of data in our underselling analysis, including pricing data, responses by purchasers to the Commission's lost sales/lost revenue questionnaire survey, and other data on the record. The Commission collected quarterly f.o.b. pricing data on sales of four metal locker products shipped to unrelated U.S. customers during the period of investigation.[127] Two U.S. producers and eight importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Reported pricing data accounted for approximately 1.3 percent of U.S. producers' shipments of metal lockers and 9.0 percent of U.S. shipments of subject imports from China in

[126] 19 U.S.C. § 1677(7)(C)(ii).

[127] The four pricing products are as follows:

Product 1.-- 12" wide x 18" deep x 72" high 1-Tier (one full height door within a single frame, one opening) locker, knockdown (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 3-point (multi-point) gravity lift-type latching, lock not included, with or without 6" legs (legs increase frame height to 78"), nut/bolt or rivet assembly required.

Product 2.-- 12" wide x 12" deep x 36"/72" high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift type latching, lock not included, with or without 6" legs (legs increase frame height to 78"), nut/bolt or rivet assembly required.

Product 3.-- 12" wide x 18" deep x 36"/72" high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift-type latching, lock not included, with or without 6" legs (legs increase frame height to 78"), nut/bolt or rivet assembly required.

Product 4.-- 12" wide x 12" deep x 12"/72" high 6-Tier (six 12" high doors stacked within a single frame, 6 openings) locker, 24 knock-down (KD), 24 gauge solid body, 16 gauge frame, 18 gauge louvered door, single-point latching with thru-the-door finger pull handle, lock not included, with or without 6" legs (legs increase frame height to 78"), nut/bolt or rivet assembly required.

CR/PR at V-3 – V-4.

2019.[128] These pricing data show that subject imports were priced higher than the domestic like product in all quarterly comparisons with margins of overselling ranging from 3.4 percent to 60.3 percent.[129]

The parties contend that there are certain issues with the pricing products and the reported pricing data, which undermine the reliability and probative value of these pricing product comparisons. Petitioners argue that the pricing data obtained by the Commission during the preliminary phase of these investigations contains various errors, such as including costs for assembly and other features, and contend that the Commission's pricing data are lacking because they do not include purchase cost data from importers that directly imported subject merchandise for retail sales.[130] Respondent parties ASI, Top Tier, and Jorgenson Industrial argue that the low volumes of sales included in the pricing data by U.S. producers reflects a lack of competition between subject imports and the domestic like product. They also question the representativeness of the pricing products, observing that only *** U.S. producers reported sales of the pricing products and that those sales ***.[131] In any final phase of these investigations, we request that the parties in their comments on the draft questionnaires provide suggestions on the appropriate methodology for the Commission to collect pricing data for the domestic like product and the subject imports that may provide meaningful price comparisons and also improve pricing coverage.[132]

Other evidence on the record in the preliminary phase of these investigations appears to contradict the pricing product data with respect to the comparative prices of the domestic like product and subject imports. For example, the average unit values ("AUVs") of shipments of metal lockers by configuration – *i.e.,* preconfigured, kits/ready-to- assemble packages, and components – are universally lower for subject imports than for domestic lockers.[133] In addition, the results of the lost sales/lost revenue survey indicate that one of four responding

[128] CR/PR at V-4.

[129] CR/PR at Tables V-3 – V-6, V-8. These comparisons involved 167,170 units of subject imported metal lockers. *Id.*

[130] Petitioners Postconference Br. at 22-23, 28-30, Responses to Staff Questions at 41-42; *see* also Various Correspondence, EDIS Doc. 717855 (***).

[131] ASI, Top Tier, and Jorgenson Industrial Postconference Br. at 17.

[132] Petitioners contend that the Commission should gather purchase cost data and bid data in addition to its traditional pricing data in any final phase of these investigations. Petitioners Postconference Br. at 22-23, 28-30, Responses to Staff Questions at 41-42. As discussed above, we will further explore this issue and request the parties to comment on collecting purchase cost, bid or other relevant data in questionnaires in any final phase of these investigations. 19 C.F.R. 207.20.

[133] CR/PR at Tables III-7, IV-3. We recognize that AUVs may be affected by differences in product mix.

purchasers reported purchasing subject imports instead of the domestic like product, and this purchaser reported that subject imports were priced lower but that price was not a primary reason for purchasing imported products.[134] Petitioners also submitted declarations from U.S. producers and purchasers, which purportedly reflect pricing pressure and lost sales to lower priced subject imports.[135]

Based on the available evidence in the record of these preliminary phase investigations and in light of questions raised by the parties regarding the pricing data, we do not draw any conclusions concerning the significance of any possible underselling by subject imports.

We have also examined the available data on pricing trends. Between the first and last quarters of the period of investigation, prices of domestically produced pricing product 1 and pricing product 4 increased by *** and *** percent, respectively; prices of domestically produced pricing product 2 ***; and prices for domestically produced pricing product 3 decreased by *** percent.[136] During this time period, prices for subject imports increased *** percent for pricing product 1, *** percent for pricing product 2, *** percent for pricing product 3, and *** percent for pricing product 4.[137] The results of the lost sales/lost revenue survey indicate that two out of four responding purchasers reported that U.S. producers reduced their prices to compete with lower-priced subject imports, with reported estimated price reductions of *** and *** percent.[138]

We also have considered whether the domestic industry's prices were suppressed during the period of investigation. The industry's ratio of COGS to net sales increased during the period of investigation, from 77.2 percent in 2017 to 78.4 percent in 2018 and 79.0 percent in 2019.[139] Thus, there is evidence that the industry was unable to achieve price increases commensurate with increasing costs.[140]

---

[134] CR/PR at Table V-11. This purchaser accounted for most of the purchases of subject imports reported in the lost sales/lost revenue survey.

[135] Petitioners Postconference Br., Exhibit 6, Thomas Kulikowsky, Penco, declaration & attachment 2, Exhibit 7; JR List, List, declaration & attachments; Exhibit 8, Stuart Spencer, Tennsco, declaration & attachments 1, 2; Exhibit 9, John Alstadt, Lyon, declaration & attachments 3-7; Exhibit 10, ***; and Exhibit 11, ***.

[136] CR/PR at Table V-7.

[137] CR/PR at Table V-7.

[138] CR/PR at Table V-12.

[139] CR/PR at Table VI-1. The domestic industry's ratio of COGS to net sales was 80.7 percent in interim 2019 and 78.0 percent in interim 2020. *Id.*

[140] The domestic industry's unit net sales value was $1.77 per pound in 2017, $1.88 in 2018, and $2.00 in 2019, and thus increased by $0.23 per pound during the full years of the period of investigation. (Continued…)

Given the foregoing and the totality of the available evidence in the preliminary phase of these investigations, we cannot conclude for purposes of these preliminary determinations that subject imports did not have adverse effects on the prices of the domestic like product. We intend to further examine the nature of price competition between subject imports and the domestic like product in any final phase of these investigations.

F. Impact of the Subject Imports[141]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[142]

During the period of investigation, the domestic industry's performance indicators were mixed. Among the indicators showing increases from 2017 to 2019 were capacity, employment measures, and capital and R&D expenditures. Factors showing declines from 2017 to 2019

CR/PR at Table VI-1. Its unit net sales value was flat at $2.01 per pound in interim 2019 and interim 2020. Id. The industry's unit COGS were $1.37 per pound in 2017, $1.48 in 2018, and $1.58 in 2019, and thus increased by $0.21 per pound overall. CR/PR at Table VI-1. Its unit COGS were $1.63 per pound in interim 2019 and $1.57 in interim 2020. Id. On a percentage basis, the industry's unit net sales value increased by 13.0 percent from 2017 to 2019, while the industry's unit COGS increased by 15.7 percent. CR/PR at Table C-1. In the interim period, the industry's unit net sales value was 0.1 percent lower in interim 2020 than in interim 2019, and the industry's unit COGS were 3.5 percent lower in interim 2020 than in interim 2019. Id. The domestic industry's unit raw material costs were $0.76 per pound in 2017, $0.82 in 2018, and $0.87 in 2019; they were $0.89 per pound in interim 2019 and $0.81 in interim 2020. CR/PR at Table VI-1. Its unit direct labor costs were $0.15 per pound in 2017, $0.17 in 2018, and $0.19 in 2019; they were $0.19 per pound in interim 2019 and interim 2020. CR/PR at Table VI-1. Its unit other factory costs were $0.46 per pound in 2017, $0.48 in 2018, and $0.52 in 2019; they were $0.54 per pound in interim 2019 and $0.57 in interim 2020. CR/PR at Table VI-1. We intend to examine further in any final phase of these investigations whether the decrease in the industry's productivity, discussed below, had an effect on its costs.

[141] Commerce initiated investigations based on estimated antidumping duty margins of 245.96 and 322.25 percent for metal lockers from China. *Certain Metal Lockers and Parts Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 Fed. Reg. 47343 (Dep't of Commerce Aug. 5, 2020).

[142] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

included production, capacity utilization, shipments, and the financial indicators of net sales and operating and net income.

The domestic industry's capacity increased 1.8 percent from 2017 to 2019, from 147.1 million pounds in 2017 to 148.6 million pounds in 2018, and 149.6 million pounds in 2019.[143] Production decreased 4.4 percent overall during that time; it was 81.7 million pounds in 2017, 82.2 million pounds in 2018, and 78.1 million pounds in 2019.[144] The domestic industry's capacity utilization decreased 3.3 percentage points, from 55.5 percent in 2017 to 55.3 percent in 2018 and 52.2 in 2019.[145] U.S. shipments decreased 4.2 percent from 2017 to 2019, declining from 81.9 million pounds in 2017 to 81.4 million pounds in 2018 and 78.5 million pounds in 2019.[146] The domestic industry's ending inventories were *** pounds in 2017, *** pounds in 2018, and *** pounds in 2019.[147] As discussed above, the domestic industry's market share declined *** percentage points from 2017 to 2019; it was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[148] Subject imports accounted for all of the industry's market share loss over this period.

The domestic industry's number of production related workers ("PRWs") increased ten percent from 2017 to 2019, increasing from 670 PRWs in 2017 to 722 in 2018 and 737 in 2019.[149] Hour worked increased 9.6 percent during that time from 1.5 million in 2017 to 1.6 million in 2018 and 1.7 million in 2019.[150] Wages paid increased 16.0 percent from $22.0 million in 2017 to $24.5 million in 2018 and $25.5 million in 2019.[151] Productivity fell 12.7

[143] CR/PR at Table C-1. Capacity was 37.4 million pounds in interim 2019 and 37.7 in interim 2020. *Id.*

[144] CR/PR at Table C-1. Production was 15.5 million pounds in interim 2019 and 17.5 million pounds in interim 2020. *Id.*

[145] CR/PR at Table C-1. The domestic industry's capacity utilization was 41.4 percent in interim 2019 and 46.4 percent in interim 2020. *Id.*

[146] CR/PR at Table C-1. U.S. shipments were 16.3 million pounds in interim 2019 and 17.8 million pounds in interim 2020. *Id.*

[147] CR/PR at Table C-1. Ending inventories were *** pounds in interim 2019 and *** pounds in interim 2020. *Id.*

[148] CR/PR at Table C-1. The domestic industry's market share was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[149] CR/PR at Table C-1. The number of PRWs was 640 in interim 2019 and 691 in interim 2020. *Id.*

[150] CR/PR at Table C-1. Hours worked were 351,000 in interim 2019 and 394,000 in interim 2020. *Id.*

[151] CR/PR at Table C-1. Wages paid were $5.4 million in interim 2019 and $6.3 million in interim 2020. *Id.*

percent from 53.6 pounds per hour in 2017 to 50.4 pounds per hour in 2018 and 46.8 pounds per hour in 2019.[152]

The domestic industry's total net sales, by value, increased 8.4 percent from $145.3 million in 2017 to $155.1 million in 2018 and $157.5 million in 2019.[153] Total COGS increased 10.9 percent from $112.2 million in 2017 to $121.5 million in 2018 and $124.5 million in 2019.[154] The domestic industry's gross profits were $33.1 million in 2017, $33.6 million in 2018, and $33.0 million in 2019.[155] Operating income was $7.4 million in 2017, $6.1 million in 2018, and $5.5 million in 2019.[156] Net income was $*** in 2017, $*** in 2018, and $*** in 2019.[157] The ratio of operating income to net sales declined from 5.1 percent in 2017 to 3.9 percent in 2018 and 3.5 percent in 2019.[158] The ratio of net income to net sales was *** percent in 2017, *** percent in 2018, and *** percent in 2019.[159] The domestic industry's capital expenditures were $2.2 million in 2017, $4.3 million in 2018, and $7.4 million in 2019.[160] Its research and development ("R&D") expenses were $3.7 million in 2017, $2.2 million in 2018, and $5.1 million in 2019.[161]

As discussed above, the volume of subject imports was significant in absolute terms and relative to apparent U.S. consumption. Further, as discussed, we cannot conclude that the significant volume of subject imports did not have significant price effects. We therefore also cannot conclude, for purposes of these preliminary determinations, that there is not a causal link between the significant volume of subject imports and the observed declines in key indicators of the domestic industry's performance. Thus, the record in the preliminary phase of

---

[152] CR/PR at Table C-1. Productivity was 44.1 pounds per hour in interim 2019 and 44.3 pounds per hour in interim 2020. *Id.*

[153] CR/PR at Table C-1. Net sales, by value, were $32.9 million in interim 2019 and $36.0 million in interim 2020. *Id.*

[154] CR/PR at Table C-1. Total COGS were $26.6 million in interim 2019 and $28.1 million in interim 2020. *Id.*

[155] CR/PR at Table C-1. Gross profits were $6.3 million in interim 2019 and $7.9 million in interim 2020. *Id.*

[156] CR/PR at Table C-1. Operating income was $95,000 in interim 2019 and $1.1 million in interim 2020. *Id.*

[157] CR/PR at Table C-1. Net income was *** in interim 2019 and $*** in interim 2020. *Id.*

[158] CR/PR at Table C-1. The ratio was 0.3 percent in interim 2019 and 3.1 percent in interim 2020. *Id.*

[159] CR/PR at Table C-1. The ratio was *** percent in interim 2019 and *** percent in interim 2020. *Id.*

[160] CR/PR at Table C-1. Capital expenditures were $729,000 in interim 2019 and $1.5 million in interim 2020. *Id.*

[161] CR/PR at Table C-1. R&D expenses were $477,000 in interim 2019 and $1.4 million in interim 2020. *Id.*

these investigations does not establish by clear and convincing evidence that subject imports were not having a significant impact on the domestic industry's production and U.S. shipments, or that the observed declines in domestic industry's financial performance were unrelated to the subject imports. In light of these considerations, we cannot find that subject imports did not have a significant impact on the domestic industry.

We have also considered the role of factors other than subject imports to ensure that we are not attributing injury from other factors to subject imports. In this context, we note that, despite an overall decline in demand over the period of investigation, the evidence indicates that subject imports maintained a significant presence in the U.S. market throughout the period. Moreover, nonsubject imports maintained only a very small presence in the U.S. market during the period of investigation.[162] Therefore, for purposes of our preliminary determinations, we do not find that changes in demand or the presence of nonsubject imports explain any observed declines in the domestic industry's performance.

Respondents argue that certain factors other than subject imports are the cause of any injury to the domestic industry. These allegations include the inability or unwillingness of U.S. producers to supply certain types of lockers, particularly those for smaller scale or custom projects,[163] longer lead times of U.S. producers,[164] internal problems of domestic producers,[165] and inferiority of domestically produced metal lockers in terms of quality, warranties, and customer service.[166] Petitioners dispute these assertions.[167] There is limited information in the

[162] As described above, nonsubject imports accounted for only *** percent of the U.S. market from 2017 to 2019; their market share was *** percent in interim 2019 and *** percent in interim 2020. CR/PR at Table C-1.

[163] ASI, Top Tier, and Jorgenson Industrial Postconference Br. at 4-7, 12; Salsbury and WEC Postconference Br. at 4-5, Responses to Staff Questions at 4. We observe that, as discussed above in section VI.C.3., a greater proportion of the domestic like product is produced to order, 64.5 percent of commercial U.S. shipments, compared to 32.7 percent of subject imports. CR/PR at II-6.

[164] ASI, Top Tier, and Jorgenson Industrial Postconference Br. at 7-9; Salsbury and WEC Postconference Br. at 4-5, Responses to Staff Questions at 3-4, 6-7. We observe that, as discussed above in section VI.C.3., U.S. producers reported shorter average lead times compared to subject imports.

[165] Salsbury and WEC Postconference Br., Salsbury Responses to Staff Questions at 6-7.

[166] Salsbury and WEC Postconference Br., Salsbury Responses to Staff Questions at 3, 6-7.

[167] Petitioners Postconference Br., Responses to Staff Questions at 19-21, 26-32,46-52 & Exhibits 6-11. Petitioners assert that the domestic industry is capable of producing all lockers that correspond to the scope of the investigations, offering the broadest range of products, features, options, and colors in the market. Petitioners further contest respondents' claims that the domestic industry is uninterested in small orders or requires high minimum order quantities, and they maintain that domestic producers ***. Petitioners also argue that, contrary to respondents' claims, the domestic industry offers custom (Continued…)

record of the preliminary phase of these investigations to allow us to assess the factual disputes implicated by respondents' allegations and petitioners' rebuttals. We intend to explore these issues in any final phase of these investigations.

VII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of metal lockers from China that are allegedly sold in the United States at less than fair value and subsidized by the government of China.

