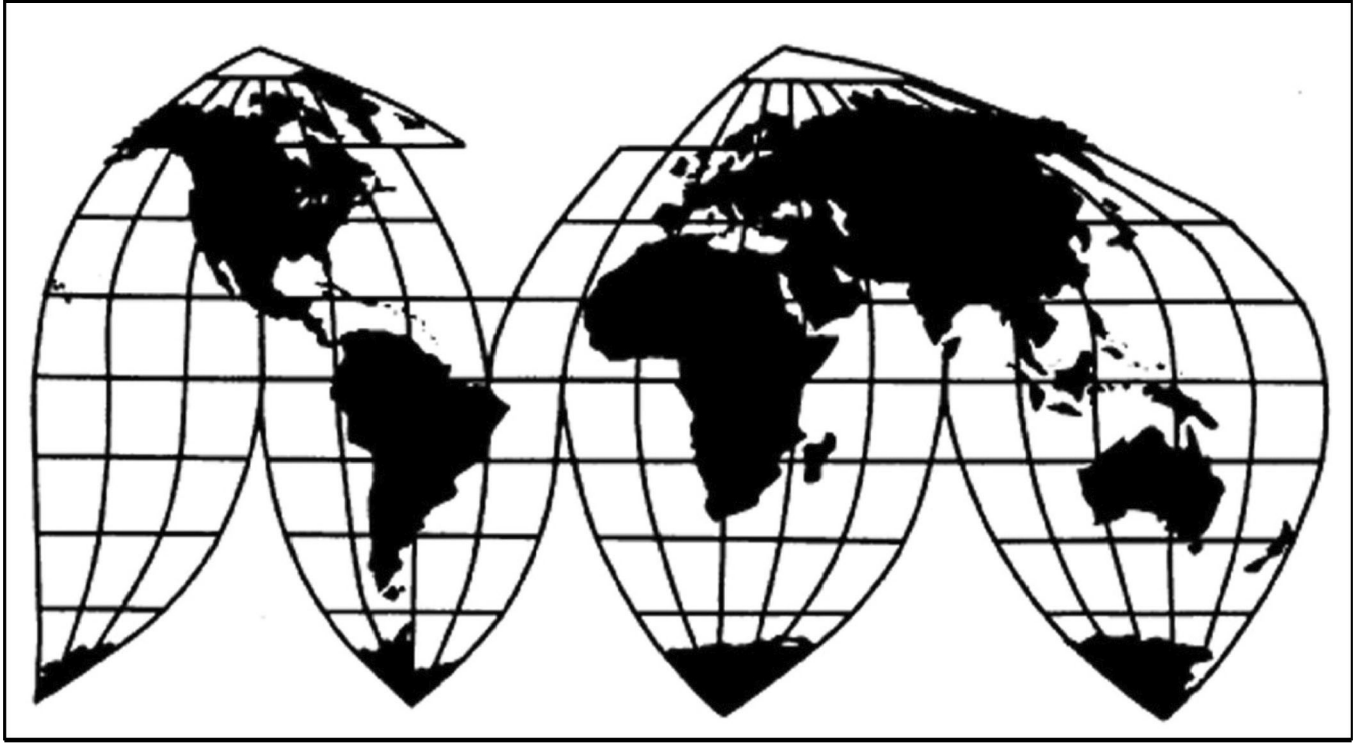
Certain Freight Rail Couplers and Parts Thereof from China and Mexico

Investigation Nos. 701-TA-682 and 731-TA-1592-1593 (Preliminary)

Publication 5387 **November 2022**

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

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

Catherine DeFilippo
Director of Operations

Staff assigned

Ahdia Bavari, Investigator
Mitchell Semanik, Industry Analyst
Craig Thomsen, Economist
Emily Kim, Accountant
Jason Wang, Statistician
David Goldfine, 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

Certain Freight Rail Couplers and Parts Thereof from China and Mexico

Investigation Nos. 701-TA-682 and 731-TA-1592-1593 (Preliminary)

Publication 5387

November 2022

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

pAppendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published.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-682 and 731-TA-1592-1593 (Preliminary)

Certain Freight Rail Couplers and Parts Thereof from China and Mexico

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 freight rail couplers and parts thereof from China and Mexico, provided for in subheadings 8607.30.10 and 7326.90.86 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] 87 FR 64440 and 87 FR 64444 (October 25, 2022).

BACKGROUND

On September 28, 2022, McConway & Torley LLC, Pittsburgh, Pennsylvania, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC 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 imports of freight rail couplers from China and LTFV imports of freight rail couplers from China and Mexico. Accordingly, effective September 28, 2022, the Commission instituted countervailing duty investigation no. 701-TA-682 and antidumping duty investigation nos. 731-TA-1592-1593 (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 October 5, 2022 (87 FR 60413). The Commission conducted its conference on October 19, 2022. All persons who requested the opportunity were permitted to participate.

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 freight rail couplers and parts thereof ("FRCs") from China and Mexico 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]

[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).

II. Background

The Coalition of Freight Rail Coupler Producers ("Petitioner" or "the Coalition") filed the petitions in these investigations on September 28, 2022. The Coalition consists of McConway and Torley, LLC ("M&T"), a U.S. producer of FRCs, and the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW"). Representatives for Petitioner submitted testimony and appeared at the staff conference accompanied by counsel. Petitioner also submitted a postconference brief.