---

projects, serving small and large customers. Petitioners Postconference Br., Responses to Staff Questions at 19-21, 29-32. In addition, petitioners dispute respondents' assertions that the domestic industry has longer lead times than subject imports, claiming that they can fill "quick-ship" orders from inventory and custom orders faster than subject imports. Petitioners Postconference Br., Responses to Staff Questions at 20, 26-28. Petitioners maintain that allegations regarding internal problems at certain domestic production operations, including flooding and bankruptcies, relate to incidents that occurred prior to the period of investigation. Petitioners further contest respondents' claims that the domestic industry has poorer quality, less innovation, and inferior customer service compared to subject imports, claiming that the record, including testimony and declarations from petitioners' witnesses as well as declarations from two purchasers, belies these allegations and indicate that purchasers switch to subject imports based on the latter's lower prices. Petitioners Postconference Br., Responses to Staff Questions at 46-52 & Exhibits 6-11.

Part I: Introduction

Background

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by List Industries, Inc., Deerfield Beach, Florida; Lyon LLC, Montgomery, Illinois; Penco Products, Inc., Greenville, North Carolina; and Tennsco Corp., Dickson, Tennessee, on July 9, 2020, alleging 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 certain metal lockers and parts thereof ("metal lockers")[1] from China. The following tabulation provides information relating to the background of these investigations.[2] [3]

Effective date	Action
July 9, 2020	Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 42917, July 15, 2020)
July 30, 2020	Commission's conference
July 29, 2020	Commerce's notice of initiation (85 FR 47343, August 5, 2020 (antidumping), and 85 FR 47353, August 5, 2020 (countervailing))
August 21, 2020	Commission's vote
August 24, 2020	Commission's determinations
August 31, 2020	Commission's views

Note: Due to the COVID-19 pandemic, the Commission did not hold an in-person conference. Rather, parties provided opening remarks and witness testimony through written submissions prior to the date above.

[1] See the section entitled "The subject merchandise" in Part I of this report for a complete description of the merchandise subject in this proceeding.

[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 conference via written submission is presented in appendix B of this 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--[4]

> *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, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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.*

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and 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

Metal lockers are generally used for storage in schools, fitness centers, apartment buildings, offices, condominiums, single family homes, athletic facilities, public private, and government buildings, warehouses, factories, transportation hubs, healthcare facilities, amusement parks, military installations, retail businesses, and other commercial and industrial establishments. The leading U.S. producers of metal lockers are *** and ***, while leading producers of metal lockers outside the United States includes *** of China. The leading U.S. importers of metal lockers from China are ***, ***, and ***. Leading importers of metal lockers from nonsubject countries (primarily Vietnam and Italy) include *** and ***. U.S. purchasers of metal lockers are firms that are involved with storage or logistics; leading purchasers include *** and ***.

[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

Apparent U.S. consumption of metal lockers totaled approximately *** pounds ($***) in 2019. Currently, nine firms[6] are known to produce metal lockers in the United States. U.S. producers' U.S. shipments of metal lockers totaled 78.5 million pounds ($156.9 million) in 2019, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. importers' U.S. shipments from subject sources totaled 30.8 million pounds ($71.2 million) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** pounds ($***) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of seven firms that accounted for *** of U.S. production of metal lockers during 2019.[7] U.S. imports are based on questionnaire responses from 22 companies that accounted for approximately *** percent of U.S. imports from China in 2019.

Previous and related investigations

Metal lockers have not been the subject of prior countervailing and antidumping duty investigations in the United States.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On August 5, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on metal lockers from China.[8] Commerce identified the following government programs in China:

[6] ***. Petition, Vol. 1, pp. 3 and 19.

[7] ***. Petition, Vol. 1, p. 5 and Exh. GEN-2. Staff believes that, since it received responses in addition to the estimated *** percent, domestic producers responses account for *** of the domestic production of metal lockers.

[8] 85 FR 47353, August 5, 2020; Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigation Initiation Checklist, July 29, 2020, pp. 6-29.

A. Preferential Lending

1. Policy Loans to the Metal Lockers Industry
2. Export Loans from the Chinese State-Owned Banks

B. Export Programs

3. Export Seller's Credit
4. Export Buyer's Credit
5. Export Credit Guarantees

C. Income Tax and Direct Tax Programs

6. Income Tax Reduction for High or New Technology Enterprises
7. Income Tax Deduction for Research and Development Expenses Under Enterprise Income Tax Law
8. Preferential Income Tax Policy for Enterprises in the Northeast Region
9. Provincial Government of Guangdong Tax Offset for Research and Development (R&D)

D. Indirect Tax Programs

10. Import Tariff and Value-Added Tax Exemptions for Foreign Invested Enterprises (FIEs) and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
11. VAT Refunds for FIEs Purchasing Domestically-Produced Equipment

E. Government Provision of Goods and Services for Less Than Adequate Remuneration

12. The GOC's Provision of Land for Less Than Adequate Remuneration for State-Owned Enterprises
13. Provision of Land for Less Than Adequate Remuneration in Special Economic Zones
14. Provision of Hot-Rolled Steel for Less Than Adequate Remuneration
15. Provision of Cold-Rolled Steel for Less Than Adequate Remuneration
16. Provision of Galvanized Steel for Less Than Adequate Remuneration
17. Provision of Zinc for Less Than Adequate Remuneration
18. Provision of Stainless Steel Coil for Less Than Adequate Remuneration
19. Provision of Electricity for Less Than Adequate Remuneration

F. Grant Programs

20. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
21. Special Fund for Energy Savings Technology Reform
22. SME International Market Exploration/Development Fund
23. SME Technology Innovation Fund
24. Export Assistance Grants

Alleged sales at LTFV

On August 5, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigation on metal lockers from China.[9] Commerce has initiated an antidumping duty investigation based on estimated dumping margins of 245.96 and 322.25 percent for metal lockers from China.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[10]

> *The scope of this investigation covers certain metal lockers, with or without doors, and parts thereof (certain metal lockers). The subject certain metal lockers are metal storage devices less than 27 inches wide and less than 27 inches deep, whether floor standing, installed onto a base or wall-mounted. In a multiple locker assembly (whether a welded locker unit, otherwise assembled locker unit or knocked down unit or kit), the width measurement shall be based on the width of an individual locker not the overall unit dimensions. All measurements in this scope are based on actual measurements. The subject certain metal lockers typically include the bodies (back, side, shelf, top and bottom panels), door frames with or without doors which can be integrated into the sides or made separately, and doors. The subject metal lockers typically are made of flat-rolled metal, metal mesh and/or expanded metal, which includes but is not limited to alloy or non-alloy steel (whether or not galvanized or otherwise metallically coated for*

[9] 85 FR 47343, August 5, 2020.
[10] 85 FR 47353, August 5, 2020.

corrosion resistance), stainless steel, or aluminum, but the doors may also include transparent polycarbonate, Plexiglas or similar transparent material or any combination thereof. Metal mesh refers to both wire mesh and expanded metal mesh. Wire mesh is a wire product in which the horizontal and transverse wires are welded at the cross-section in a grid pattern. Expanded metal mesh is made by slitting and stretching metal sheets to make a screen of diamond or other shaped openings. The doors are configured with or for a handle or other device that permit the use of a mechanical or electronic lock or locking mechanism, including, but not limited to: A combination lock, a padlock, a key lock, lever or knob lock, and a wireless lock. The subject locker may also enter with the lock or locking device included or installed. The doors or body panels may also include vents (including wire mesh or expanded metal mesh vents) or perforations. The bodies, body components and doors are typically powder coated, otherwise painted or epoxy coated or may be unpainted. The subject merchandise includes metal lockers imported either as welded or otherwise assembled units (ready for installation or use) or as knocked down units or kits (requiring assembly prior to installation or use).

The subject lockers may be shipped as individual or multiple locker units preassembled, welded, or combined into banks or tiers for ease of installation or as sets of component parts, bulk packed (i.e., all backs in one package, crate, rack, carton or container and sides in another package, crate, rack, carton or container) or any combination thereof. The knocked down lockers are shipped unassembled requiring a supplier, contractor or end-user to assemble the individual lockers and locker banks prior to installation.

The scope also includes all parts and components of lockers made from flat-rolled metal or expanded metal (e.g., doors, frames, shelves, tops, bottoms, backs, side panels, etc.) as well as accessories that are attached to the lockers when installed (including, but not limited to, slope tops, bases, expansion filler panels, dividers, recess trim, decorative end panels, and end caps) that may be imported together with lockers or other locker components or on their own. The particular accessories listed for illustrative purposes are defined as follows:

a. Slope tops: Slope tops are slanted metal panels or units that fit on the tops of the lockers and that slope from back to front to prevent the accumulation of dust and debris on top of the locker and to discourage the use of the tops of lockers as storage areas. Slope tops come in various configurations including, but not limited to, unit slope tops (in place of flat tops), slope hoods made of a back, top and end pieces which fit over multiple units and convert flat tops to a sloping tops, and slope top kits that convert flat tops to sloping tops and include tops, backs and ends.

b. Bases: Locker bases are panels made from flat-rolled metal that either conceal the legs of the locker unit, or for lockers without legs, provide a toe space in the front of the locker and conceal the flanges for floor anchoring.

c. Expansion filler panel: Expansion filler panels or fillers are metal panels that attach to locker units to cover columns, pipes or other obstacles in a row of lockers or fill in gaps between the locker and the wall. Fillers may also include metal panels that are used on the sides or the top of the lockers to fill gaps.

d. Dividers: Dividers are metal panels that divide the space within a locker unit into different storage areas.

e. Recess trim: Recess trim is a narrow metal trim that bridges the gap between lockers and walls or soffits when lockers are recessed into a wall.

f. Decorative end panels: End panels fit onto the exposed ends of locker units to cover holes, bolts, nuts, screws and other fasteners. They typically are painted to match the lockers.

g. End caps: End caps fit onto the exposed ends of locker units to cover holes, bolts, nuts, screws and other fasteners.

The scope also includes all hardware for assembly and installation of the lockers and locker banks that are imported with or shipped, invoiced or sold with the imported locker or locker system.

Excluded from the scope are wire mesh lockers. Wire mesh lockers are those with each of the following characteristics:

(1) At least three sides, including the door, made from wire mesh;

(2) the width and depth each exceed 25 inches; and

(3) the height exceeds 90 inches.

Also excluded are lockers with bodies made entirely of plastic, wood or any nonmetallic material.

Also excluded are exchange lockers with multiple individual locking doors mounted on one master locking door to access multiple units. Excluded exchange lockers have multiple individual storage spaces, typically arranged in tiers, with access doors for each of the multiple individual storage space mounted on a single frame that can be swung open to allow access to all of the individual storage spaces at once. For example, uniform or garment exchange lockers are designed for the distinct function of securely and hygienically exchanging clean and soiled uniforms. Thus, excluded exchange lockers are a multi-access point locker whereas covered lockers are a single access point locker for personal storage.

Also excluded are metal lockers that are imported with an installed electronic, internet-enabled locking device that permits communication or connection between the locker's locking device and other internet connected devices.

Also excluded are hardware and accessories for assembly and installation of the lockers, locker banks and storage systems that are separately imported in bulk and are not incorporated into a locker, locker system or knocked down kit at the time of importation. Such excluded hardware and accessories include but are not limited to bulk imported rivets, nuts, bolts, hinges, door handles, locks, door/frame latching components, and coat hooks. Accessories of sheet metal, including but not limited to end panels, bases, dividers and sloping tops, are not excluded accessories.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is provided for in statistical reporting numbers 9403.20.0078[11] and 9403.90.8041 of the Harmonized Tariff Schedule of the United States ("HTSUS" or "HTS").

The 2020 general rate of duty is "Free" for HTS subheadings 9403.20.00 and 9403.90.80.[12] Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Section 301 tariff treatment

Merchandise classifiable in these HTS subheadings was included among the group of products originating in China that are currently subject to an additional 25 percent ad valorem Section 301 duties,[13] as of May 10, 2019.[14] See also U.S. notes 20(e) and 20(f) to subchapter III

---

[11] HTSUS 9403.20.0080 was discontinued and 9403.20.0078 was established on July 1, 2019, *HTSUS (2019) Revision 8, Change Record, USITC Publication No. 4918, July 2019.*

[12] *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 94-8, 94-11.

[13] Section 301 of the *Trade Act of 1974, as amended* (19 U.S.C. § 2411) authorizes the Office of the United States Trade Representative's ("USTR"), at the direction of the President, to take appropriate action to respond to a foreign country's unfair trade practices. On August 18, 2017, USTR initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation (82 FR 40213, August 24, 2017). On April 6, 2018, USTR published its determination that the acts, policies, and practices of China under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under section 301(b) of the *Trade Act* (83 FR 14906, April 6, 2018).

[14] HTS subheadings 9403.20.00 and 9403.90.80 were included in the USTR's third enumeration ("Tranche 3") of products originating in China that became subject to an additional 10 percent ad valorem Section 301 duties (Annexes A and C of 83 FR 47974), on or after September 24, 2018. Tranche 3 covered 6,031 tariff subheadings, with an approximate annual trade value of $200 billion (83 FR 47974, September 21, 2018).

Escalation of this duty to 25 percent ad valorem was rescheduled from January 1, 2019 (annex B of 83 FR 14906, April 6, 2018) to March 2, 2019 (83 FR 65198, December 19, 2018), but was subsequently postponed until further notice (84 FR 7966, March 5, 2019), and then was implemented as of May 10, 2019 (84 FR 20459, May 9, 2019).

A subsequent modification was provided for subject goods exported from China prior to May 10, 2019 not to be subject to the escalated 25 percent duty, if such goods entered the United States prior to June 1, 2019 (84 FR 21892, May 15, 2019).

USTR proposed raising this additional duty from 25 percent to 30 percent on such products imported from China, on or after October 1, 2019 (Annex C – (List 3 - $200 Billion Action), Part 1, of 84 FR 46212, September 3, 2019).

of HTS chapter 99.[15] As of July 23, 2020,[16] exclusions from these additional duties have been granted for these products originating in China.[17] [18]

In addition, the raw materials for manufacturing metal lockers—certain flat-rolled steel mill products, such as cut-to-length plate, classifiable under the HTS subheadings of chapter 72— originating in China is currently subject to an additional 7.5 percent Section 301 ad valorem duty, as of February 14, 2020.[19] See also U.S. notes 20(r), and 20(s) to subchapter III of HTS chapter 99.[20] These duties are in addition to the existing Section 232 duties on steel imports. Effective July 1, 2020,[21] no exclusions from these additional duties have been granted for flat-rolled steel[22] originating in China.

---

[15] *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-23 to 99-III-24, 99-III-46, 99-III-209.

[16] USITC, "About Harmonized Tariff Schedule," https://www.usitc.gov/harmonized_tariff_information, retrieved July 24, 2020.

[17] See U.S. notes 20(qq)(100), 20(qq)(105), 20(ss)(47), 20(vv)(173), and 20(xx)(106) to subchapter III of HTS chapter 99. *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-138, 99-III-143, 99-III-144 to 99-III-147, 99-III-149, 99-III-158, 99-III-159, 99-III-165, 99-III-208 to 99-III-209.

[18] Petitioner notes that the exclusion for metal lockers was misclassified under HTS subheading 9403.20.0050, rather than 9403.20.0078 (or 9403.20.0080 prior to July 1, 2019). Petition, Vol. 1, p. 7, footnote 5. Petitioner, postconference brief, p. 18, footnote 15.

However, respondent indicates that the exclusion is based on the uniqueness of custom designed metal lockers. Respondent (Salsbury and WEC), page 3. The WEC Section 301 exclusion request was submitted for "Cold Rolled Steel Lockers" under HTS statistical number 9403.90.8041. Respondent (Salsbury and WEC), postconference brief, Exhibit 2.

See U.S. note 20(qq)(100), to subchapter III of HTS chapter 99. *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-138 and 99-III-143.

[19] The HTS subheadings for flat-rolled steel were included in USTR's first list to the fourth enumeration ("List 1 to Tranche 4") of products originating in China that became subject to the additional 10 percent ad valorem Section 301 duties (Annexes A and B to 84 FR 43304), on or after September 1, 2019 (84 FR 43304, August 20, 2019), which was subsequently increased to 15 percent while retaining the same date (84 FR 45821, August 30, 2019). As of February 14, 2020, the 15 percent duty was reduced to 7.5 percent for the products enumerated on List 1 to Tranche 4 (85 FR 3741, January 22, 2020).

[20] *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-83 to 99-III-85, 99-III-94 to 99-III-95, 99-III-206.

[21] USITC, "About Harmonized Tariff Schedule," https://www.usitc.gov/harmonized_tariff_information, retrieved July 2, 2020.

[22] See also U.S. notes 20(rr), 20(uu), 20(ww), 20(zz), and 20(bbb) to subchapter III of HTS chapter 99. *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-144, 99-III-148, 99-III-159, 99-III-174, 99-III-179 to 99-III-180, 99-III-208 to 99-III-209.

Section 232 tariff treatment

Metal lockers within the scope definition is not and has not been subject to additional duties under Section 232.[23] Rather, the flat-rolled steel mill products, classifiable under the HTS headings of chapter 72, for manufacturing metal lockers were included in the enumeration of iron and steel articles (imported on or after March 23, 2018) that became subject to the additional 25 percent ad valorem Section 232 duties.[24] At this time, imports of flat-rolled steel originating in Australia, Canada, and Mexico are exempt from duties or quota limits; imports of flat-rolled steel originating in Argentina (12,357 short tons), Brazil (375,192 short tons), and Korea (747,247 short tons) are exempt from duties but instead are subject to quota limits;[25] and imports of flat-rolled steel originating in all other countries are subject to the 25

[23] Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862) authorizes the President, on advice of the Secretary of Commerce, to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.

[24] Imports of steel mill products originating in Canada and Mexico were initially exempted from these duties, as of March 23, 2018. *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

[25] See the CBP quota bulletin at https://www.cbp.gov/trade/quota/bulletins/qb-19-008-2019-absolute-quota-steel-mill-articles-first-quarter-limits for a full list of product groups as well as their specified quotas and HTS definitions.