Five respondent entities participated in these investigations. Amsted Rail Co., Inc. ("Amsted"), a domestic producer of FRCs and a U.S. importer of subject merchandise from Mexico, and ASF-K de Mexico, S. de R.L. de C.V. ("ASF-K"), a Mexican producer of FRCs, appeared at the staff conference accompanied by counsel and submitted a joint postconference brief. Strato, Inc. ("Strato"), a U.S. importer of subject merchandise from China, appeared at the staff conference accompanied by counsel and submitted a postconference brief. Wabtec Corporation ("Wabtec"), another U.S. importer of subject merchandise from China, appeared at the staff conference accompanied by counsel and submitted a postconference brief. TTX Company ("TTX"), a U.S. purchaser of FRCs, also appeared at the staff conference accompanied by counsel and submitted a postconference brief.

U.S. industry data in the staff report are based on the questionnaire responses of three firms accounting for all known U.S. production of FRCs in 2021.[3] U.S. import data are based on the questionnaire responses from six U.S. importers, accounting for more than *** percent of

[3] Confidential Report ("CR") at I-4, INV-UU-108 (Nov. 4, 2022).

U.S. imports from China, and more than *** percent of U.S. imports from Mexico in 2021 under Harmonized Tariff Schedule statistical reporting number 8607.30.1000.[4] Foreign industry data and related information are based on the questionnaire responses of two producers/exporters of FRCs in China, accounting for approximately *** percent of production of FRCs in China in 2021 and approximately *** percent of U.S. imports of subject merchandise from China in 2021; and the only known producer/exporter of FRCs in Mexico, accounting for *** percent of production of FRCs in Mexico in 2021 and *** percent of U.S. imports of subject merchandise from Mexico in 2021.[5]

The Commission recently concluded countervailing and antidumping duty investigations concerning imports of freight rail coupler systems involving four components (coupler bodies, knuckles, yokes, and follower blocks) from China ("*FRCs from China*").[6] In November 2021, the Commission reached affirmative preliminary determinations in *FRCs from China*.[7] In July 2022, the Commission issued negative final determinations in *FRCs from China* finding that a domestic industry was not materially injured nor threatened with material injury by reason of subject imports from China.[8]

[4] CR/PR at I-4 & IV-1. HTS subheading 8607.30.1000 is a "basket" category that contains out-of-scope merchandise; thus, we have not relied on official import statistics to measure imports of FRCs. *Id*.

[5] CR/PR at VII-3 & VII-11.

[6] CR/PR at I-5.

[7] *Freight Rail Coupler Systems and Components from China*, Inv. Nos. 701-TA-670 & 731-TA-1570 (Preliminary), USITC Pub. 5243 at 3 (Nov. 2021).

[8] *Freight Rail Coupler Systems and Components from China*, Inv. Nos. 701-TA-670 & 731-TA-1570 (Final), USITC Pub. 5331 at 3 (July 2022).

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."[9] 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."[10] 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."[11]

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 the U.S. Department of Commerce ("Commerce").[12] 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."[13] The Commission then defines the domestic like product in light of the imported articles Commerce has

[9] 19 U.S.C. § 1677(4)(A).

[10] 19 U.S.C. § 1677(4)(A).

[11] 19 U.S.C. § 1677(10).

[12] 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 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).

[13] *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. 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

identified.[14] 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.[15] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[16] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[17] The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[18]

---

[14] *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 Co. v. United States*, 747 F. Supp. 744, 748-52 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[15] *See, e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Dep't 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).

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

[17] *See*, *e.g.*, *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49*; see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[18] *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).

A. Scope Definition

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

> . . . freight railcar couplers (also known as "fits" or "assemblies") and parts thereof. Freight railcar couplers are composed of two main parts, namely knuckles and coupler bodies but may also include other items (e.g., coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The parts of couplers that are covered by the investigations include: (1) E coupler bodies, (2) E/F coupler bodies, (3) F coupler bodies, (4) E knuckles, and (5) F knuckles, as set forth by the Association of American Railroads (AAR). The freight rail coupler parts (i.e., knuckles and coupler bodies) are included within the scope of the investigations when imported separately. Coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors are covered merchandise when imported in an assembly but are not covered by the scope when imported separately.
>
> Subject freight railcar couplers and parts are included within the scope whether finished or unfinished, whether imported individually or with other subject or nonsubject parts, whether assembled or unassembled, whether mounted or unmounted, or if joined with nonsubject merchandise, such as other nonsubject parts or a completed railcar. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various parts. When a subject coupler or subject parts are mounted on or to other nonsubject merchandise, such as a railcar, only the coupler or subject parts are covered by the scope.
>
> The finished products covered by the scope of these investigations meet or exceed the AAR specifications of M-211, "Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts" and/or AAR M-215 "Coupling Systems," or other equivalent domestic or international standards (including any revisions to the standard(s)).
>
> The country of origin for subject couplers and parts thereof, whether fully assembled, unfinished or finished, or attached to a railcar, is the country where the subject coupler parts were cast or forged. Subject merchandise includes coupler parts as defined above that have been further processed or further assembled, including those coupler parts attached to a railcar in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various parts. The inclusion, attachment, joining, or assembly of