Annual quota categories for hot-rolled sheet and strip, cold-rolled sheet and strip, hot-dipped and electrolytic galvanized flat-rolled products of non-alloy and alloy (other than stainless) steel.

percent additional duties.[26] See U.S. notes 16(a), 16(b), and 16(e) in subchapter III of HTS chapter 99.[27]

The product[28]

Description and applications

Metal lockers are storage devices found in public or private areas for the secure storage of personal property. They are typically used in schools, fitness centers, apartment buildings, offices, condominiums, single family homes, athletic facilities, warehouses, factories, transportation hubs, healthcare facilities, amusement parks, military installations, retail businesses, and other commercial and industrial establishments.

These products are available in a wide variety of sizes, configurations, and storage possibilities. Metal lockers come in various heights, widths and depths and there are no

[26] The President also issued subsequent Proclamations to exempt or adjust these duties for selected U.S. trade partners:

- Presidential Proclamation 9711, March 22, 2018, 83 FR 13361, March 28, 2018, exempted iron and steel mill products originating in Argentina, Australia, Brazil, Canada, the European Union ("EU") member countries, Korea, and Mexico, as of March 23, 2018.
- Presidential Proclamation 9740, April 30, 2018, 83 FR 20683, May 7, 2018, continued the duty exemptions for Argentina, Australia, Brazil, but with annual import quota limits on iron and steel mill products originating in Korea, as of May 1, 2018; and did not continue the duty exemptions on iron and steel mill products originating in Canada, Mexico, and the EU member countries, as of June 1, 2018.
- Presidential Proclamation 9759, May 31, 2018, 83 FR 25857, June 5, 2018, continued the duty exemptions but with annual import quota limits on iron and steel mill products originating in Argentina, Brazil, and Korea, as of June 1, 2018.
- Presidential Proclamation 9772, August 10, 2018, 83 FR 40429, August 15, 2018, continued the duty exemptions on iron and steel mill products originating in Australia, and continued the duty exemptions with annual import quota limits on iron and steel mill products originating in Argentina, Brazil, and Korea, as of June 1, 2018; but doubled the duty rate to 50 percent on such imported products originating in Turkey, as of August 13, 2018.
- Presidential Proclamation 9886, May 16, 2019, 84 FR 23421, May 21, 2019, restored the original additional duty rate of 25 percent on steel mill products originating from Turkey, as of May 21, 2019.
- Presidential Proclamation 9894, May 19, 2019, 84 FR 23987, May 23, 2019, restored the duty exemptions on steel mill products originating in Canada and Mexico, as of May 20, 2019.

[27] *HTSUS (2020) Revision 16, USITC publication 5095*, July 2020, pp. 99-III-5 to 99-III-7, 99-III-195 to 99-III-197, 99-III-203.

[28] Unless otherwise noted, the information in this section is based on Petition, Vol. I, pp. 7-12 and Exhibit GEN-3.

standard measurements. Nevertheless, while these products can range up to 25 inches in width and depth, they typically come in widths of 9 to 18 inches. They also come in units that are either single high or in tiers of two, four and six high.[29] They can be floor standing, installed onto a base, or wall mounted. They can also be configured as individual lockers or as a unit with multiple lockers (figure I-1).

Metal lockers are typically made from non-corrosion resistant flat-rolled steel, (hot-rolled or cold-rolled non-alloy), but can be made of galvanized steel (or otherwise metallically coated for corrosion resistance), stainless steel, or aluminum.[30] [31] Metal lockers include the bodies (back, side, shelf, top and bottom panels), door frames (with or without doors which can be integrated into the sides or provided separately), and doors.[32] They can also include accessories that are attached to the lockers when installed, including slope tops,[33] bases, expansion filler panels, dividers, recess trim, decorative end panels and end caps. Such accessories may be packaged together with other locker components or offered separately.[34]

[29] Petitioner, postconference brief, p.7.

[30] Petitioner states that the most used metal to manufacture metal lockers is cold-rolled non-alloy steel sheet. Petitioner, postconference brief, Exhibit I, p. 12. Respondents state that the most used metals to manufacture metal lockers are alloy steel or cold-rolled non-alloy steel. Respondent (Salsbury and WEC), postconference brief, Exhibit 1, p. 1. Respondent (ASI, Jorgensen, Top Tier), postconference brief, Exhibit 1, p. 3.

[31] The doors may also include transparent polycarbonate, Plexiglas or similar transparent material, or any combination thereof. Petitioner, postconference brief, p.7.

[32] The doors, trim or accessories may also incorporate non-metallic materials such as rubber, plastic, carbon fibers, or wood.

[33] Sloped tops can be used, rather than tops that are flat, to discourage using the locker tops for storage and to avoid debris buildup.

[34] Typically, the lockers include all hardware for assembly and installation of the lockers and locker banks and tiers.

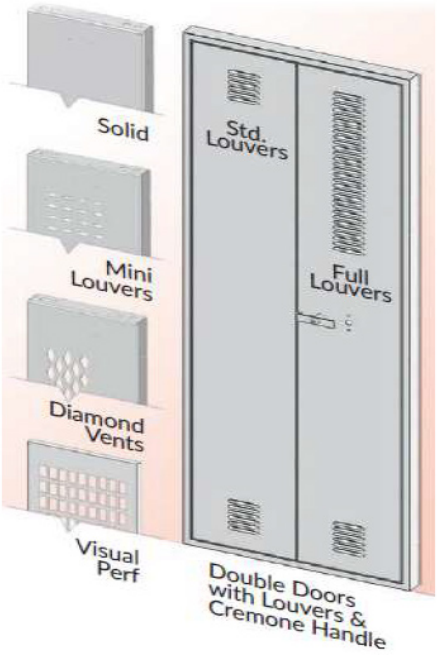
Figure I-1
Metal lockers: Configurations and features

Source: PENCO Products Inc., *Lockers, Penco's Full Range of 2017 Lockers*, ©2017, p. 2, https://www.pencoproducts.com/media/1094/lockercatalog_web.pdf, retrieved July 12, 2020.

Metal lockers usually provide a place to secure the personal property of the user with a door that has or is configured for a lock, but they may also come without a door. Locker doors can be configured with a handle or other device that permits the use of a locking mechanism.[35]

The doors or body panels (figure I-2) may also include vents (including wire mesh or expanded metal mesh vents) or perforations for ventilation of the locker (to avoid odors) or clear polycarbonate panels so that the contents of the locker are visible (figure I-3). Polycarbonate doors typically come in two different forms, depending on the size of the unit. For larger doors, such as those in single, double and triple tier lockers, the doors are fabricated from heavy gauge (usually 16 gauge) steel with a hole in the door for the polycarbonate plate. An injection molded polycarbonate window insert, typically purchased from vendors for this purpose, is placed into the frame.[36]

Figure I-2:
Metal lockers: Locker ventilation



Source: PENCO Products Inc., *Lockers, Penco's Full Range of 2017 Lockers*, ©2017, p. 3, https://www.pencoproducts.com/media/1094/lockercatalog_web.pdf, retrieved July 12, 2020.

[35] These locking mechanisms can be mechanical or electronic and include, but are not limited to, a combination lock, a padlock, a key lock, lever or knob lock, and/or a wireless lock.

[36] Often, smaller doors on six-tiered box style lockers have all polycarbonate molded doors (figure I-3). Petitioner, postconference brief, Exhibit 1, p. 3-4.

Figure I-3
Metal lockers: Clear front lockers

Source: Lyon LLC, "Five Tier 3 Wide ClearSight Clear Front Locker 12″w x 21″d x 66″h," https://www.lyonworkspace.com/product/53163pc-clearsight-locker-five-tier-3-wide-36-in-w-21-in-d-66-in-h/, retrieved July 12, 2020.

The bodies, body components, and doors are either unpainted, powder coated, or otherwise painted. Unpainted lockers are typically made of uncoated metal (e.g., stainless steel or galvanized steel). Coated metal lockers are typically painted or epoxy- or powder-coated, but they may also be otherwise coated. Coatings serve as protection against corrosion and are applied for aesthetic appearance.

While they vary in size and design, metal lockers are available as individual lockers or banks (and/or tiers) of lockers and may come fully assembled (either as welded units or otherwise assembled and ready for installation or use) or as "knocked down" kits (requiring assembly prior to installation or use) that contain the parts necessary to assemble the locker or

locker units.[37] The assembled lockers are provided as individual or multiple locker units that are preassembled through the use of rivets, screw, bolts, nuts and other fasteners, welded, or combined into banks or tiers for installation or as sets of component parts. The knocked down lockers are provided unassembled, which requires a supplier, contractor, or end-user to assemble the individual lockers and locker banks or tiers prior to installation by means of screws, nuts and bolts, rivets, or other means.

Manufacturing processes[38]

The manufacturing process for metal locker component begins with coils of cold-rolled steel that are slit into different widths. The slip cold-rolled steel is then cut to length on a shear39 to create a blank to form each locker component.[40] The thickness (gauge) of the coiled steel used depends on the desired design and level of durability required for the final product; 14 to 24 gauge cold-rolled sheet is used.[41]

The steel blanks are loaded onto various punch presses, or brake presses or roll formers where they are folded, notched and punched into each component. Some locker components may go through more than one press or other forming machines to complete the piece's design.[42] The processes and machinery used are similar, but producers may use a different combination of machines in a different order, based on the parts being produced, engineering and locker design. Often, machines and tools used to manufacture metal lockers are controlled by computer numerical control ("CNC"). CNC machining uses computerized controls to remove layers of material from blanks. The machines include punch presses, press brakes, plasma cutters, lathes, turret presses, roll forming machines, and others.[43]

---

[37] Petitioner, postconference brief, p.7. and Exhibit I, p.1.

[38] As noted earlier, metal lockers are often made from cold-rolled steel sheet. As such, this section describes the production process when using cold-rolled steel sheet as the starting material. Using other types of metal as the starting material likely results in a very similar production process.

[39] A shear is used to cut sheet metal without burring. Petitioner, postconference brief, Exhibit I, p.8.

[40] Petitioner, postconference brief, Exhibit I, p.1.

[41] Petitioner, postconference brief, Exhibit I, p.12. Some respondents state that the average thickness is 16 gauge. Respondent (Salsbury and WEC), postconference brief, Exhibit 1, p. 1. While other respondents state that the most common thickness is 24 gauge. Respondent (ASI, Jorgensen, and Top Tier), postconference brief, Exhibit 1, p. 2.

[42] Petitioner, postconference brief, Exhibit I, p.11.

[43] Other machines, tools, coating, processing and material handling equipment that can be used include air compressor, crane, drill press, fork truck/lift, grinding machine, saw, scale, shear, straightener, strapper, uncoiler, vertical mill, and welders (spot welders and metal inert gas ("MIG") welders). Petitioner, postconference brief, Exhibit I, p.11.

The basic cutting and forming processes to make the metal locker components and parts from sheet metal are the same for knock down, assembled, and welded locker units. Any differences in production process usually happen after the components are formed. [44]

The next step is paint or powder coatings for the components that make up the knock down kits or lockers that are assembled with rivets, and/or bolts and nuts. Each component is cleaned (either mechanically or chemically) to remove dirt, oil and other contaminants to ensure proper adherence of the coating to the metal.[45] They are then baked and cured for durability and aesthetics before assembly.

If the body parts are to be welded into completed units, they move to the welding area where the unpainted body components (backs, sides, tops, shelves and bottoms) are spot welded (electric resistance welded) together into the locker body. Welded bodies are hand spray painted or coated and the doors and hardware[46] and other accessories are assembled for packaging.

Completed welded bodies (as were the parts for knock down metal locker components), doors, and sheet metal accessories such as kick plates, bases, slope tops, expansion filler panels, end caps and end panels, are then coated. The welded metal lockers and sheet metal locker parts may also be painted, powder or epoxy coated and then baked and cured for durability and aesthetics. [47]

The painted locker bodies and parts are then moved to the assembly area for further assembly. For completed lockers that are fully assembled, the top, bottom, back and side panels and shelves are assembled into finished units using screws, rivets, nuts and bolts and other fasteners.[48] Doors have hinges applied if the design requires post paint application, and the doors are hung on the welded or otherwise assembled locker bodies. Hardware, such as door handles, locks, door/frame latching components, and coat hooks and any other accessories order are added to the assembled metal lockers.

---

[44] Petitioner, postconference brief, Exhibit I, p.11.

[45] Locker manufacturers use either liquid paint or powder coating to coat metal lockers. Powder coating is applied as a free-flowing, dry powder that may be a thermoplastic or thermoset polymer. Typically, it is applied electrostatically and then cured under heat or ultraviolet light.

[46] Doors may have vents punched or cut into them, reinforcements welded in or they may have expanded metal or wire mesh vents added. Hinges are welded to either the door or frame as applicable to the locker design.

[47] Petitioner, postconference brief, Exhibit I, p.1. Respondent (Salsbury and WEC), postconference brief, p. 2. Respondent (ASI, Jorgenson, and Top Tier), postconference brief, p. 3.

[48] The fasteners most often used to assemble the non-welded bodies are rivets.

The assembled lockers, or in the case of knocked down lockers or kits, all body parts, shelves, doors and hardware and accessories necessary to assemble a completed locker or locker bank or unit, are then packaged for complete installation.

Domestic like product issues

The petitioners propose that the domestic like product in these investigations be defined as certain metal lockers and parts thereof ("metal lockers"), co-extensive with the scope definition.[49] The petitioners also argue that application of the six-factor test demonstrates the domestic like product mirrors the scope of the investigation and should not be expanded to add out-of-scope merchandise.[50]

Respondents ASI, Top Tier, and Jorgenson Industrial take no position on the petitioners' definition of the domestic like product, but reserve the right to address any related issues in the event these investigations proceed to a final phase.[51] Respondents Salsbury and WEC do not agree with the petitioners' proposed definition of the domestic like product for the metal lockers market because they contend there is a clear distinction within the metal lockers industry between the custom specification market ("custom market") and the stock inventory bulk market ("bulk market").[52] Respondents Salsbury and WEC don't challenge the domestic like product for purposes of the postconference brief, but also make the domestic like product argument. Salsbury and WEC argue that the resale and retail metal lockers markets are composed of the type of pricing products sold in the bulk market gathered in the price data segment of the questionnaire responses. Respondents contend that these lockers or kits are pre-made, pre-assembled and/or pre-fabricated, and can be purchased in bulk. In contrast, the custom market for metal lockers is a specific niche in which lockers are designed to match the exact specifications of a new construction or remodeling. Further, Salsbury and WEC contend that these products are not comparable to any of petitioners' products but provide unique customized products on a job by job basis according to each client's needs. For these reasons, Salsbury and WEC argue that the domestic like product should exclude lockers sold in the custom market.[53]

[49] Petition, p. 19.
[50] Petitioners' postconference brief, p. 6.
[51] Respondents ASI, Top Tier, and Jorgenson's postconference brief, p. 3.
[52] Respondents Salsbury and WEC's postconference brief, p. 2.
[53] Ibid, p. 3.

U.S. producers and U.S. importers of subject merchandise were asked to respond to questions on product mix and comparability of unfinished (parts/components) and finished metal lockers or kits. The product mix questions were in Part II-10 of the U.S. producers' questionnaire and Parts II-5d and II-6d of the U.S. importers' questionnaire. The questions on comparability of unfinished metal lockers were in Part II-14 of the U.S. producers' questionnaire and Part II-7 of the U.S. importers' questionnaire. The narrative responses to these questions are presented in Appendix D of the staff report.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

Metal lockers are storage devices found in public or private areas for the secure storage of personal property. Metal lockers are configured with doors or handles that permit the use of a locking mechanism, such as a combination or key lock, to secure the doors in a closed position until removed to protect any personal property inside of the locker. The doors or body of the locker may include vents or wire mesh to allow for ventilation of the locker. Metal lockers may also have polycarbonate panels that make the contents of the locker visible.[1]

Apparent U.S. consumption of lockers decreased with respect to quantity from January 2017 to December 2019. Overall, apparent U.S. consumption in 2019 was *** percent lower than in 2017.

Impact of section 301 tariffs on metal lockers

In June 2018, USTR announced a section 301 investigation in response to Chinese trade practices, and effective September 2018, various steel products were subject to an additional duty. (See Part I)

The majority of U.S. producers (6 of 7) reported that the section 301 tariffs either had no impact of the metal locker market or that they did not know if the section 301 tariffs had an impact on the market for metal lockers. One U.S. producer reported that section 301 tariffs had decreased the supply of domestic metal lockers and the overall demand in the U.S. market. Two responding U.S. producers reported that section 301 tariffs had no impact on the supply of lockers from China and from nonsubject countries in the U.S. market.

The majority of importers (12 of 21) reported that the section 301 tariffs had an impact on the market. The majority of responding importers (11 of 13) reported that prices of metal lockers increased and (9 of 11) reported that raw material costs had increase as a result of 301 tariffs. A majority of responding importers (6 of 11) reported that section 301 tariffs had no impact on the supply of metal lockers in the U.S. market and a plurality of responding importers (5 of 12) reported that section 301 tariffs had no impact on overall demand in the U.S. market.

[1] Petition, Volume I, pp. 9-10.

Channels of distribution

U.S. producers sold mainly to distributors while importers sold the majority of metal lockers to distributors and retailers, as shown in table II-1.

Table II-1
Metal lockers: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2017-19, January to March 2019, January to March 2020

* * * * * * *

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

Geographic distribution

U.S. producers and importers reported selling metal lockers to all regions of the United States (table II-2). For U.S. producers, 4.9 percent of sales were within 100 miles of their production facility, 55.7 percent were between 101 and 1,000 miles, and 39.5 percent were over 1,000 miles. Importers sold 21.4 percent within 100 miles of their U.S. point of shipment, 59.6 percent between 101 and 1,000 miles, and 19.0 percent over 1,000 miles.