> nonsubject parts with subject parts or couplers either in the country of manufacture of the in-scope product or in a third country does not remove the subject parts or couplers from the scope.[19]

FRCs subject to these investigations are comprised of a system of two main metal components: (1) knuckles and (2) coupler bodies; ancillary parts (*e.g.,* coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors) are included if imported as part of an FRC assembly.[20] The main components of FRCs are manufactured in accordance with the Association of American Railroad ("AAR") standards to ensure FRCs in the United States are interoperable.[21] Knuckles are typically metal castings in the shape of a hook that pivot on a vertical hinge between a "locked" and "unlocked" position to be able to interlock with knuckles of adjacent FRCs.[22] Coupler bodies are a metal casting that holds the knuckle and allows it to pivot.[23] The scope of these investigations does not include follower blocks and yokes and therefore is narrower than the scope in the prior investigations of *Freight Rail Coupler Systems and Components from China*,[24] which included follower blocks and yokes in the scope.[25]

FRCs are designed to connect two freight cars together by automatically interlocking the knuckles of both FRCs when the freight cars are pushed together, eliminating the need for previously required and potentially dangerous manual input.[26] A manually operated lever on

---

[19] *Freight Rail Couplers and Parts Thereof from the People's Republic of China and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 87 Fed. Reg. 64444, 64449-50 (Oct. 25, 2022); *Freight Rail Couplers and Parts Thereof from the People's Republic of China: Initiation of Countervailing Duty Investigation*, 87 Fed. Reg. 64440, 64444 (Oct. 25, 2022).

[20] CR/PR at I-10.

[21] CR/PR at I-10.

[22] CR/PR at I-10.

[23] CR/PR at I-10.

[24] Inv. Nos. 701-TA-670 and 731-TA-1570 (Final), USITC Pub. 5331 (July 2022) ("*FRCs from China*").

[25] CR/PR at I-8.

[26] CR/PR at I-10.

the side of a freight car connects to the FRC and is used to unlock the FRC by lifting the knuckle pin, allowing the knuckles to release and the freight cars to be uncoupled.[27] Freight cars typically use two FRCs, one on each of the front and rear of the freight car, to allow for coupling additional freight cars together in greater numbers.[28] In addition to interlocking freight cars together, FRCs are also designed to reduce shocks when freight cars are in transit or braking.[29]

FRCs and components are classified under the following AAR designations: type E, E/F, and F coupler bodies, and type E and F knuckles.[30] Type E coupler bodies and knuckles meet the basic standards set by AAR but do not have the additional features included in type F components.[31] Additional type F features include interlocking wing pockets and lugs that reduce the likelihood of certain freight car derailments as well as reducing the gap between locked knuckles to improve freight car handling.[32] Type F couplers are typically used for freight cars transporting hazardous material.[33] Type E/F couplers contain a basic type E knuckle and type F coupler body components.[34]

B. Parties' Arguments

Petitioner's Arguments. Petitioner argues that the Commission should define a single domestic like product consisting of all FRCs, coextensive with Commerce's scope in these investigations.[35] It contends that all domestically produced FRCs within the scope have similar

[27] CR/PR at I-10.
[28] CR/PR at I-10.
[29] CR/PR at I-10.
[30] CR/PR at I-10.
[31] CR/PR at I-9.
[32] CR/PR at I-9.
[33] CR/PR at I-9.
[34] CR/PR at I-9.
[35] Petitioner's Postconf. Br. at 6; Petitioner's Postconf. Br., Exh.1, Answers to Staff Questions at 6-12.

physical characteristics and uses, channels of distribution, common manufacturing facilities, production processes, and employees, customer and producer perceptions, are generally interchangeable, and are sold within a reasonable range of similar prices.[36] Petitioner maintains that clear lines divide in-scope FRCs from out-of-scope passenger rail coupler systems.[37] It also argues that the Commission should not expand the domestic like product definition beyond the scope to include both follower blocks and yokes.[38] Employing the Commission's semi-finished product analysis, Petitioner argues that in-scope domestically produced FRC components are not a separate domestic like product from in-scope domestically produced finished FRCs.[39]

Respondents' Arguments. Although they do not specifically address the like product factors, Amsted and Strato argue that the Commission should define the domestic like product more broadly than the scope to include follower blocks and yokes.[40] Wabtec does not object to Petitioner's proposed domestic like product definition for purposes of these preliminary determinations.[41]

[36] Petitioner's Postconf. Br., Exh.1, Answers to Staff Questions at 6-9; Petition at 17-18.

[37] Petitioner's Postconf. Br., Exh.1, Answers to Staff Questions at 6-9; Petition at 19-20.

[38] Petitioner's Postconf. Br., Exh.1, Answers to Staff Questions at 9-11. Petitioner maintains that in-scope FRCs and out-of-scope yokes and follower blocks generally are not interchangeable and have different physical characteristics and uses, production processes, channels of distribution, customer and producer perceptions, and price points. *Id*.

[39] Petitioner's Postconf. Br., Exh.1, Answers to Staff Questions at 10-12; Petition at 20-21.

[40] Amsted Postconf. Br. at 7-8; Strato Postconf. Br. at 1 n.3.

[41] Wabtec Postconf. Br. at 28 n.120. TTX did not address the issue of domestic like product.

C. Analysis

Based on the current record, we define a single domestic like product consisting of all domestically produced FRCs, coextensive with the scope, for purposes of the preliminary phase of these investigations.

1. FRCs

Physical Characteristics and Uses. All domestically produced FRCs within the scope are made primarily from pig iron and scrap metal.[42] Notably, all domestically produced FRCs within the scope are generally produced to the same specifications and standards set by the AAR, and have common features, including knuckles and coupler bodies.[43] All domestically produced FRCs within the scope are used to connect and transport freight railcars.[44]

Manufacturing Facilities, Production Processes, and Employees. All domestically produced FRCs within the scope are manufactured using the same general production process, which includes melting pig iron and scrap metal with a melt furnace, molding the various components into their respective shapes, removing impurities, heat-treating (including annealing and tempering designed to strengthen and harden the metal), grinding, shaping, painting, oiling, priming, safety testing, and assembly.[45] Petitioner states that in-scope domestically produced FRCs are produced at common facilities, using similar production processes and employees.[46]

[42] CR/PR at I-12; Petition at 10 &18.
[43] CR/PR at I-10-12 & Figures I-2-3; Petition at 18; Conf. Tr. at 51-52 (Pickard) & 53-54 (Mautino).
[44] CR/PR at I-3; Petition at 18.
[45] CR/PR at I-12.
[46] Petition at 18.

Channels of Distribution. U.S. producers sell FRCs through two main channels of distribution.[47] The first is to freight car original equipment manufacturers ("OEMs") that use FRCs in new freight car production.[48] The second is to maintenance companies, freight railroads, and freight car producers that use FRCs as replacement parts in existing freight cars.[49]

In 2019, a majority of domestically produced FRCs within the scope was sold to the OEM sector (***) with the remainder sold to the maintenance/replacement sector (*** percent).[50] For the remainder of the period of investigation ("POI"), a majority of domestically produced FRCs within the scope was sold to the maintenance/replacement sector (ranging from *** percent to *** percent) with the remainder sold to the OEM sector (ranging from *** percent to *** percent.[51]

Interchangeability. All domestically produced FRCs within the scope are produced to the same dimensions, specifications, and standards and designed to be interoperable, which according to Petitioners makes them interchangeable.[52]

Producer and Customer Perceptions. According to Petitioner, customers and producers perceive domestically produced FRCs that are within the scope as comprising its own separate and distinct product category.[53]

[47] CR/PR at I-12; Petition at 18.
[48] CR/PR at I-12; Petition at 18.
[49] CR/PR at I-12; Petition at 18.
[50] CR/PR at Table II-1.
[51] CR/PR at Table II-1.
[52] Petition at 18; *See e.g.*, Conf. Tr. at 16 & 58 (Mautino).
[53] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 8.

Price. The pricing data indicate that there were variations in quarterly prices among the various pricing products for domestically produced in-scope FRCs during the POI.[54]

Conclusion. Evidence on the record of the preliminary phase of these investigations indicates that all domestically produced FRCs within the scope are made primarily of the same raw materials. Although there are differences in size and design among in-scope products, all domestically produced FRCs within the scope share the same basic common features. All domestically produced FRCs within the scope generally are produced through the same production process, are generally interchangeable and used to connect and transport railcars, are sold overwhelmingly through the same channels of distribution albeit at appreciably varying prices, and according to Petitioner are perceived to be a single product category by market participants. In light of the above, and the lack of any contrary argument, we find that all domestically produced FRCs within the scope comprise a single domestic like product for purposes of these preliminary determinations..

2. Defining the Domestic Like Product More Broadly than the Scope to Include Out-Of-Scope Follower Blocks and Yokes

The parties disagree as to whether the Commission should define the domestic like product more broadly than the scope to include out-of-scope follower blocks and yokes.[55]

Physical Characteristics and Uses. According to Petitioner, in-scope coupler bodies and knuckles have different physical characteristics and uses from out-of-scope follower blocks and

[54] CR/PR at Tables V-3 to V-6.

[55] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9-11; Amsted Postconf. Br. at 7-8; Strato Postconf. Br. at 1 n.3. While Amsted emphasizes that follower blocks and yokes were included in the domestic like product definition in *FRCs from China*, Amsted Postconf. Br. at 7-8, we note that those components were also included in the scope of that proceeding. *FRCs from* China, USITC Publication 5331 (July 2022) at 6-8.

yokes.[56] Petitioner emphasizes that yokes are used to house the draft gear and follower blocks are used to separate the coupler from the adjacent draft gear on the railcar in order to dissipate force from the coupling.[57] By contrast, Petitioner observes that coupler bodies and knuckles are used to facilitate the coupling of two railcars.[58]

In terms of physical characteristics and uses, one *** out of two responding producers reported that out-of-scope domestically produced follower blocks and yokes were fully comparable with domestically produced FRCs within the scope, whereas another producer *** reported that they were never comparable.[59] Four out of five responding importers reported that they were only somewhat or never comparable, while only one importer *** reported that they were fully comparable.[60]