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

Region	U.S. producers	Importers
Northeast	7	16
Midwest	7	18
Southeast	7	16
Central Southwest	7	16
Mountain	7	16
Pacific Coast	7	14
Other	7	9
All regions (except Other)	7	13
Reporting firms	7	19

Note: All other U.S. markets, including AK, HI, PR, and VI.

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

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding metal lockers from U.S. producers and from China. The Commission only received a response from one foreign producer, ***. The reported Chinese capacity to produce metal lockers is *** percent of reported U.S. production capacity. Total Chinese commercial shipments to the United States were approximately *** percent of their total reported production capacity.

Table II-3
Metal lockers: Supply factors that affect the ability to increase shipments to the U.S. market

	Capacity (1,000 Pounds)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2019 (percent)		Able to shift to alternate products
Country	2017	2019	2017	2019	2017	2019	Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	147,059	149,637	55.5	52.2	***	***	***	***	3 of 7
China	***	***	***	***	***	***	***	***	1 of 1

Note: Responding U.S. producers accounted for nearly all of U.S. production of metal lockers in 2019. Responding foreign producer/exporter firms accounted for more than half of U.S. imports of metal lockers from China during 2019. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports, please refer to Part I, "Summary Data and Data Sources."

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

Domestic production

Based on available information, U.S. producers of metal lockers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced metal lockers to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, low-to-moderate inventory levels, and the ability to shift production away from producing other products to metal lockers. The main limiting factor to this degree of responsiveness is that U.S. producers have no substantial ability to divert shipments from other markets.

Domestic capacity to produce metal lockers, capacity utilization rates, and inventories remained largely constant from 2017 to 2019. A plurality of responding U.S. producers (3 of 7) stated that they could switch production from other products to metal lockers. U.S. producers reportedly can produce metal cabinets and shelves, ATMs, slot machines, and other products made primarily of rolled metal. Factors that impact firms' ability to switch to or from other products are labor costs and lost production costs of reconfiguring equipment.

Subject imports from China

Based on available information, the responding Chinese producer, ***, has the ability to respond to changes in demand with *** changes in the quantity of shipments of metal lockers to the U.S. market. The main contributing factors to this degree of responsiveness of supply are availability of unused capacity, a considerable ability to divert shipments from the Chinese market and other markets to the United States, and the ability to shift production from other products to metal lockers. The factors that limit ***'s ability to respond to

changes in demand are its lack of inventories and the size of its production capacity relative to U.S. producers.

***'s production capacity remained constant, while capacity utilization rates decreased from 2017 to 2019. *** reported having *** inventories throughout the period. *** reported shipping *** percent of shipments of metal lockers to markets other than the United States and reported that it had the ability to shift production from other products to metal lockers. While *** ships the vast majority of shipments to markets other than the United States and has some unused capacity, its total reported production capacity was less that *** percent of U.S. producers total production capacity. The relative size of ***'s production capacity limits its ability to respond to changes in demand with large quantities of metal lockers. Other products that the responding foreign producer reportedly can produce on the same equipment as metal lockers are metal cabinets. Factors that impact the firm's ability to switch to or from other products are labor costs and lost production costs of reconfiguring equipment to different structures.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total reported U.S. imports in 2019.

Supply constraints

All responding U.S. producers and the majority of importers (15 of 21) reported no supply constraints. Importer *** reported that they had experienced supply constraints because it alleges that U.S. producers refuse to sell to competing importers. Importer *** reported that they had declined multiple orders each year due to lengthy lead times and a lack of available product in the market. Importer *** reported that they had been unable to meet their customers' deadlines when supplying products with special features or requirements.

U.S. demand

Based on available information, the overall demand for metal lockers is likely to experience small-to-moderate changes in response to changes in price. The main contributing factors are the somewhat limited range of substitute products.

Business cycles

Three of seven U.S. producers and 11 of 21 importers indicated that the market was subject to business cycles or specific conditions of competition. Specifically, U.S. producers and importers reported that demand for metal lockers increases in summer when schools are out of

session and students are on holiday. Schools are a driver of demand for metal lockers and use summer to replace metal lockers.

Demand trends

Most U.S. producers reported an increase in U.S. demand for metal lockers since January 1, 2017, while importers' responses were mixed (table II-4).

Table II-4
Metal lockers: Firms' responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	5	---	---	2
Importers	6	4	5	6
Demand outside the United States				
U.S. producers	1	---	---	---
Importers	2	2	---	5

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

Substitute products

All responding U.S. producers and the majority of responding importers, reported that there were no substitutes for metal lockers. Those importers that reported that there were substitutes for metal lockers reported that wooden or plastic lockers were substitutes for metal lockers but that wooden and plastic lockers were more expensive than metal lockers.

Substitutability issues

The degree of substitution between domestic and imported metal lockers depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a high degree of substitutability between domestically produced metal lockers and metal lockers imported from China.

Lead times

U.S. producers primarily produce metal lockers to order while importers sell metal lockers from inventories. U.S. producers reported that 64.5 percent of their commercial shipments were produced-to-order, with lead times averaging 35 days. The remaining 35.5 percent of their commercial shipments came from inventories, with lead times averaging 5 days. Importers reported that 64.3 percent of commercial shipments came from U.S. inventories with lead times averaging 60 days. Importers sold 32.7 percent of commercial

shipments were produced-to-order with lead times averaging 93 days and the remaining 3 percent of commercial shipments came from foreign inventories, with lead times averaging 15 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[2] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for metal lockers. The majority of purchasers (4 of 5) reported that price was an important factor in their purchasing decisions. Additionally, three purchasers listed quality as an important factor, two listed delivery time, one listed features, and one listed the ability to meet demand.

Comparison of U.S.-produced and imported metal lockers

In order to determine whether U.S.-produced metal lockers can generally be used in the same applications as imports from China; U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-5, all responding U.S. producers reported that metal lockers from the United States, China, and nonsubject countries were always interchangeable. The majority of responding importers reported that metal lockers from the United States, China, and nonsubject countries were always or frequently interchangeable.

[2] This information is compiled from responses by purchasers identified by Petitioners or other U.S. producers to the lost sales lost revenue allegations. See Part V for additional information.

Table II-5
Metal lockers: Interchangeability between metal lockers produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	6	---	---	---	6	5	6	1
United States vs. Other	6	---	---	---	5	3	1	---
China vs. Other	6	---	---	---	5	2	---	---

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

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

The majority of U.S. producers reported that factors other than price were never significant when comparing metal lockers produced in the United States, China, and nonsubject countries. The majority of importers reported that differences other than price were always or frequently significant when comparing metal lockers produced in the United States, China, and nonsubject countries.

Table II-6
Metal lockers: Significance of differences other than price between metal lockers produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	1	---	1	4	4	9	2	3
United States vs. Other	1	---	1	4	2	3	1	3
China vs. Other	1	---	1	4	2	2	---	3

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

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

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 seven firms that accounted for *** of U.S. production of metal lockers during 2019.[1]

U.S. producers

The Commission issued a U.S. producer questionnaire to nine firms based on information contained in the petition. Seven firms provided usable data on their operations.[2] Staff believes that these responses represent *** of U.S. production of metal lockers.

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

[1] The petition estimated that responses from its four petitioning firms, List, Lyon, Penco, Tennsco, and an additional supporting U.S. producer, *** account for *** percent of total domestic metal lockers production in 2019. Staff believes the coverage to be *** U.S. producers since it received a total of seven U.S. producer responses. Petition, Vol. 1, p. 5. and Exh. GEN-2.

[2] The petition identified a total of nine U.S. producers of metal lockers and the Commission received seven U.S. producer questionnaire responses. Petition, Vol. 1, pp. 3-4. The two outstanding U.S. producers which did not provide the Commission with U.S. producer questionnaire responses were Tiffin Metal Products Co. and Edsal Manufacturing Co. ***. Email from ***, July 22, 2020. See also petition, Vol. 1, p.3 and Exh. GEN-2. Staff has subsequently requested data estimates from *** but has not received a response.

Table III-1
Metal lockers: U.S. producers, their positions on the petition, production locations, and shares of reported production, 2019

Firm	Position on petition	Production location(s)	Share of production (percent)
American Locker	***	North Las Vegas, NV Coppell Texas	***
DeBourgh	***	La Junta, CO	***
Edsal	***	***	***
List Industries	Petitioner	Deerfield Beach, FL Apopka, FL	***
Lyon	Petitioner	Watseka, IL Paris, IL	***
Penco Products	Petitioner	Hamilton, NC	***
Precision Locker	***	Jamestown NY	***
Tennsco	Petitioner	Dickson, TN Dickson, TN	***
Total			***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Note: Commission staff confirmed with *** that firm was a U.S. producer of metal lockers in 2019. However, the firm did not provide a U.S. producer questionnaire response to the Commission.

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

Table III-2 presents information on U.S. producers' ownership, related and/or affiliated firms.

Table III-2
Metal lockers: U.S. producers' ownership, related and/or affiliated firms

Item / Firm	Firm Name	Affiliated/Ownership
Ownership:		
***	***	***
***	***	***
***	***	***
Related importers/exporters:		
***	***	***

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

As indicated in table III-2, one U.S. producer (***) is related to a U.S. importer (***) of the subject merchandise. In addition, as discussed in greater detail below, three U.S. producers directly import the subject merchandise and *** reported purchases of the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2017.

Table III-3
Metal lockers: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changed in operations
Plant openings:	
***	***
Plant closings:	
***	***
***	***
Relocations:	
***	***
Prolonged shutdowns or curtailments:	
***	***
***	***
Other:	
***	***
***	***
***	***
***	***

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Production of metal lockers decreased by 4.4 percent between 2017 and 2019 but was higher in January-March 2020 by 12.8 percent than in January-March 2019. U.S. domestic producer capacity increased by 1.8 percent between 2017 and 2019 and was higher in January-March 2020 than in January-March 2019. With the exception of *** addition of *** pounds of capacity in 2018 and *** addition of *** pounds of capacity in 2019, all other reported capacity remained stable throughout the period of data collection. U.S. producers' aggregate capacity utilization ranged from 41.4 percent to 55.5 percent and was 5 percentage points higher in January-March 2020 than in January-March 2019.[3]

[3] ***. Email from ***, August 10, 2020.

Table III-4
Metal lockers: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, January to March 2020

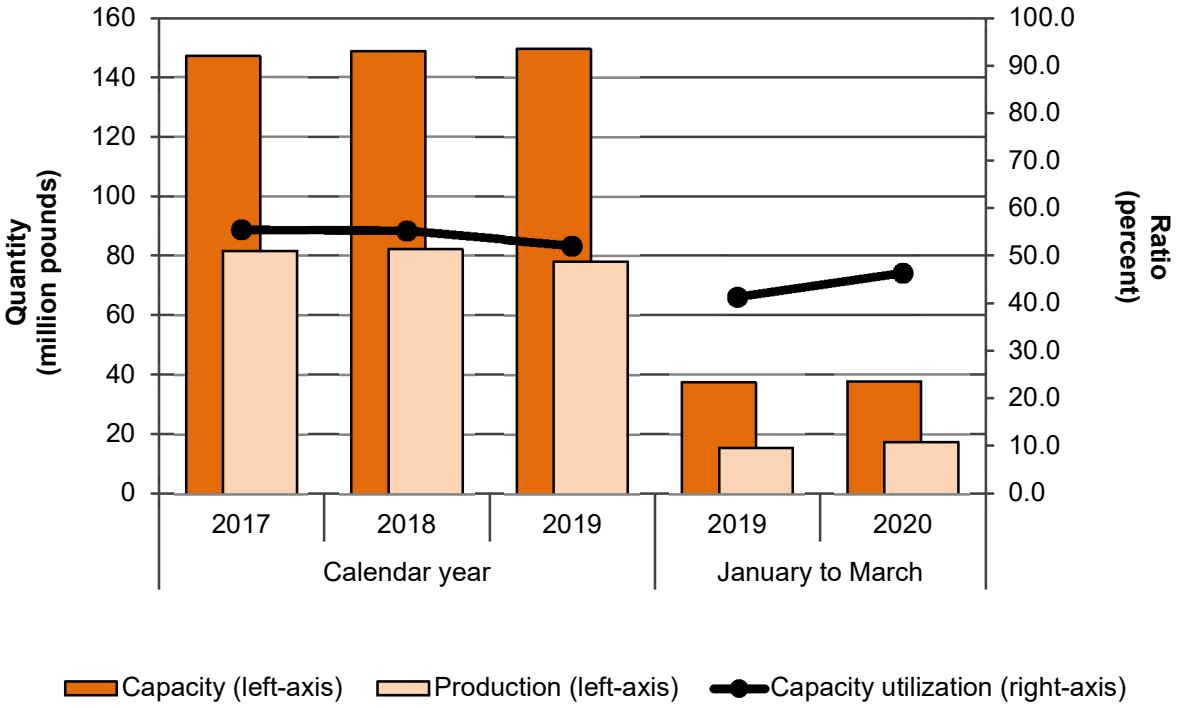
Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity (1,000 pounds)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	147,059	148,637	149,637	37,409	37,659
	Production (1,000 pounds)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	81,678	82,193	78,122	15,478	17,460
	Capacity utilization (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	55.5	55.3	52.2	41.4	46.4
	Share of production (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	100.0	100.0	100.0	100.0	100.0

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

Note: ***. Email from ***, July 29, 2020.

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

Figure III-1
Metal lockers: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, January to March 2020



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

Alternative products

As shown in table III-5, 60.6 percent of the product produced during 2019 by U.S. producers was out-of-scope merchandise. Five firms ***, reported producing out-of-scope products, including shelving, racks, and bookcases, among others. *** was the largest producer accounting for more than *** percent of the out-of-scope production.

Table III-5
Metal lockers: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
Overall capacity	291,722	294,033	292,479	72,200	72,639
Production:					
Metal lockers	81,678	82,193	78,122	15,478	17,460
Out-of-scope production	120,949	127,703	120,174	29,077	30,580
Total production on same machinery	202,627	209,897	198,296	44,555	48,040
	Ratios and shares (percent)				
Overall capacity utilization	69.5	71.4	67.8	61.7	66.1
Share of production:					
Metal lockers	40.3	39.2	39.4	34.7	36.3
Out-of-scope production	59.7	60.8	60.6	65.3	63.7
Total production on same machinery	100.0	100.0	100.0	100.0	100.0

Note: Other products listed were slot machines, storage cabinets, workbenches, bookcases, various shelving, and pallet rack products.

Note: Precision Lockers informed the Commission that the firm purchases *** and the lockers produced by the firm are typically used to ***. Telephone interview with ***, July 22, 2020.

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

U.S. producers' U.S. shipments and exports

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. The quantity of U.S. shipments declined between 2017 and 2019 by 4.2 percent but was 9.1 higher in January-March 2020 than in January-March 2019. In contrast, the value of U.S. shipments increased between 2017-19 by 8.8 percent, ending higher in January-March than in January-March 2019. U.S. producers' U.S. shipments accounted for the *** of total shipments (*** percent in 2019). *** accounted for more than 80 percent of the volume of U.S. shipments of metal lockers. Unit values for U.S. shipments increased from $1.76 to $2.00 between 2017 and 2019 and remained unchanged in January-March 2020 compared to January-March 2019. Unit values for export shipments increased from $*** to $*** and were higher in January-March 2020. Four firms *** reported exporting metal lockers, while *** reported the highest export volumes.

Table III-6
Metal lockers: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. shipments	81,934	81,356	78,517	16,298	17,789
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
U.S. shipments	144,267	152,696	156,941	32,689	35,772
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. shipments	1.76	1.88	2.00	2.01	2.01
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of value (percent)				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Note: Staff adjusted *** data in January-March 2019 for exports and commercial shipments. The firm had reported higher exports in the interim period than in the full year.

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

Table III-7
Metal lockers: U.S. producers' U.S. shipments by product type, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments of.-- Preconstructed lockers	39,990	41,748	41,092	8,709	9,562
Kits / ready-to-assemble packages	27,074	26,203	24,755	5,036	5,217
Components	14,870	13,405	12,670	2,553	3,010
All product types	81,934	81,356	78,517	16,298	17,789
	Value (1,000 dollars)				
U.S. producers' U.S. shipments of.-- Preconstructed lockers	74,397	83,125	86,809	18,471	20,179
Kits / ready-to-assemble packages	45,535	46,472	46,559	9,616	9,956
Components	24,335	23,099	23,574	4,602	5,637
All product types	144,267	152,696	156,941	32,689	35,772
	Unit value (dollars per pound)				
U.S. producers' U.S. shipments of.-- Preconstructed lockers	1.86	1.99	2.11	2.12	2.11
Kits / ready-to-assemble packages	1.68	1.77	1.88	1.91	1.91
Components	1.64	1.72	1.86	1.80	1.87
All product types	1.76	1.88	2.00	2.00	2.01
	Share of quantity (percent)				
U.S. producers' U.S. shipments of.-- Preconstructed lockers	48.8	51.3	52.3	53.4	53.8
Kits / ready-to-assemble packages	33.0	32.2	31.5	30.9	29.3
Components	18.1	16.5	16.1	15.7	16.9
All product types	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. producers' U.S. shipments of.-- Preconstructed lockers	51.6	54.4	55.3	56.5	56.4
Kits / ready-to-assemble packages	31.6	30.4	29.7	29.4	27.8
Components	16.9	15.1	15.0	14.1	15.8
All product types	100.0	100.0	100.0	100.0	100.0

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

U.S. producers' inventories

Table III-8 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**.** U.S producers' end-of-period inventories increased by *** percent in 2018 and then decreased by *** percent in 2019, with an overall inventory increase of *** percent between 2017 and 2019. *** did not report year-end inventories, while *** end-of-period inventories together accounted for the vast majority of ending inventories in 2019.