Manufacturing Facilities, Production Processes, and Employees. Petitioner states that out-of-scope follower blocks and yokes have different production processes from in-scope coupler bodies and knuckles.[61] For example, Petitioner observes that coupler bodies use casting in their production process while follower blocks are not cast products and therefore do not require casting.[62]

With respect to manufacturing facilities, production processes, and employees, domestic producer *** reported that out-of-scope domestically produced follower blocks and yokes were fully comparable with domestically produced FRCs within the scope, whereas ***

[56] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9.
[57] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9.
[58] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9.
[59] CR/PR at Table I-2.
[60] CR/PR at Table I-2; *** U.S. Importer Questionnaire at IV-1.
[61] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9-10.
[62] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9-10; Conf. Tr. at 52 (Pickard).

reported that they were only somewhat comparable.[63] Two out of four responding importers (including ***) reported that they were fully or mostly comparable, while two importers reported that they were only somewhat comparable.[64]

Channels of Distribution. Petitioner maintains that in-scope coupler bodies and knuckles have different channels of distribution than out-of-scope follower blocks and yokes.[65] Petitioner contends that in-scope coupler bodies and knuckles are sold to both the OEM sector and aftermarket while out-of-scope follower blocks and yokes are sold overwhelmingly to the OEM sector.[66]

With respect to channels of distribution, both responding producers reported that out-of-scope domestically produced follower blocks and yokes were fully comparable with domestically produced FRCs within the scope.[67] Three out of four responding importers reported that they were fully or mostly comparable, while one importer reported that they were only somewhat comparable.[68]

Interchangeability. According to Petitioner, in-scope coupler bodies and knuckles are not interchangeable with out-of-scope follower blocks and yokes.[69] Both responding U.S. producers and all five responding importers reported that out-of-scope domestically produced

[63] CR/PR at Table I-2.
[64] CR/PR at Table I-2.
[65] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9.
[66] Petitioner Postconf. Br., Exh. 1, Answers to Staff Questions at 9; Conf. Tr. at 52 (Pickard).
[67] CR/PR at Table I-2.
[68] CR/PR at Table I-2.
[69] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 9.

follower blocks and yokes were only somewhat or never interchangeable with domestically produced FRCs within the scope.[70]

Producer and Customer Perceptions. According to Petitioner, both producers and customers perceive in-scope coupler bodies and knuckles as distinct products compared with out-of-scope follower blocks and yokes.[71] *** reported that out-of-scope domestically produced follower blocks and yokes were fully comparable with domestically produced FRCs within the scope, whereas *** reported that they were never comparable.[72] Three out of five responding importers (including ***) reported that they were fully or mostly comparable, while two importers reported that they were only somewhat or never comparable.[73]

Price. Petitioner contends that in-scope coupler bodies are multiple times higher-priced than out-of-scope follower blocks and yokes.[74] *** reported that the price of out-of-scope domestically produced follower blocks and yokes were fully comparable with domestically produced FRCs within the scope, whereas *** reported that they were never comparable.[75] Three out of five responding importers reported that the prices were only somewhat or never comparable, while two importers reported that they were fully or mostly comparable.[76]

[70] CR/PR at Table I-2.

[71] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 9.

[72] CR/PR at Table I-2.

[73] CR/PR at Table I-2.

[74] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 10. The Commission did not collect pricing data on out-of-scope follower blocks and yokes.

[75] CR/PR at Table I-2.

[76] CR/PR at Table I-2.

Conclusion. Based on the limited information in the current record, we find a clear dividing line between the in-scope FRCs and out-of-scope follower blocks and yokes for purposes of these preliminary determinations. As discussed above, Commerce's determination as to the "article subject to an investigation" is "necessarily the starting point of the Commission's like product analysis."[77] The scope in the preliminary phase of these investigations does not include follower blocks and yokes and therefore is narrower than the scope in the prior investigations in *FRCs from China*, which included follower blocks and yokes in the scope.[78]

Based on the information available at the preliminary phase of these investigations, we do not define the domestic like product more broadly than the scope. The record shows that most or all importers reported that the products generally were not comparable for three factors (*i.e.*, physical characteristics and uses; interchangeability; and price), half of responding importers reported that the products generally were not comparable for one of the factors (*i.e.,* manufacturing facilities, production processes, and employees), and a minority of responding importers reported that the products were generally not comparable for the two remaining factors (customer and producer perceptions and channels of distribution). Thus, there appear to be more differences than similarities when comparing out-of-scope follower blocks and yokes with the FRCs within the scope. While the only two responding producers were generally divided on most of the like product factors, the producer responses arguably have limited

[77] 19 U.S.C. § 1677(10). *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. 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[78] CR/PR at I-8.

probative value since one producer is the Petitioner that argues for not expanding the domestic like product definition beyond the scope while the other producer (Amsted) argues for expanding the domestic like product definition beyond the scope to include out-of-scope follower blocks and yokes.

Based on the foregoing, we do not include follower blocks and yokes within the definition of the domestic like product for purposes of the preliminary determinations. In any final phase of these investigations, we intend to further explore whether to broaden the domestic like product definition.[79]

3. FRC Components

As discussed above, the scope of these investigations includes both FRC components and finished FRCs. We consider below whether the upstream product – FRC components (*e.g.*, coupler body and knuckle) – and the downstream product – finished FRCs – are part of a single domestic like product.

Applying the semifinished products analysis[80] to the current record, we find that upstream FRC components and downstream finished FRCs belong in a single domestic like product.

---

[79] In their comments on the draft questionnaires, parties seeking to broaden the domestic like product definition (*i.e.*, to include follower blocks and yokes) should identify such products with specificity, and provide any additional information which would allow the Commission to collect appropriate data. *See* 19 C.F.R. § 207.63(b)

[80] 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. (Continued…)

Dedication for Use. Petitioner maintains that FRC components are dedicated entirely to the production of in-scope finished FRCs.[81] Two of three responding U.S. producers and four of five responding U.S. importers reported that FRC components do not have uses other than being dedicated solely to the production of in-scope finished FRCs; however, one *** of three responding U.S. producers and one of five responding U.S. importers reported that FRC components have uses other than being dedicated solely to the production of in-scope finished FRCs.[82]

Separate Markets. According to Petitioner, since FRC components are further processed by U.S. producers to become finished FRCs or are used as replacement parts for finished FRCs, there is no separate market for FRC components that is distinct from the market for finished FRCs.[83] Petitioner states that FRC components are not sold in any other market besides the market for finished FRCs.[84] Two of three responding U.S. producers reported that there is no separate market for FRC components that is distinct from the market for finished FRCs;

3921 at 7 (May 2007); *Artists' Canvas from China*, Inv. No. 731-TA-1091 (Final), USITC Pub. 3853 at 6 (May 2006); *Live Swine from Canada*, Inv. No. 731-TA-1076 (Final), USITC Pub. 3766 at 8 n.40 (Apr. 2005); *Certain Frozen Fish Fillets from Vietnam*, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. 3533 at 7 (Aug. 2002).

[81] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 11.

[82] CR/PR at Table I-3.

[83] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 11-12.

[84] Petitioner's Postconf. Br. at 11-12. According to Petitioner, although FRC components can be sold separately as replacement parts for finished FRCs, FRC components are also assembled into the completed coupler and sold as finished FRCs to railcar OEMs. *Id*. at 11. Petitioner states that all FRC components ultimately become finished FRCs whether they are included in the original coupler assembly or are used as replacement parts for a used coupler assembly. *Id*. at 11-12.

however, three of five responding U.S. importers reported that there is a separate market for FRC components.[85]

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. According to Petitioner, there are virtually no differences in physical characteristics and functions between FRC components and finished FRCs, particularly since FRC components and finished FRCs are made primarily from steel and are used to connect railcars.[86] FRC components typically consist of two main components, coupler bodies and knuckles.[87] Finished FRCs contain these FRC components as well as additional parts to make the finished product including coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors.[88] All three responding U.S. producers and all five responding U.S. importers reported that there are no differences in physical characteristics and functions between FRC components and finished FRCs.[89]

Differences in the Costs or Value. According to the Petitioner, FRC components comprise a significant majority of the cost of finished FRCs.[90] All three responding U.S. producers reported that there are no differences in the cost or value between FRC components and finished FRCs.[91] However, three of five responding U.S. importers reported that there are differences in the cost or value between FRC components and finished FRCs while two of five

[85] CR/PR at Table I-3. One responding U.S. producer (***) reported that there is a separate market for FRC components that is distinct from the market for finished FRCs while two responding U.S. importers reported that there is no separate market for FRC components. *Id*.

[86] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 12.

[87] CR/PR at I-10.

[88] CR/PR at I-10.

[89] CR/PR at Table I-3.

[90] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 12.

[91] CR/PR at Table I-3.

responding U.S. importers reported that there are no differences in the cost or value between FRC components and finished FRCs.[92]

Significance and Extent of Processes Used to Transform Upstream Product into Downstream Product. Petitioner contends that the process for transforming FRC components into finished FRCs is relatively minor in nature claiming that the predominant portion of the production process relates to producing FRC components and that minimal additional parts or further processing is required.[93] All three responding U.S. producers and all five responding U.S. importers reported that the process for transforming FRC components into finished FRCs is not intensive.[94]

Conclusion. At this preliminary phase, the available information on this issue supports finding the upstream components and downstream finished FRCs as a single domestic like product although some evidence is mixed. All producers and all importers reported no differences in physical characteristics and functions between FRC components and finished FRCs and that the process for transforming FRC components into finished FRCs is not intensive. Most producers and importers also reported that FRC components do not have uses other than being dedicated solely to the production of in-scope finished FRCs. We recognize that while most producers reported that there is no separate market for FRC components that is distinct from the market for finished FRCs and all producers reported that there are no differences in cost or value between FRC components and finished FRCs, most importers reported that there are separate markets for FRC components and finished FRCs and that there are differences in

[92] CR/PR at Table I-3.
[93] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 12.
[94] CR/PR at Table I-3.

costs between FRC components and finished FRCs. However, based on the current record, and the lack of any contrary argument, we define FRC components and finished FRCs as a single domestic like product.

Based on the foregoing, we define a single domestic like product that is coextensive with the scope of these investigations for purposes of these preliminary determinations.