The ratio of U.S. producers' inventories to total shipments fluctuated during 2017-19, with an overall increase of *** percentage points between 2017 and 2019. The ratio of inventories to U.S. production increased from *** percent in 2017 to *** percent in 2019.[4]

Table III-8
Metal lockers: U.S. producers' inventories, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. producers' end-of-period inventories	***	***	***	***	***
	Ratio (percent)				
Ratio of inventories to.--					
U.S. production	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

[4] See also the petitioners' postconference brief, part 1, pp. 26-27 for more information on producers' year-end inventories.

U.S. producers' imports and purchases

U.S. producers' imports and purchases of metal lockers are presented in table III-9. Of the seven responding U.S. producers of metal lockers, three firms *** reported importing metal lockers from China during the period for which data were collected.

***, reported decreasing import volumes from China equivalent to *** percent of its U.S. production in 2017, *** percent in 2018, and *** percent in 2019.[5] Import quantities were also lower in January-March 2020 than in January-March 2019.

The second largest U.S. producer ***, reported increasing volumes of metal lockers from China during 2017-19, equivalent to *** percent of its U.S. production in 2017, *** percent in 2018, and *** percent in 2019. *** import quantities were lower in January-March 2020 than in January-March 2019.

***, the third U.S. producer, reported increasing U.S. imports of metal lockers from China during 2017-19, equivalent to *** percent of its U.S. production in 2017, *** percent in 2018, and *** percent in 2019. *** import volumes in January-March 2020 were higher than in January-March 2019. U.S. producers cited *** the primary reason for importing.

[5] ***.

Table III-9
Metal lockers: U.S. producers' U.S. production, imports and purchases, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
***	***	***	***	***	***
***	***	***	***	***	***
	Ratio (percent)				
***	***	***	***	***	***
	Narrative				
***	***				
	Quantity (1,000 pounds)				
***	***	***	***	***	***
***	***	***	***	***	***
	Ratio (percent)				
***	***	***	***	***	***
	Narrative				
***	***				
	Quantity (1,000 pounds)				
***	***	***	***	***	***
***	***	***	***	***	***
	Ratio (percent)				
***	***	***	***	***	***
	Narrative				
***	***				

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data. With the exception of hours worked per production and related workers and productivity, all employment-related indicators generally increased between 2017 and 2019. All employment trends were higher in January-March 2020 than in January-March 2019.

Table III-10
Metal lockers: U.S. producers' employment related data, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
Production and related workers (PRWs) (number)	670	722	737	640	691
Total hours worked (1,000 hours)	1,523	1,630	1,669	351	394
Hours worked per PRW (hours)	2,273	2,258	2,265	548	570
Wages paid ($1,000)	22,012	24,516	25,539	5,396	6,290
Hourly wages (dollars per hour)	$14.46	$15.04	$15.30	$15.38	$15.97
Productivity (pounds per hour)	53.6	50.4	46.8	44.1	44.3
Unit labor costs (dollars per pound)	$0.27	$0.30	$0.33	$0.35	$0.36

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

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 79 firms believed to be importers of subject metal lockers, as well as to all U.S. producers of metal lockers.[1] Usable questionnaire responses were received from 22 companies, representing approximately *** percent of U.S. imports from China in 2019 under HTS subheadings 9403.20.0078 and 9403.90.8041, which are broad subheadings that may include multiple products.[2]

[1] The Commission issued questionnaires to those 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 one percent of total imports under HTS subheadings 9403.20.0078 and 9403.90.8041 in 2019.

Amazon did not provide a U.S. importer questionnaire response but reported ***. National Lockers & Shelving did not provide a U.S. importer questionnaire response due to time constraints and COVID-19, but reported imports of ***. Tiburon Lockers did not provide a U.S. importer questionnaire response, but reported U.S. imports of metal lockers from ***.

The following firms submitted U.S. importer questionnaires certifying that they are not importers of metal lockers: ***.

The petition identified 17 companies the petitioners believe are importing metal lockers from China. With the exception of ***, the Commission received certified responses from all U.S. importers listed in Exhibit GEN-1, pp. 2-3. The other companies identified included ***.

[2] The coverage calculation is based on the 17 firms the petitioners believe are U.S. importers from China presented on Exhibit GEN-1. Staff has removed *** from the calculations since the firm provided a certified response that it's not a U.S. importer of metal lockers. The petitioners' estimated total U.S. imports from China from these firms (plus estimates for all others from China) are ***. Based on the total volume reported to the Commission in U.S. importer questionnaires for 2019 as a ratio of the total import quantity from China estimated by the petitioners in 2019, the coverage is calculated as *** percent. However, staff believes the coverage of U.S. imports from China is closer to *** percent, calculated using the volumes of certified U.S. producers' questionnaire responses (plus the petitioners' estimated "all others " from China), excluding ***.

Table IV-1 lists all responding U.S. importers of metal lockers from China and other sources, their locations, and their shares of reported U.S. imports, in 2019.[3] [4]

Table IV-1
Metal lockers: U.S. importers by source, 2019

Firm	Headquarters	Share of imports by source (percent)		
		China	Nonsubject sources	All import sources
ASI Storage	Eastanollee, GA	***	***	***
Global Equipment	Port Washington, NY	***	***	***
Grainger	Lake Forest, IL	***	***	***
Olympus Lockers	Eden Prairie, MN	***	***	***
International Trading	Wanchai, HK	***	***	***
Jorgenson	Salt Lake City, UT	***	***	***
Liberty	New Hope, MN	***	***	***
Lightning Lockers	Toledo, OH	***	***	***
Lyon	Aurora, IL	***	***	***
Keystone Locker	Cleveland, OH	***	***	***
National Cart	Saint Charles, MO	***	***	***
NewAge Products	Vaughan, ON	***	***	***
Old Bridge	Old Bridge, NJ	***	***	***
Penco Products	Greenville, NC	***	***	***
Salsbury	Carson, CA	***	***	***
Superior	Deerfield Beach, FL	***	***	***
The Container Store	Coppell, TX	***	***	***
Top Tier	Centerville Oh, OH	***	***	***
Uline	Pleasant Prairie, WI	***	***	***
Varidesk	Coppell, TX	***	***	***
WEC Manufacturing	Germantown, TN	***	***	***
Winholt Equipment	Woodbury, NY	***	***	***
Total		***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

[3] ***.

[4] ***. Correspondence with ***, July 30, 2020.

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of metal lockers from China and all other sources. By quantity, U.S. imports from China accounted for the *** U.S. imports, specifically, *** percent in 2017, *** percent in 2018, and *** percent 2019. U.S. imports from China, as a share of all imports, was lower in January-March 2020 than in January-March ("interim") 2019. In contrast, the share of quantity of reported U.S. imports from nonsubject sources remained at or below *** percent during 2017-19, but was *** percentage points higher in interim 2020 than in interim 2019.[5] By value the share of imports from China ranged from *** percent to *** percent in all periods, while the share of imports from nonsubject sources ranged from *** percent to *** percent, with its highest level in interim 2020.

The quantity of U.S. imports of metal lockers from China decreased by 12.1 percent from 2017 to 2019 and was lower in interim 2020 than in interim 2019. The value of U.S. imports of metal lockers from China followed similar trends, increasing in 2018 and then decreasing in 2019 to values below 2017.

The average unit values of imports from China ranged from $0.96 to $1.10 per pound and were lower in all periods than the unit values of imports from nonsubject sources. In 2019, U.S. imports of metal lockers from China were equivalent to *** percent of U.S. production, while U.S. imports from nonsubject sources accounted for *** percent of U.S. production of metal lockers during the same year.

[5] Of the 20 firms that reported U.S. imports from China, *** reported more imports in 2019 than in 2018. Six firms, *** increased imports in interim 2020. Three firms *** reported importing from nonsubject countries, ***.

Table IV-2
Metal lockers: U.S. imports by source, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	32,751	38,226	28,781	7,552	5,310
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.--					
China	32,164	36,833	29,924	7,736	5,838
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports from.--					
China	0.98	0.96	1.04	1.02	1.10
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-1
Metal lockers: U.S. import quantities and average unit values, 2017-19, January to March 2019, January to March 2020

* * * * * * *

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

Table IV-3 presents data on U.S. importers' U.S. imports by product type. In 2019, U.S. imports of kits/ready to assemble packages from China accounted for 51.9 percent of all metal lockers and parts imported from China by quantity, while U.S. imports of preconstructed lockers accounted for 27.5 percent and components 20.5 percent, respectively. By quantity, U.S. imports of kits/ready to assemble packages accounted for *** of U.S. imports of metal lockers and parts from nonsubject sources during 2019.

Table IV-3
Metal lockers: U.S. importers' U.S. imports by product type, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. imports from China of.--					
Preconstructed lockers	8,001	9,665	7,924	1,507	1,292
Kits / ready-to-assemble packages	16,630	19,713	14,950	4,542	2,639
Components	8,120	8,848	5,907	1,503	1,379
All product types	32,751	38,226	28,781	7,552	5,310
	Value (1,000 dollars)				
U.S. imports from China of.--					
Preconstructed lockers	9,175	10,646	9,030	1,555	1,422
Kits / ready-to-assemble packages	15,375	17,869	15,307	4,715	2,887
Components	7,614	8,318	5,587	1,466	1,528
All product types	32,164	36,833	29,924	7,736	5,838
	Unit value (dollars per pound)				
U.S. imports from China of.--					
Preconstructed lockers	1.15	1.10	1.14	1.03	1.10
Kits / ready-to-assemble packages	0.92	0.91	1.02	1.04	1.09
Components	0.94	0.94	0.95	0.98	1.11
All product types	0.98	0.96	1.04	1.02	1.10
	Share of quantity (percent)				
U.S. imports from China of.--					
Preconstructed lockers	24.4	25.3	27.5	20.0	24.3
Kits / ready-to-assemble packages	50.8	51.6	51.9	60.1	49.7
Components	24.8	23.1	20.5	19.9	26.0
All product types	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from China of.--					
Preconstructed lockers	28.5	28.9	30.2	20.1	24.4
Kits / ready-to-assemble packages	47.8	48.5	51.2	60.9	49.5
Components	23.7	22.6	18.7	19.0	26.2
All product types	100.0	100.0	100.0	100.0	100.0

Table continued.

Table IV-3--Continued
Metal lockers: U.S. importers' U.S. imports by product type, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. imports from nonsubject sources of.--					
Preconstructed lockers	***	***	***	***	***
Kits / ready-to-assemble packages	***	***	***	***	***
Components	***	***	***	***	***
All product types	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from nonsubject sources of.--					
Preconstructed lockers	***	***	***	***	***
Kits / ready-to-assemble packages	***	***	***	***	***
Components	***	***	***	***	***
All product types	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports from nonsubject sources of.--					
Preconstructed lockers	***	***	***	***	***
Kits / ready-to-assemble packages	***	***	***	***	***
Components	***	***	***	***	***
All product types	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from nonsubject sources of.--					
Preconstructed lockers	***	***	***	***	***
Kits / ready-to-assemble packages	***	***	***	***	***
Components	***	***	***	***	***
All product types	***	***	***	***	***
	Share of value (percent)				
U.S. imports from nonsubject sources of.--					
Preconstructed lockers	***	***	***	***	***
Kits / ready-to-assemble packages	***	***	***	***	***
Components	***	***	***	***	***
All product types	***	***	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[6] Negligible imports are generally defined in the Act, 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.[7] Imports from China accounted for *** percent of total imports of metal lockers by quantity during 2019.

Table IV-4
Metal lockers: U.S. imports in the twelve month period preceding the filing of the petition, July 2019 through June 2020

Item	July 2019 through June 2020	
	Quantity (1,000 pounds)	Share quantity (percent)
U.S. imports from.--		
China	29,133	***
Nonsubject sources	***	***
All import sources	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

[6] 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)).

[7] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

Apparent U.S. consumption

Table IV-5 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares for metal lockers.

Fluctuating year-to-year, apparent U.S. consumption, measured by quantity, increased by *** percent from 2017 to 2018, but then decreased by *** percent from 2018 to 2019, ending *** percent lower in 2019 than in 2017. Interim period 2020 was higher by *** percent than interim 2019.[8] Apparent consumption, measured by value, increased by *** percent between 2017 and 2019 and was higher in interim 2020 by *** percent compared to interim 2019.

The quantity of U.S. producers' U.S. shipments decreased by 4.2 percent between 2017 and 2019 but was higher in interim 2020 than in interim 2019 by 9.1 percent. U.S. importers U.S. shipments from China increased by 2.3 percent between 2017 and 2019 but were lower by 2.9 percent in interim 2020 than in interim 2019.

U.S. producers' U.S. shipments quantities accounted for *** percent of all U.S. shipments, while the quantity of U.S. importers' U.S. shipments from China and U.S. importers' U.S. shipments from nonsubject sources, comprised *** percent and *** percent of all U.S. shipments, respectively in 2019. The share of quantity of U.S. producers' U.S. shipments was higher in interim 2020 than in interim 2019, while share of quantities of U.S. importers' U.S. shipments from China was lower in interim 2020 compared to interim 2019.

[8] According to the petitioners' postconference briefs, demand for metal lockers generally reflects the overall condition of the U.S. economy, particularly in relation to construction trends. Lockers are installed in locations such as school buildings, public and private gymnasiums, and workplaces in need of short term, personal storage solutions. Petitioners state that one of the major drivers of market growth during the period of investigation has been the construction of new warehouse distribution centers for online retailers, whose employees require locker storage space during their work shifts. Postconference briefs, Part 1, p. 24 and Exh. 7.

Table IV-5
Metal lockers: Apparent U.S. consumption and market shares, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	81,934	81,356	78,517	16,298	17,789
U.S. importers' U.S. shipments from.--China	30,129	33,744	30,834	6,770	6,573
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	144,267	152,696	156,941	32,689	35,772
U.S. importers' U.S. shipments from.--China	60,226	68,499	71,242	15,683	16,954
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.--China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-2
Metal lockers: Apparent U.S. consumption, 2017-19, January to March 2019, January to March 2020

* * * * * * *

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

Table IV-6
Metal lockers: U.S. producers' and U.S. importers' lockers, by size, 2019

Item	Less 12 deep	>=12 and <16 D	>=16 and <20 D	>=20 and <24 D	>=24 and <27 D	Any depth
	Number of firms (count)					
U.S. producers.-- Less 12 wide	2	5	5	4	3	5
>=12 and <16 wide	2	6	7	6	4	7
>=16 and <20 wide	1	5	5	6	4	6
>=20 and <24 wide	2	4	4	4	3	5
>=24 and <27 wide	2	4	5	5	5	7
Any width	3	6	7	6	5	7
U.S. importers: China.-- Less 12 wide	2	5	4	3	2	6
>=12 and <16 wide	3	14	13	6	3	17
>=16 and <20 wide	3	9	10	7	3	12
>=20 and <24 wide	2	4	7	8	3	10
>=24 and <27 wide	1	4	5	3	5	6
Any width	3	18	16	9	5	19
U.S. importers: Nonsub.-- Less 12 wide	---	---	---	---	---	---
>=12 and <16 wide	---	1	1	---	---	2
>=16 and <20 wide	---	1	---	---	---	1
>=20 and <24 wide	---	---	---	---	---	---
>=24 and <27 wide	---	---	---	---	---	---
Any width	---	2	1	---	---	3

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

Table IV-7
Metal lockers: U.S. producers' and U.S. importers' lockers, by standing type , 2019

Item	U.S. producers	China	Nonsubject sources
	Number of firms (count)		
Standing			
Floor standing	7	17	3
Mounted, for mounting	6	13	1
Other standing type	2	3	---
Total	15	33	4

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

Table IV-8
Metal lockers: U.S. producers' and U.S. importers' lockers, by latch type, 2019

Item	U.S. producers	China	Nonsubject sources
	Number of firms (count)		
Latching type			
Gravity lift type	6	13	---
Single point, finger pull	6	15	3
Other	5	5	---
Total	17	33	3

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

Table IV-9
Metal lockers: U.S. producers' and U.S. importers' lockers, by finishing, 2019

Item	U.S. producers	China	Nonsubject sources
	Number of firms (count)		
Finishing type			
Painted	6	17	3
Galvanized	4	5	1
Stainless steel	2	4	---
Non-galvanized, non-stainless pickled oiled	1	---	---
Other	3	3	---
Total	16	29	4

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

Part V: Pricing data

Factors affecting prices

Raw material costs

Metal lockers are typically made of flat-rolled, expanded or mesh non-alloy steel, stainless steel, or aluminum.[1] Raw materials are the largest component of the total cost of goods sold ("COGS") for metal lockers (see chapter VI). Raw materials made up over half of the COGs throughout the period of investigation.

Five U.S. producers reported that raw material costs had fluctuated since 2017 and two reported that they had increased. U.S. producer *** reported that steel prices have been a "roller coaster" with large increases since the imposition of steel tariffs followed by a subsequent decline due to low priced foreign imports. Ten importers reported that raw material costs have increased since 2017 while eight reported that raw material costs have fluctuated, and one reported they had remained constant. Importers *** and *** reported that the cost of raw materials increased due to tariffs.

Impact of section 232 tariffs on metal lockers

In April 2017, the U.S. Department of Commerce announced a section 232 investigation on imports of steel, and in March 2018, the President announced additional import duties for steel mill articles. Steel is used in the production of metal lockers. The Commission asked U.S. producers and importers about the effects of 232 duties on the raw material costs and prices of metal lockers.