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 a major proportion of the total domestic production of the product."[95] 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 consider 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

[95] 19 U.S.C. § 1677(4)(A).

themselves importers.[96] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.[97]

The record indicates that one domestic producer, ***, meets the statutory definition of a related party. *** is a related party because *** and exporter of subject merchandise to the U.S. market.[98] *** is also subject to the related parties provision since it imported subject merchandise from *** during the POI.[99]

A. Arguments of the Parties

Petitioner's Arguments. Petitioner argues that appropriate circumstances exist to exclude *** from the domestic industry pursuant to the related parties provision of the statute.[100] It emphasizes that ***, and that excluding *** from the domestic industry

[96] *See Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd mem.*, 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).

[97] 19 U.S.C. § 1677(4)(B). 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.*, 790 F. Supp. at 1168.

[98] CR/PR at III-1 & Table III-2. ***. *** at I-6-7; *** at I-3.

[99] CR/PR at III-1 & Tables III-8-9.

[100] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 13-15; Petition at 22-24.

definition would not skew the data.[101]

Respondents' Arguments. *** argues that the Commission should find that appropriate circumstances do not exist to exclude it from the domestic industry.[102] According to ***, its primary interest is in domestic production rather than importation, especially since it was the *** of FRCs during the POI and had significant capital expenditures and research and development ("R&D") expenses.[103] *** emphasizes that ***.[104] While recognizing that its ratio of subject imports to domestic production may be high, *** nonetheless asserts that excluding it from the domestic industry definition would skew the data.[105]

B. Analysis

We discuss below whether appropriate circumstances exist to exclude the only related party producer, ***, from the domestic industry.

*** accounted for *** percent of U.S. production of FRCs in 2021, and was the second largest domestic producer in that year.[106] It *** on the petitions concerning imports from China, *** the petition concerning imports from Mexico.[107] *** imports of subject merchandise were *** pounds in 2019, *** pounds in 2020, *** pounds in 2021, *** pounds in

[101] Petitioner's Postconf. Br., Exh. 1, Answers to Staff Questions at 14-15.
[102] *** Postconf. Br. at 10-16. No other respondents addressed the issue of related parties.
[103] *** Postconf. Br. at 10-11 & 15-16.
[104] *** Postconf. Br. at 11-13.
[105] *** Postconf. Br. at 13-15.
[106] CR/PR at Table III-1.
[107] *** U.S. Producer Questionnaire at I-4.

interim 2021, and *** pounds in interim 2022, while its U.S. production was *** pounds in 2019, *** pounds in 2020, *** pounds in 2021, *** pounds in interim 2021, and *** pounds in interim 2022.[108] The ratio of its subject imports to U.S. production was *** percent in 2019, *** percent in 2020, *** percent in 2021, *** percent in interim 2021, and *** percent in interim 2022.[109] *** indicated that ***.[110] *** reported capital expenditures totaling $*** in 2019, $*** in 2020, $*** in 2021, $*** in interim 2021, and $*** in interim 2022.[111] *** reported *** R&D expenses during the POI.[112]

*** primary interest appears to have been in the importation of subject merchandise, given that its ratio of subject imports to domestic production was *** high throughout the POI and its stated reasons for importing subject merchandise were lowering costs and expanding sales for its largest customers.[113] *** also reported ***.[114] *** the petition concerning imports from Mexico. Moreover, *** use of subject imports to lower costs and expand sales suggests

[108] CR/PR at Tables III-8 & III-4.

[109] CR/PR at Table III-8.

[110] CR/PR at Table III-8. *** operating income to net sales ratio was *** the industry average in 2019 and *** the industry average in interim 2022; its *** operating income to net sales ratios in 2020, 2021, and interim 2021 were nonetheless *** the industry averages in those years as well. CR/PR at Table VI-3.

[111] *** U.S. Producer Questionnaire at III-13a.

[112] *** U.S. Producer Questionnaire at III-13a.

[113] CR/PR at Table III-8.

[114] CR/PR at III-11.

that inclusion of *** data may obscure the impact of dumped and subsidized imports on the domestic industry. We recognize that *** the petition concerning imports from China, and its capital expenditures, totaling approximately $*** over the course of the POI, reflect some commitment to domestic production. However, for the reasons discussed above, we find that on balance appropriate circumstances exist to exclude *** from the domestic industry as a related party. For the foregoing reasons, we define a single domestic industry consisting of all U.S. producers of FRCs, with the exception of ***.[115]

V. Cumulation[116]

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

> (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

[115] As a result of this definition, the relevant summary table is CR/PR at Table C-2.

[116] Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product shall be deemed negligible if they account for less than three 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. *See* 19 U.S.C. §§ 1673b(a), 1677(24)(A)(i). Based on questionnaire data, imports from China and Mexico accounted for *** percent and *** percent of total imports of subject merchandise, respectively, during the twelve months preceding the filing of the petitions, September 2021 through August 2022. CR/PR at IV-7 & Table IV-3. Because these percentages exceed the applicable statutory threshold, we find that subject imports from China and Mexico are not negligible.