The majority of responding U.S. producers (5 of 7) and responding importers (15 of 20) reported that section 232 tariffs had increased the raw material costs of metal lockers. U.S. producer *** reported that the price of sheet steel increased by 30 percent which led to lower profit margins of metal lockers. Importer *** reported that the price of metal lockers increased 25 percent as a result of the 232 tariffs.

A plurality of responding U.S. producers (3 of 7) reported that section 232 tariffs had caused the price of metal lockers to fluctuate while the majority of responding importers (13 of 21) reported that section 232 tariffs had increased the price of metal lockers. U.S. producer ***

[1] Petition, Volume I, pp. 10-11.

reported that it implemented a price increase to partially cover the increase cost of raw materials, while U.S. producer *** reported that it was unable to raise prices and it absorbed the increased raw material costs.

Transportation costs to the U.S. market

Transportation costs for metal lockers shipped from China to the United States averaged 10.8 percent during 2019. These estimates were derived from official import data and represent the transportation and other charges on imports.[2]

U.S. inland transportation costs

Four responding U.S. producers and 15 importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 1.0 to 8.5 percent while most importers reported costs of 1.0 to 16.0 percent.

Pricing practices

Pricing methods

U.S. producers and importers reported setting prices using transaction-by-transaction negotiations, contracts, price lists, and other methods (table V-1). U.S. producers and importers reported using public bids to set prices for metal lockers.

Table V-1
Metal lockers: U.S. producers' and importers' reported price setting methods, by number of responding firms

Method	U.S. producers	Importers
Transaction-by-transaction	5	14
Contract	5	8
Set price list	6	12
Other	2	3
Responding firms	7	19

Note: The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

[2] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2019 and then dividing by the customs value based on the HTS subheading 9403.20.0078.

U.S. producers and importers reported selling the largest portion of their metal lockers in the spot market (table V-2). U.S. producers reported that short-term contracts generally lasted between 90 to 180 days and that long-term contracts generally lasted between 1 to 2 years. Two U.S. producers reported that they renegotiated price in short-term and long-term contracts and two U.S. producers reported that they fixed prices in short-term, annual, and long-term contracts. Importers reported that long-term contracts last between 1 to 2 years. One importer reported renegotiating prices for short-term contracts and three importers reported renegotiating prices for long-term contracts. One importer reported fixing quantity for long-term contracts. Two importers reported fixing price for short-term contracts, four reported fixing prices for annual contracts, and three reported fixing prices for long-term contracts. One firm reported fixing price and quantity for annual contracts and one reported fixing price and quantity for long-term contracts.

Table V-2
Metal lockers: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019

* * * * * * *

Note: Because of rounding, figures may not add to the totals shown.

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

Sales terms and discounts

The majority of U.S. producers and importers typically quote prices on an f.o.b. basis. Producers and importers reported offering quantity, total volume, and other discounts. U.S. producers and importers reported that other discounts included negotiated discounts. Several U.S. producers and importers reported that the size or volume of the order of metal lockers were key to determining discounts.

Price data

The Commission requested U.S. producers and importers provide quarterly data for the total quantity and f.o.b. value of the following metal locker products shipped to unrelated U.S. customers during January 2017 through March 2020.

Product 1.-- 12" wide x 18" deep x 72" high 1-Tier (one full height door within a single frame, one opening) locker, knockdown (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 3-point

(multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

Product 2.-- 12” wide x 12” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

Product 3.-- 12” wide x 18” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

Product 4.-- 12” wide x 12” deep x 12”/72” high 6-Tier (six 12” high doors stacked within a single frame, 6 openings) locker, 24 knock-down (KD), 24 gauge solid body, 16 gauge frame, 18 gauge louvered door, single-point latching with thru-the-door finger pull handle, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

Two U.S. producers and eight importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[3] Pricing data reported by these firms accounted for approximately 1.3 percent of U.S. producers’ shipments of metal lockers and 9.0 percent of U.S. shipments of subject imports from China in 2019.

Price data for products 1-4 are presented in tables V-3 to V-6 and figures V-1 to V-4.

[3] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

Table V-3
Metal lockers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

* * * * * * *

Note: Product 1: 12” wide x 18” deep x 72” high 1-Tier (one full height door within a single frame, one opening) locker, knockdown (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 3-point (multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Table V-4
Metal lockers: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

* * * * * * *

Note: Product 2: 12” wide x 12” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Table V-5
Metal lockers: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

* * * * * * *

Note: Product 3: 12” wide x 18” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Table V-6
Metal lockers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

* * * * * * *

Note: Product 4: 12” wide x 12” deep x 12”/72” high 6-Tier (six 12” high doors stacked within a single frame, 6 openings) locker, 24 knock-down (KD), 24 gauge solid body, 16 gauge frame, 18 gauge louvered door, single-point latching with thru-the-door finger pull handle, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Figure V-1
Metal lockers: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2017 through March 2020

* * * * * * *

Product 1: 12” wide x 18” deep x 72” high 1-Tier (one full height door within a single frame, one opening) locker, knockdown (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 3-point (multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Figure V-2
Metal lockers: Weighted-average prices and quantities of domestic and imported product 2, by quarter, January 2017 through March 2020

* * * * * * *

Product 2: 12” wide x 12” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Figure V-3
Metal lockers: Weighted-average prices and quantities of domestic and imported product 3, by quarter, January 2017 through March 2020

* * * * * * *

Product 3: 12” wide x 18” deep x 36”/72” high 2-Tier (two half-height doors stacked within a single frame, two openings) locker, knock-down (KD), 24 gauge solid body, 16 gauge frame, 16 gauge louvered door, recessed or projecting die-cast handle, 2-point (multi-point) gravity lift-type latching, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Figure V-4
Metal lockers: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2017 through March 2020

* * * * * * *

Product 4: 12” wide x 12” deep x 12”/72” high 6-Tier (six 12” high doors stacked within a single frame, 6 openings) locker, 24 knock-down (KD), 24 gauge solid body, 16 gauge frame, 18 gauge louvered door, single-point latching with thru-the-door finger pull handle, lock not included, with or without 6” legs (legs increase frame height to 78”), nut/bolt or rivet assembly required.

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

Price trends

In general, prices of domestically produced metal lockers were generally stable during January 2017 to March 2020. Prices for metal lockers imported from China increased during the same period. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from 0.2 to 0.7 percent during January 2017 to March 2020 while domestic price decreases ranged from 0.0 to 0.3 percent. Import price increases ranged from 9.1 to 24.5 percent.[4]

Indexed pricing data in figures V-5 and V-6 compares the pricing of products 1-4 sold by U.S. producers and subject importers, respectively. As shown in the figures, prices for U.S. product were largely constant while prices for imported products generally increased throughout the period.

Table V-7
Metal lockers: Number of quarters containing observations low price, high price, and change in price over period, by product and source, January 2017 through March 2020

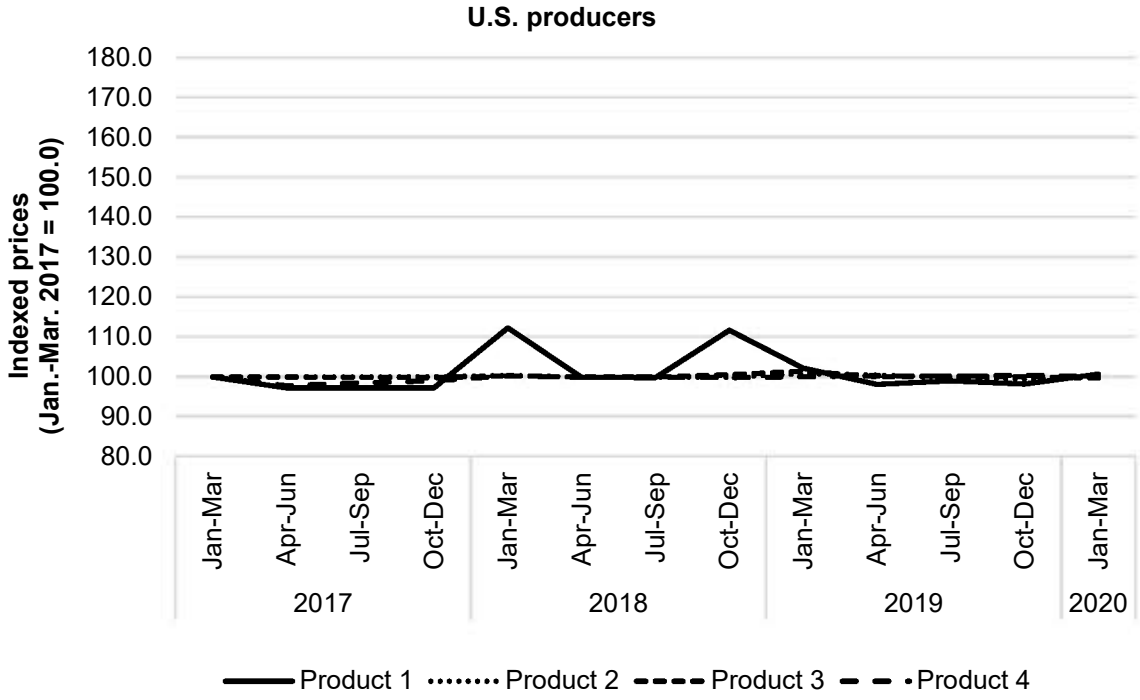
* * * * * * *

Note: Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

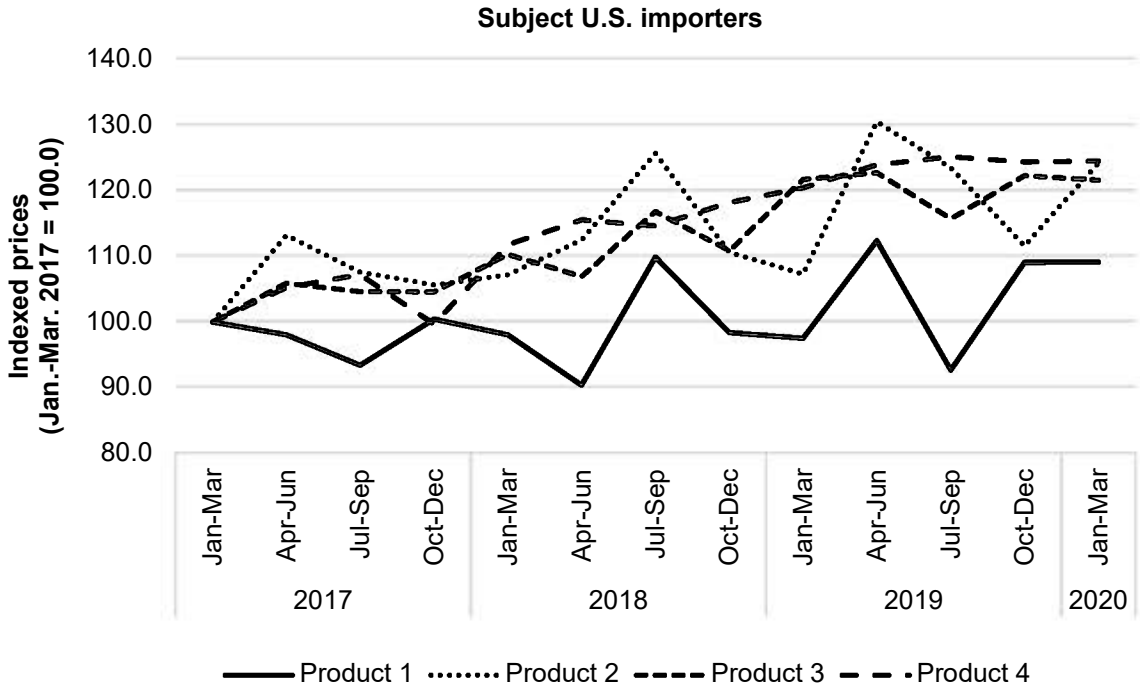
[4] The pricing data reported for the four pricing products indicates that the metal lockers market with a wide range of prices. Importer *** reported that pricing data fluctuated because lockers were priced differently for bulk orders and smaller orders. Importer *** reported that there are additional features that fall within the definition of the pricing products that can increase the price of a locker.

Figure V-6
Metal lockers: Indexed U.S. producer prices, January 2017 through March 2020



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

Figure V-7
Metal lockers: Indexed subject U.S. importer prices, January 2017 through March 2020



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

Price comparisons

As shown in table V-8, prices for metal lockers imported from China were above those for U.S.-produced metal lockers and there were no reported instances of underselling. Pricing for metal lockers from China were between 3.4 and 60.3 percent above prices for domestic prices in all 52 instances (167,170 lockers).

Table V-8
Metal lockers: Instances of underselling/overselling and the range and average of margins, by product and by country, January 2017 through March 2020

Source	Underselling				
	Number of quarters	Quantity (unit)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, underselling	---	---	---	---	---
Source	**(Overselling)**				
	Number of quarters	Quantity (unit)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	***	***	***	***	***
Product 2	***	***	***	***	***
Product 3	***	***	***	***	***
Product 4	***	***	***	***	***
Total, overselling	52	167,170	(27.5)	(3.4)	(60.3)

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

Lost sales and lost revenue

The Commission requested that U.S. producers of metal lockers report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of metal lockers from China during January 2017 to March 2020. Of the 7 responding U.S. producers, 6 reported that they had to reduce prices and four reported that they had to roll back announced price increases. Six firms reported that they had lost sales. One U.S. producer submitted lost sales and lost revenue allegations. The one responding U.S. producer identified hundreds of firms with which they lost sales.

Staff contacted 70 purchasers and received responses from four purchasers. Responding purchasers reported purchasing *** million pounds of metal lockers during January 2017 to December 2019 (table V-9).

During 2017, responding purchasers purchased 98.5 percent from U.S. producers and 1.5 percent from China. Purchasers were asked about changes in their purchasing patterns from

different sources since 2017. Of the responding purchasers, one reported decreasing purchases from domestic producers, two reported increasing purchases and one reported fluctuating purchases.

Table V-9
Metal lockers: U.S. purchasers, U.S. purchases, and U.S. imports 2017 to 2019

* * * * * * *

Note: All other includes all other sources and unknown sources.

Note: Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last yes.

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

Purchasers were asked about changes in their purchasing patterns from difference sources since 2017 (table II-10). *** reported that they have increased purchases from U.S. producers as part of a Made in America campaign to justify selling lockers to their customers at a higher price than their competitors which import Chinese lockers. *** reported increasing purchases from domestic producers because it required a shorter lead time.

Table II-10
Metal lockers: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	---	1	2	---	1
China	2	1	---	---	1
All other sources	3	---	---	---	1
Sources unknown	3	---	1	---	---

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

Of the four responding purchasers, one reported that, since 2017, they had purchased imported metal lockers from China instead of U.S.-produced product (Table V-11). This purchaser, ***, reported that subject import prices were lower than U.S.-produced product but reported that price was not a primary reason for the decision to purchase imported product rather than U.S.-produced product. *** reported that imported metal lockers were better quality than domestically produced products and that U.S. producers lacked the capacity to deal with the additional volumes they required.

Table V-11
Metal lockers: Purchasers' responses to purchasing subject instead of domestic, by firm

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (unit)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--1; No--3	Yes--1; No--0	Yes--0; No--1	***	

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

Of the four responding purchasers, two reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China; two reported that they did not know (table V-12;). The reported estimated price reduction ranged from 3.0 to 5.0 percent. *** reported that only one U.S. producer reduced one product line as a result of Chinese imports in order to gain *** business for one purchase.

Table V-12
Metal lockers: Purchasers' responses to U.S. producer price reductions, by firm

Purchaser	Producers reduced price (Y/N)	If produced reduced prices: Estimated U.S. price reduction (percent)	If produced reduced prices: Additional information, if available
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total / average	Yes--2; No--0	***	

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

Part VI: Financial experience of U.S. producers

Background

Seven U.S. producers provided usable financial results on their metal locker operations. Six of the U.S. producers reported financial data on a calendar-year basis.[1] Six of the responding U.S. producers provided their financial data on the basis of generally accepted accounting principles ("GAAP").[2]

Figure VI-1 presents each responding firm's share of the total reported net sales quantity in 2019. The largest three producers, ***, accounted for a combined *** percent of the net sales volume of metal lockers in 2019.

Figure VI-1
Metal lockers: Share of net sales quantity, by firm, 2019

* * * * * * *

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

[1] ***.

[2] The remaining company, ***, relies on ***. Email from ***.

Operations on metal lockers

Table VI-1 presents aggregated data on U.S. producers' operations in relation to metal lockers over the period examined, while table VI-2 presents corresponding changes in average unit values ("AUVs"). Table VI-3 presents selected company-specific financial data.

Table VI-1
Metal lockers: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
Total net sales	82,118	82,384	78,732	16,354	17,895
	Value (1,000 dollars)				
Total net sales	145,319	155,100	157,500	32,945	36,014
Cost of goods sold.-- Raw materials	62,427	67,667	68,648	14,636	14,526
Direct labor	12,385	13,988	14,737	3,119	3,439
Other factory costs	37,416	39,878	41,086	8,846	10,130
Total COGS	112,228	121,533	124,470	26,601	28,095
Gross profit	33,091	33,567	33,030	6,344	7,919
SG&A expense	25,685	27,485	27,552	6,249	6,794
Operating income or (loss)	7,407	6,082	5,478	95	1,125
All other expenses / (income)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	3,566	3,284	3,734	789	946
Cash flow	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold.-- Raw materials	43.0	43.6	43.6	44.4	40.3
Direct labor	8.5	9.0	9.4	9.5	9.6
Other factory costs	25.7	25.7	26.1	26.9	28.1
Average COGS	77.2	78.4	79.0	80.7	78.0
Gross profit	22.8	21.6	21.0	19.3	22.0
SG&A expense	17.7	17.7	17.5	19.0	18.9
Operating income or (loss)	5.1	3.9	3.5	0.3	3.1
Net income or (loss)	***	***	***	***	***
	Share of total COGS (percent)				
Cost of goods sold.-- Raw materials	55.6	55.7	55.2	55.0	51.7
Direct labor	11.0	11.5	11.8	11.7	12.2
Other factory costs	33.3	32.8	33.0	33.3	36.1
Average COGS	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table VI-1—Continued
Metal lockers: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit value (dollars per pound)				
Total net sales	1.77	1.88	2.00	2.01	2.01
Cost of goods sold.-- Raw materials	0.76	0.82	0.87	0.89	0.81
Direct labor	0.15	0.17	0.19	0.19	0.19
Other factory costs	0.46	0.48	0.52	0.54	0.57
Average COGS	1.37	1.48	1.58	1.63	1.57
Gross profit	0.40	0.41	0.42	0.39	0.44
SG&A expense	0.31	0.33	0.35	0.38	0.38
Operating income or (loss)	0.09	0.07	0.07	0.01	0.06
Net income or (loss)	***	***	***	***	***
	Number of firms reporting				
Operating losses	1	1	2	3	2
Net losses	1	2	3	4	3
Data	7	7	7	7	7

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

Table VI-2
Metal lockers: Changes in AUVs between fiscal years and partial year periods

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (percent)			
Total net sales	▲13.0	▲6.4	▲6.3	▼(0.1)
Cost of goods sold.-- Raw materials	▲14.7	▲8.0	▲6.2	▼(9.3)
Direct labor	▲24.1	▲12.6	▲10.2	▲0.8
Other factory costs	▲14.5	▲6.2	▲7.8	▲4.6
Average COGS	▲15.7	▲7.9	▲7.2	▼(3.5)
	Change in AUVs (dollars per pound)			
Total net sales	▲0.23	▲0.11	▲0.12	▼(0.00)
Cost of goods sold.-- Raw materials	▲0.11	▲0.06	▲0.05	▼(0.08)
Direct labor	▲0.04	▲0.02	▲0.02	▲0.00
Other factory costs	▲0.07	▲0.03	▲0.04	▲0.03
Average COGS	▲0.21	▲0.11	▲0.11	▼(0.06)
Gross profit	▲0.02	▲0.00	▲0.01	▲0.05
SG&A expense	▲0.04	▲0.02	▲0.02	▼(0.00)
Operating income or (loss)	▼(0.02)	▼(0.02)	▼(0.00)	▲0.06
Net income or (loss)	***	***	***	***

Note: Values of ▲0.00 and ▼(0.00) indicate changes in AUVs that are less than $0.005 and more than $(0.005), respectively.

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

Table VI-3
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Total net sales (1,000 pounds)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	82,118	82,384	78,732	16,354	17,895
	Total net sales (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	145,319	155,100	157,500	32,945	36,014
	Cost of goods sold (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	112,228	121,533	124,470	26,601	28,095

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Gross profit or (loss) (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	33,091	33,567	33,030	6,344	7,919
	SG&A expenses (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	25,685	27,485	27,552	6,249	6,794
	Operating income or (loss) (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	7,407	6,082	5,478	95	1,125

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Net income or (loss) (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	***	***	***	***	***
	COGS to net sales ratio (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	77.2	78.4	79.0	80.7	78.0
	Gross profit or (loss) to net sales ratio (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	22.8	21.6	21.0	19.3	22.0

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	SG&A expense to net sales ratio (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	17.7	17.7	17.5	19.0	18.9
	Operating income or (loss) to net sales ratio (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	5.1	3.9	3.5	0.3	3.1
	Net income or (loss) to net sales ratio (percent)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit net sales value (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	1.77	1.88	2.00	2.01	2.01
	Unit raw materials (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.76	0.82	0.87	0.89	0.81
	Unit direct labor (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.15	0.17	0.19	0.19	0.19

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit other factory costs (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.46	0.48	0.52	0.54	0.57
	Unit COGS (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	1.37	1.48	1.58	1.63	1.57
	Unit gross profit or (loss) (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.40	0.41	0.42	0.39	0.44

Table continued on next page.

Table VI-3—Continued
Metal lockers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit SG&A expenses (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.31	0.33	0.35	0.38	0.38
	Unit operating income or (loss) (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	0.09	0.07	0.07	0.01	0.06
	Unit net income or (loss) (dollars per pound)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	***	***	***	***	***

Note: Values of 0.00 indicate AUVs that are less than $0.005.

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

Net sales

The industry's net sales quantity decreased from 82.1 million pounds in 2017 to 78.7 million pounds in 2019, but was higher in January-March 2020 (17.9 million pounds) than during the same period in 2019 (16.4 million pounds). On a value basis, net sales increased from $145.3 million in 2017 to $157.5 million in 2019, and were higher in January-March 2020 ($36.0 million) than in January-March 2019 ($32.9 million). The industry's net sales AUV increased from $1.77 per pound in 2017 to $2.00 per unit in 2019, and was $2.01 in both interim 2020 and interim 2019. Six of the seven U.S. producers reported an increase in their net sales AUVs between 2017 to 2019.[3] During the comparable interim periods, three companies reported higher net sales AUVs in interim 2020, compared to interim 2019, three companies reported lower net sales AUVs, and one company's net sales AUV did not change. *** than the other U.S. producers.[4]

Cost of goods sold and gross profit or (loss)

As seen in table VI-1, raw material costs were the largest component of COGS and accounted for 55.2 percent of total COGS in 2019. Raw material costs increased on an actual basis, on a per-pound basis, and as ratio to net sales from 2017 to 2019, but were lower by all of these measures in interim 2020 than in interim 2019. On a per-pound basis, raw material costs increased from $0.76 per pound in 2017 to $0.87 per pound in 2019, but were lower in interim 2020, at $0.81 per pound, than during the same period in 2019, when they were $0.89 per pound. As seen in table VI-3, six of the seven responding U.S. producers had higher per-pound raw material costs in 2019 than in 2017, and five companies reported lower per-pound raw material costs in interim 2020 than in interim 2019.

---

[3] ***. Email from ***.

[4] American Locker sells a wide-range of lockers, from what it describes as "basic lockers" to more advanced lockers such as laptop and mobile charging lockers. It also has a custom line that will produce lockers to exact specifications. *American Locker's webpage,* https://americanlocker.com/locker-lines/, retrieved August 11, 2020. Precision Locker produces specialty lockers such as pistol/rifle lockers, cell phone lockers, tablet lockers, and laptop lockers for law enforcement, military bases, workplaces, and fitness centers. *Precision Locker's webpage,* https://www.precisionlocker.com/, retrieved August 11, 2020.

Table VI-4 presents raw materials, by type. Flat-rolled steel accounted for approximately two-thirds of the raw material costs in 2019. Other raw materials that were reported by companies include ***.[5]

Table VI-4
Metal lockers: Raw materials by type, 2019

Raw materials	Fiscal year 2019		
	Value (1,000 dollars)	Unit value (dollars per pound)	Share of value (percent)
Cold-rolled steel	39,218	0.50	57.1
Hot-rolled steel	***	***	***
Zinc coated galvanized steel	2,121	0.03	3.1
Stainless steel	***	***	***
All flat-rolled steel	45,144	0.57	65.8
Other material inputs	23,504	0.30	34.2
Total, raw materials	68,648	0.87	100.0

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

Direct labor, the smallest component of COGS, accounted for 11.8 percent of total COGS in 2019. On a per-pound basis, direct labor increased from $0.15 in 2017 to $0.19 in 2019, and was $0.19 in both interim periods. Five of the seven responding companies reported an overall increase in their direct labor AUVs between 2017 and 2019, while four companies reported higher direct labor AUVs in interim 2020 compared to interim 2019.[6]

The final component of COGS, other factory costs, accounted for 33.0 percent of total COGS in 2019. On a per-pound basis, other factory costs increased from $0.46 in 2017 to $0.52 in 2019, and were higher in interim 2020 than in interim 2019. On an actual basis, the company-specific directional trends for other factory costs were mostly uniform, with all of the responding producers reporting an overall increase between 2017 and 2019, and four of seven companies reporting higher per-pound other factory costs in interim 2020 than in interim 2019.

Total COGS increased 10.9 percent from $112.2 million in 2017 to $125.5 million in 2019, and was 5.6 percent higher in interim 2020 ($28.1 million) than in interim 2019 ($26.6 million). However, these increases in COGS were larger than the increases in the industry's net sales values, which increased by 8.4 percent from $145.3 million in 2017 to $157.5 million in 2019, and were 9.3 percent higher in interim 2020 (at $36.0 million) than in interim 2019 (at $32.9 million). The COGS to sales ratio increased from 77.2 percent in 2017 to 79.0 percent in

[5] U.S. producers' questionnaires, section III-9c.
[6] ***. Email from ***.

2019, but was lower in interim 2020 (78.0 percent) than in interim 2019 (80.7 percent). On a per-unit basis, total COGS for the industry increased from $1.37 in 2017 to $1.58 in 2019, but was lower in interim 2020 (at $1.57) compared to interim 2019 (at $1.63). Between 2017 and 2019, the industry's actual COGS increased more than the industry's net sales revenue, which resulted in a slight decrease to the industry's gross profit, from $33.1 million in 2017 to $33.0 million in 2019. Gross profit was higher in interim 2020 (at $7.9 million) compared to interim 2019 (at $6.3 million).

SG&A expenses and operating income or (loss)

As seen in table VI-1, the industry's SG&A expenses increased between 2017 and 2019, from $25.7 million to $27.6 million, and were higher in January-March 2020, at $6.8 million, compared to the same period in 2019, at $6.2 million.[7] However, the industry's SG&A expense ratio (the ratio of SG&A expenses to net sales value) decreased from 17.7 percent in 2017 to 17.5 percent in 2019, and was slightly lower in interim 2020 (18.9 percent) compared to the same period in 2019 (19.0 percent).

The industry's operating income decreased from $7.4 million in 2017 to $5.5 million in 2019, but was higher in January-March 2020, at $1.1 million, than during the same period in 2020 when it was $95,000.[8]

[7] ***. ***. Email from ***.

[8] ***. Email from ***.

All other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. In table VI-1, these items are aggregated and only the net amount is shown. All other expenses, net of all other income, increased from $*** in 2017 to $*** in 2019, and were higher in January-March 2020 compared to January-March 2019. *** was responsible for the *** of the increase between the annual year periods, which was due to an increase in interest expense. The company indicated that its interest expense ***.[9] The industry's net income decreased overall from $*** in 2017 to $*** in 2019, but was higher in interim 2020 (***) compared to interim 2019 (***).

[9] Email from ***.

Variance analysis

A variance analysis for the operations of U.S. producers of metal lockers is presented in table VI-5.[10] The information for this variance analysis is derived from table VI-1.

Table VI-5
Metal lockers: Variance analysis on the operations of U.S. producers, between fiscal years and partial year periods

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Value (1,000 dollars)			
Net sales:				
Price variance	18,173	9,309	9,277	(35)
Volume variance	(5,992)	472	(6,877)	3,104
Net sales variance	12,181	9,781	2,400	3,069
COGS:				
Cost variance	(16,870)	(8,940)	(8,326)	1,013
Volume variance	4,628	(364)	5,388	(2,506)
COGS variance	(12,242)	(9,305)	(2,938)	(1,493)
Gross profit variance	(61)	476	(537)	1,575
SG&A expenses:				
Cost/expense variance	(2,926)	(1,717)	(1,285)	44
Volume variance	1,059	(83)	1,219	(589)
Total SG&A expense variance	(1,867)	(1,801)	(67)	(545)
Operating income variance	(1,928)	(1,324)	(604)	1,030
Summarized (at the operating income level) as:				
Price variance	18,173	9,309	9,277	(35)
Net cost/expense variance	(19,796)	(10,657)	(9,611)	1,057
Net volume variance	(305)	24	(270)	9

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

[10] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and 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 COGS 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 COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Capital expenditures and research and development expenses

Table VI-6 presents capital expenditures and research and development ("R&D") expenses by firm, and table VI-7 provides the companies' narrative responses describing the nature and focus of these expenses.

Table VI-6
Metal lockers: Capital expenditures and R&D expenses of U.S. producers, 2017-19, January-March, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Capital expenditures (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	2,201	4,324	7,360	729	1,506
	Research and development expenses (1,000 dollars)				
American Locker	***	***	***	***	***
DeBourgh	***	***	***	***	***
List Industries	***	***	***	***	***
Lyon	***	***	***	***	***
Penco Products	***	***	***	***	***
Precision Locker	***	***	***	***	***
Tennsco	***	***	***	***	***
All firms	3,666	2,245	5,058	477	1,351

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

Table VI-7
Metal lockers: U.S. producers' descriptions of the nature and focus of their reported capital expenditures and R&D expenses

Firm	Nature and focus of capital expenditures
***	***
***	***
***	***
***	***
***	***
***	***
***	***
	Nature and focus of R&D expenses
***	***
***	***
***	***
***	***
***	***

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

Assets and return on assets

Table VI-8 presents data on the U.S. producers' total assets and their return on assets, and table VI-9 provides the companies' narrative responses describing the major asset accounts that are included in their reported assets.[11]

Table VI-8
Metal lockers: U.S. producers' total assets and return on assets, 2017-19

Firm	Fiscal years		
	2017	2018	2019
	Total net assets (1,000 dollars)		
American Locker	***	***	***
DeBourgh	***	***	***
List Industries	***	***	***
Lyon	***	***	***
Penco Products	***	***	***
Precision Locker	***	***	***
Tennsco	***	***	***
All firms	111,887	117,969	118,848
	Operating return on assets (percent)		
American Locker	***	***	***
DeBourgh	***	***	***
List Industries	***	***	***
Lyon	***	***	***
Penco Products	***	***	***
Precision Locker	***	***	***
Tennsco	***	***	***
All firms	6.6	5.2	4.6

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

[11] The return on assets ("ROA") is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value for the subject product.

Table VI-9
Metal lockers: U.S. producers' descriptions of asset accounts included in reported total assets

Firm	Description of reported total assets
American Locker	***
DeBourgh	***
List Industries	***
Lyon	***
Penco Products	***
Precision Locker	***
Tennsco	***

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

Capital and investment

The Commission requested U.S. producers of metal lockers to describe any actual or potential negative effects of imports of metal lockers from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-10 presents the number of firms reporting an impact in each category and table VI-11 provides the U.S. producers' narrative responses.

Table VI-10
Metal lockers: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item	No	Yes
Negative effects on investment	1	6
Cancellation, postponement, or rejection of expansion projects		3
Denial or rejection of investment proposal		1
Reduction in the size of capital investments		4
Return on specific investments negatively impacted		2
Other		1
Negative effects on growth and development	1	6
Rejection of bank loans		1
Lowering of credit rating		1
Problem related to the issue of stocks or bonds		0
Ability to service debt		3
Other		5
Anticipated negative effects of imports	1	6

Note: ***.

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

Table VI-11
Metal lockers: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item / Firm	Narrative
Cancellation, postponement, or rejection of expansion projects:	
***	***
***	***
***	***
Denial or rejection of investment proposal:	
***	***
Reduction in the size of capital investments:	
***	***
***	***
Return on specific investments negatively impacted:	
***	***
***	***
Other negative effects on investments:	
***	***
Rejection of bank loans:	
***	***
Lowering of credit rating:	
***	***
Ability to service debt:	
***	***
***	***
***	***
Other effects on growth and development:	
***	***

Table continued on next page.

Table VI-11—Continued
Metal lockers: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item / Firm	Narrative
Other effects on growth and development (Continued):	
***	***
***	***
***	***
***	***
Anticipated effects of imports:	
***	***
***	***

Table continued on next page.

Table VI-11—Continued
Metal lockers: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item / Firm	Narrative
Anticipated effects of imports (Continued):	
***	***
***	***
***	***
***	***

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

Part VII: Threat considerations and information on nonsubject countries

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *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*[1]*--*
>
> *(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,*
>
> *(II) 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,*

---

[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 alleged 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[3]

The Commission issued foreign producers' or exporters' questionnaires to 55 firms believed to produce and/or export metal lockers from China.[4] A usable response to the Commission's questionnaire was received from one firm: Luoyang Jin Feng Office Furniture Co., Ltd., ("Luoyang Jin"). This firm's exports to the United States accounted for approximately less than *** percent of U.S. imports of metal lockers from China in 2019. The responding producer from China did not provide estimates requested of the firm's share of overall production of metal lockers in China. Table VII-1 presents information on metal lockers operations of the responding producer and exporter in China.

Table VII-1
Metal lockers: Summary data for producers in China, 2019

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Luoyang Jin	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

[3] According to the petition, China is the leading office furniture manufacturer and exporter in the world and holds almost one third of total world output of office furniture. Substantial production of the subject merchandise in China occurs in at least six provinces – Guangdong, Shandong, Liaoning, Tianjin, Zhejiang and Jiangsu. Hangzhou Xingyi Metal Products Co., Ltd. (part of the Xingyi Group)'s annual capacity to produce lockers is 370,000 units per year. Notably, the company exports more than half of its production, with the majority targeted to the United States. Similarly, its sister company, Zhejiang Xingyi Metal Products Co., Ltd. also exports half of its production. Petition, Exh. GEN-11 and Vol 3, p. 11.

The petition also states that one of the key industries targeted for government support has been the steel production. Further, in order to fully utilize expanded steel capacity, the government of China also encourages production in downstream steel industries to increase exports of value-added steel products, which in turn, benefits metal lockers manufacturing. Petition, Vol 3, p. 4.

[4] These firms were identified through a review of information submitted in the petition and contained in *** records. Despite several attempts to obtain responses from the foreign producers in China, including multiple requests sent to counsel representing a respondent from China at Commerce's proceedings, the Commission did not receive additional foreign producer responses. In addition, the Commission received one reply from Changzhou Yueyang Machinery Co., Ltd stating that they are ***.

Changes in operations

The responding producer from China did not report any changes in operations since January 1, 2017.

Operations on metal lockers

Table VII-2 presents information on the metal lockers' operations of the responding producer and exporter in China.

The responding foreign producer's average production capacity remained unchanged during 2017-19, January-March 2020 and is projected to remain the same through 2021. Luoyang Jin's production decreased *** percent between 2017 and 2019 and was lower in January-March 2020 by *** percent than in January-March 2019. Luoyang Jin's production is projected to remain at 2019 levels throughout 2020 and 2021.

Total home market shipments declined *** percent during 2017-19 and were lower by *** percent in interim period 2020 than in interim 2019. The firm reported exports of *** pounds of metal lockers in 2019 and *** pounds in January-March of 2020 to the United States. The export shipments to the United States account for *** percent of the firm's total shipments. Although exports to the United States were lower by *** pounds in January-March 2020 than the same interim period in 2019, Luoyang Jin projected the same export levels to the United States as in 2019. Export shipments to all other markets account for *** percent of total shipments. The firm's capacity utilization during 2017-19 and interim 2020 ranged from *** percent to *** percent, with the lowest period in January-March 2020.

Table VII-2
Metal lockers: Data on industry in China, 2017-19, January to March 2019, January to March 2020

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (1,000 pounds)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.

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

Alternative products

As shown in table VII-3, the responding firm from China produced other products on the same equipment and machinery used to produce metal lockers. Luoyang Jin's production of metal lockers accounted for a declining share of total production, at *** percent in 2017, *** percent in 2018, and *** percent in 2019. The share of metal lockers production was lower in interim 2020 than in interim 2019. Production of out-of-scope merchandize accounted for *** percent of all production in 2019.

Table VII-3
Metal lockers: Overall capacity and production on the same equipment as in-scope production by producers in China, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (1,000 pounds)				
Overall capacity	***	***	***	***	***
Production:					
Metal lockers	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Metal lockers	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.
Other products listed were: ***.

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

Exports

According to GTA, the leading export markets for metal furniture and parts of furniture from China based on value are the United States and the United Kingdom (table VII-4). During 2019, the United States was the top export market for metal furniture and parts of furniture from China, accounting for 29.7 percent, followed by the United Kingdom, accounting for 4.2 percent.

Table VII-4
Metal furniture and parts of furniture: Exports from China by destination market, 2017-19

Destination market	Calendar year		
	2017	2018	2019
	Value (1,000 dollars)		
United States	3,676,895	4,437,266	3,780,540
United Kingdom	397,995	440,345	535,984
Australia	395,582	458,796	496,141
Singapore	178,584	260,607	487,824
Japan	424,725	457,450	484,254
Germany	357,845	395,107	477,303
Malaysia	214,382	244,228	472,247
Canada	310,507	369,947	423,454
Netherlands	211,163	269,715	314,523
All other destination markets	3,945,349	4,244,852	5,270,094
Total exports	10,113,028	11,578,313	12,742,363
	Share of value (percent)		
United States	36.4	38.3	29.7
United Kingdom	3.9	3.8	4.2
Australia	3.9	4.0	3.9
Singapore	1.8	2.3	3.8
Japan	4.2	4.0	3.8
Germany	3.5	3.4	3.7
Malaysia	2.1	2.1	3.7
Canada	3.1	3.2	3.3
Netherlands	2.1	2.3	2.5
All other destination markets	39.0	36.7	41.4
Total exports	100.0	100.0	100.0

Note: The data presented are likely overstated as they include products other than metal lockers. The United States is shown at the top, all remaining top export destinations shown in descending order of 2019 data.

Source: Official exports statistics under HS subheading 9403.20 and 9403.90 as reported by China's Customs in the Global Trade Atlas database, accessed July 27, 2020.

U.S. inventories of imported merchandise

Table VII-5 presents data on U.S. importers' reported inventories of metal lockers. U.S. importers' end-of-period inventories of imports from China increased by 20.1 percent from 2017 to 2018 and then decreased by 17.0 percent from 2018 to 2019, ending lower in interim 2020 than in interim 2019. Among the 16 firms that reported inventories at the end of 2019, eleven reported more inventories of imports from China at the end of 2019 than year-end 2017. *** accounted for the majority of the increase in end-of-period inventories of imports from China from 2017 to 2019. The ratio of importers' inventories from China and from nonsubject sources to total shipments of imports were 50.7 percent and *** percent, respectively in 2019.

Table VII-5
Metal lockers: U.S. importers' inventories, 2017-19, January to March 2019, January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (1,000 pounds); Ratios (percent)				
Imports from China					
Inventories	16,446	19,748	16,385	20,428	14,481
Ratio to U.S. imports	50.2	51.7	56.9	67.6	68.2
Ratio to U.S. shipments of imports	54.6	58.5	53.1	75.4	55.1
Ratio to total shipments of imports	53.3	56.3	50.7	71.8	52.4
Imports from nonsubject sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources:					
Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of metal lockers from China after March 31, 2020. Responding importers reported *** pounds of arranged imports from China. Arranged imports of subject merchandize account for *** percent of arranged imports from all sources during April 2020 through March 2021. There are no arranged imports from China or nonsubject sources after December 2020.

Table VII-6
Metal lockers: Arranged imports, April 2020 through March 2021

Item	Period				
	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Total
	Quantity (1,000 pounds)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Antidumping or countervailing duty orders in third-country markets

Petitioner and respondents both affirmed that they have no knowledge of any ongoing antidumping or countervailing duty orders or investigations in third-country markets.[5] Review of quarterly notifications to the World Trade Organization's Committee on Anti-Dumping Practices found no additional import-injury orders on the subject product in third-country markets.[6]

Information on nonsubject countries

Data on global exports of metal storage lockers and parts thereof, including subject products, during 2017-19 are presented in table VII-7. China (40.3 percent of total global exports by value) was the leading global exporter. Germany (9.6 percent) and Italy (9.3 percent) were second and third, respectively. Together, they accounted for almost three-fifths (59.2 percent) of all global exports.

[5] Petitioner, Post Conference Brief, August 4, 2020, Exhibit I, p. 54; Respondent (Salsbury and WEC), Post Conference Brief, August 4, 2020, Exhibit I p.7; and Respondent (ASI, Jorgensen, and Top Tier), Post Conference Brief, August 4, 2020, Exhibit 1, p. 9.

[6] World Trade Organization, "Anti-dumping," https://www.wto.org/english/tratop_e/adp_e/adp_e.htm, retrieved July 27, 2020.

Table VII-7
Metal furniture and parts of furniture: Global exports by exporter, 2017-19

Exporter	Calendar year		
	2017	2018	2019
	Value (1,000 dollars)		
United States	1,354,826	1,401,108	1,325,916
China	10,113,028	11,578,313	12,742,363
Germany	2,801,138	2,993,175	3,032,782
Italy	2,821,531	3,061,299	2,951,619
Poland	1,084,540	1,246,456	1,272,603
Taiwan	712,745	770,798	876,919
Canada	976,079	964,794	862,829
Netherlands	533,956	621,650	657,721
Sweden	615,652	617,359	656,247
Mexico	521,221	572,869	634,884
Spain	502,432	489,807	500,049
Lithuania	412,562	459,126	481,155
All other exporters	6,240,920	6,869,944	5,627,038
All exporters	28,690,630	31,646,699	31,622,125
	Share of value (percent)		
United States	4.7	4.4	4.2
China	35.2	36.6	40.3
Germany	9.8	9.5	9.6
Italy	9.8	9.7	9.3
Poland	3.8	3.9	4.0
Taiwan	2.5	2.4	2.8
Canada	3.4	3.0	2.7
Netherlands	1.9	2.0	2.1
Sweden	2.1	2.0	2.1
Mexico	1.8	1.8	2.0
Spain	1.8	1.5	1.6
Lithuania	1.4	1.5	1.5
All other exporters	21.8	21.7	17.8
All exporters	100.0	100.0	100.0

Note: The data presented are likely overstated as they include products other than metal lockers.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. United States is shown at the top, all remaining top export destinations shown in descending order of 2019 data.

Source: Official exports statistics under HS subheading 9403.20 and 9403.90 reported by various national statistical authorities in the Global Trade Atlas database, accessed July 27, 2020.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, 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.

Citation	Title	Link
85 FR 42917, July 15, 2020	*Metal Lockers From China; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2020-07-15/pdf/2020-15277.pdf
85 FR 47353 August 5, 2020	*Certain Metal Lockers and Parts Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-08-05/pdf/2020-17031.pdf
85 FR 47343 August 5, 2020	*Certain Metal Lockers and Parts Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2020-08-05/pdf/2020-17064.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PRELIMINARY CONFERENCE

Those listed below participated in the United States International Trade Commission's preliminary conference. The Commission conducted its preliminary conference through submissions of written testimony and postconference briefs:

Subject: Metal Lockers from China

Inv. Nos.: 701-TA-656 and 731-TA-1533 (Preliminary)

Date: July 30, 2020

OPENING REMARKS:

In Support of Imposition (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)
In Opposition to Imposition (**Camelia C. Mazard**, Doyle, Barlow & Mazard PLLC)

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

Kelley Drye & Warren LLP
Washington, DC
on behalf of

List Industries, Inc.
Lyon LLC
Penco Products, Inc.
Tennsco LLC

J.R. List, President, List Industries, Inc.

John Altstadt, President, Lyon LLC

Tom Kulikowski, President and Chief Executive Officer, Penco Products, Inc.

Stuart Speyer, President, Tennsco LLC

Michael T. Kerwin, Assistant Director, Georgetown Economic Services LLC

Gina E. Beck, Senior Trade Analyst, Georgetown Economic Services LLC

Kathleen W. Cannon)
R. Alan Luberda)
Grace W. Kim) – OF COUNSEL
Melissa M. Brewer)
Matthew G. Pereira)

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

Doyle, Barlow & Mazard PLLC
Washington, DC
on behalf of

Salsbury Industries ("Salsbury")
WEC Manufacturing, LLC ("WEC Manufacturing")
(collectively "DBM")

Michael LoBasso, Chief Financial Officer, Salsbury

Keith Dunham, Chief Executive Officer, WEC Manufacturing

Camelia C. Mazard) – OF COUNSEL

Fox Rothschild, LLP
Washington, DC
on behalf of

Olympus Lockers & Storage Products Inc. ("Olympus Lockers")

Shawn Banyai, President and Chief executive Officer,
Olympus Lockers

Lizbeth R. Levinson)
Ronald M. Wisla) – OF COUNSEL
Brittney R. Powell)

Sandler, Travis & Rosenberg P.A.
Washington, DC
on behalf of

S.S.P. Inc. d/b/a Jorgenson Industrial Companies ("Jorgenson Industrial")
Top Tier Storage Products, LLC ("Top Tier Storage")
ASI Storage Solutions ("ASI")

Dustin Jorgenson, Chief Executive Officer, Jorgenson Industrial

Scott Umina, President, Top Tier Storage

Douglas Koenig, General Manager, ASI

Kristen Smith)
) – OF COUNSEL
Sarah E. Yuskaitis)

-END-

APPENDIX C

SUMMARY DATA

Table C-1
Metal lockers: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison year			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▲***	▼***	▲***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▼***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▲***	▼***	▼***
All import sources	***	***	***	***	***	▲***	▲***	▼***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▲***	▲***	▲***	▲***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	▼***	▼***	▼***	▼***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. importers' U.S. shipments from.--									
China:									
Quantity	30,129	33,744	30,834	6,770	6,573	▲2.3	▲12.0	▼(8.6)	▼(2.9)
Value	60,226	68,499	71,242	15,683	16,954	▲18.3	▲13.7	▲4.0	▲8.1
Unit value	$2.00	$2.03	$2.31	$2.32	$2.58	▲15.6	▲1.6	▲13.8	▲11.3
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
All import sources:									
Quantity	***	***	***	***	***	▲***	▲***	▼***	▼***
Value	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
U.S. producers':									
Average capacity quantity	147,059	148,637	149,637	37,409	37,659	▲1.8	▲1.1	▲0.7	▲0.7
Production quantity	81,678	82,193	78,122	15,478	17,460	▼(4.4)	▲0.6	▼(5.0)	▲12.8
Capacity utilization (fn1)	55.5	55.3	52.2	41.4	46.4	▼(3.3)	▼(0.2)	▼(3.1)	▲5.0
U.S. shipments:									
Quantity	81,934	81,356	78,517	16,298	17,789	▼(4.2)	▼(0.7)	▼(3.5)	▲9.1
Value	144,267	152,696	156,941	32,689	35,772	▲8.8	▲5.8	▲2.8	▲9.4
Unit value	$1.76	$1.88	$2.00	$2.01	$2.01	▲13.5	▲6.6	▲6.5	▲0.3
Export shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▲***	▲***	▼***	▲***
Inventories/total shipments (fn1)	***	***	***	***	***	▲***	▲***	▼***	▼***
Production workers	670	722	737	640	691	▲10.0	▲7.8	▲2.1	▲8.0
Hours worked (1,000s)	1,523	1,630	1,669	351	394	▲9.6	▲7.0	▲2.4	▲12.2
Wages paid ($1,000)	22,012	24,516	25,539	5,396	6,290	▲16.0	▲11.4	▲4.2	▲16.6
Hourly wages (dollars per hour)	$14.46	$15.04	$15.30	$15.38	$15.97	▲5.8	▲4.0	▲1.7	▲3.9
Productivity (pounds per hour)	53.6	50.4	46.8	44.1	44.3	▼(12.7)	▼(6.0)	▼(7.2)	▲0.5
Unit labor costs	$0.27	$0.30	$0.33	$0.35	$0.36	▲21.3	▲10.7	▲9.6	▲3.3

Table continued on next page

Table C-1--Continued
Metal lockers: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to March		Comparison year			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. producers'--Continued									
Net sales:									
Quantity	82,118	82,384	78,732	16,354	17,895	▼(4.1)	▲0.3	▼(4.4)	▲9.4
Value	145,319	155,100	157,500	32,945	36,014	▲8.4	▲6.7	▲1.5	▲9.3
Unit value	$1.77	$1.88	$2.00	$2.01	$2.01	▲13.0	▲6.4	▲6.3	▼(0.1)
Cost of goods sold (COGS)	112,228	121,533	124,470	26,601	28,095	▲10.9	▲8.3	▲2.4	▲5.6
Gross profit or (loss) (fn2)	33,091	33,567	33,030	6,344	7,919	▼(0.2)	▲1.4	▼(1.6)	▲24.8
SG&A expenses	25,685	27,485	27,552	6,249	6,794	▲7.3	▲7.0	▲0.2	▲8.7
Operating income or (loss) (fn2)	7,407	6,082	5,478	95	1,125	▼(26.0)	▼(17.9)	▼(9.9)	▲1,083.9
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▲***
Capital expenditures	2,201	4,324	7,360	729	1,506	▲234.4	▲96.4	▲70.2	▲106.7
R&D expenses	3,666	2,245	5,058	477	1,351	▲37.9	▼(38.8)	▲125.3	▲183.2
Net assets	111,887	117,969	118,848	***	***	▲6.2	▲5.4	▲0.7	***
Unit COGS	$1.37	$1.48	$1.58	$1.63	$1.57	▲15.7	▲7.9	▲7.2	▼(3.5)
Unit SG&A expenses	$0.31	$0.33	$0.35	$0.38	$0.38	▲11.9	▲6.7	▲4.9	▼(0.6)
Unit operating income or (loss) (fn2)	$0.09	$0.07	$0.07	$0.01	$0.06	▼(22.9)	▼(18.1)	▼(5.8)	▲982.0
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▼***	▲***
COGS/sales (fn1)	77.2	78.4	79.0	80.7	78.0	▲1.8	▲1.1	▲0.7	▼(2.7)
Operating income or (loss)/sales (fn1)	5.1	3.9	3.5	0.3	3.1	▼(1.6)	▼(1.2)	▼(0.4)	▲2.8
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

APPENDIX D

U.S. PRODUCERS' AND U.S. IMPORTERS' COMPARABILITY OF SEMI-FINISHED AND FINISHED METAL LOCKERS

Appendix D-1
Metal lockers: U.S. producers' and U.S. importers' comparability of semi-finished and finished metal lockers

Item	Yes	No
	Number of firms (count)	
U.S. producers.--		
Upstream dedicated to downstream	7	---
Finished and semi-finished separate	---	7
Are there differences in physical characteristics	---	7
Difference in cost/value between	1	6
Transformation intensive	1	6
U.S. importers.--		
Upstream dedicated to downstream	18	2
Finished and semi-finished separate	4	16
Are there differences in physical characteristics	5	14
Difference in cost/value between	10	10
Transformation intensive	11	9

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

Appendix D-2
Metal lockers: U.S. producers' and U.S. importers' comparability of semi-finished and finished metal lockers narratives

Item	Narrative
U.S. producers.--	
***--Difference in cost/value between	***
***--Transformation intensive	***
U.S. importers.--	
***--Upstream dedicated to downstream	***
***--Upstream dedicated to downstream	***
***--Are there differences in physical characteristics	***
***--Are there differences in physical characteristics	***
***--Are there differences in physical characteristics	***
***--Are there differences in physical characteristics	***
***--Are there differences in physical characteristics	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***

Table continued.

Appendix D-2--Continued
Metal lockers: U.S. producers' and U.S. importers' comparability of semi-finished and finished metal lockers narratives

***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Difference in cost/value between	***
***--Transformation intensive	***
***--Transformation intensive	***
***--Transformation intensive	***
***--Transformation intensive	***
***--Transformation intensive	***

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