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

(4) whether the subject imports are simultaneously present in the market.[117]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[118] Only a "reasonable overlap" of competition is required.[119]

A. Arguments of the Parties

Petitioner's Arguments. Petitioner argues that the Commission should cumulatively assess imports from both subject countries. It contends that the petitions for both subject countries were filed on the same day and that a reasonable overlap in competition exists between FRCs produced in the subject countries and among FRCs from both subject countries and the domestic like product, and that cumulation is therefore mandatory.[120] Petitioner

[117] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

[118] *See*, *e.g.*, *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[119] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[120] Petitioner's Postconf. Br. at 5-7; Petitioner's Postconf. Br., Answers to Staff Questions at 16-22.

argues that, despite respondents' arguments to the contrary, the investigations with respect to China in the current preliminary investigations have not been "terminated" and subject imports from China are eligible for cumulation with subject imports from Mexico for purposes of present material injury.[121]

Respondents' *Arguments*. Amsted, Strato, Wabtec, and TTX argue that subject imports from China and Mexico should not be cumulated for purposes of present material injury.[122] TTX argues that the Commission should not cumulate subject imports from China and Mexico since, according to TTX, the prerequisite that the petitions for both subject countries were filed on the same day is not satisfied.[123]

TTX also maintains that the Commission should not cumulate subject imports from China and Mexico due to "low fungibility" of FRCs from China compared to both subject imports from Mexico and domestically produced FRCs.[124] It contends that neither the domestic industry nor Mexican producers use "Bedloe" technology for FRCs, which they claim is superior in quality, features, and innovations compared to non-Bedloe technology and currently

---

[121] Petitioner's Postconf. Br. at 46.

[122] Amsted Postconf. Br. at 16-17; Strato Postconf. Br. at 1 n.4, 29 & 34; Wabtec Postconf. Br. at 27 n.116; TTX Postconf. Br. at 13 & 14-23.

[123] TTX Postconf. Br. at 13-14. According to TTX, "***he 'do-over' petition against China in *FRC II* is merely a re-filing of the same petition in *FRC I*, such that the petition against China was effectively filed *** one year before the new petition against Mexico ***, not on the same day." *Id.* at 14.

19 U.S.C. §§ 1677(7)(G) and (H) concern cumulation for determining material injury and threat and by their plain terms only impose the requirement that the "petitions . . . were filed on the same day." As discussed below, the same day requirement for cumulation is satisfied since the petitions regarding both China and Mexico in the current preliminary investigations were filed on the same day, September 28, 2022. CR/PR at I-1. That Petitioner had filed prior petitions with different scopes of investigation involving one of the two countries here and resulted in prior proceedings in *FRCs from China* does not change the fact that the petitions at issue here were filed on the same day in these investigations; Commerce initiated the current investigations and they are now pending before the Commission.

[124] TTX Postconf. Br. at 17-21.

available only in subject imports from China.[125] TTX emphasizes that the Commission found in the negative final determinations in *FRCs from China* that Bedloe technology limited competition between subject imports from China and domestically produced FRCs due to quality differences, which TTX also claims supports finding low fungibility and lack of a reasonable overlap of competition in the preliminary phase of these investigations based upon a similar record.[126]

TTX also argues that the Commission should not cumulate subject imports from China and Mexico due to differences in terms of channels of distribution.[127] TTX highlights the fact that, it is the largest owner of rail cars in North America.[128] TTX emphasizes that domestically produced FRCs and subject imports from Mexico are typically sold to railcar OEMs, railroads, and repair companies whereas subject imports from China are overwhelmingly sold to TTX (the only U.S. railcar pooling company) thereby resulting in different channels of distribution for the products.[129]

B. Analysis and Conclusion

The initial statutory requirement is satisfied because the Petitioner filed the countervailing duty petition with respect to China and the antidumping duty petitions with respect to China and Mexico on the same day, September 28, 2022.[130] As discussed below, we

[125] TTX Postconf. Br. at 17-21.
[126] TTX Postconf. Br. at 20-21.
[127] TTX Postconf. Br. at 21-23.
[128] TTX Postconf. Br. at 21-22.
[129] TTX Postconf. Br. at 22.
[130] CR/PR at I-1.

find that there is a reasonable overlap of competition between subject imports from both of the subject countries and between subject imports from each source and the domestic like product.

Fungibility. The record indicates that there is a high degree of substitutability between and among domestically produced FRCs and imports of FRCs from each subject country.[131] Both responding U.S. producers and all six responding U.S. importers reported that that subject imports from each subject country were always or frequently interchangeable with each other as well as with domestically produced FRCs.[132] As explained above, FRCs are manufactured in accordance with AAR standards to ensure FRCs sold in the United States are interoperable.[133] Furthermore, U.S. producers and importers reported usable data for shipments of the domestic product and imports from each subject country for each of the three pricing products, demonstrating overlap in the products supplied by each source.[134] Moreover, based on the current record, there is substantial product overlap in the types of product shipments from each source. In 2021, FRC components (i.e., coupler bodies and knuckles) accounted for the majority of U.S. shipments of the domestic like product, the largest share of U.S. shipments of subject imports from China, and a substantial share of U.S. shipments of subject imports from

[131] CR/PR at II-20.

[132] CR/PR at Tables II-17 & II-18. Since only subject imports from China use Bedloe technology, we recognize that there may be some limitations on substitutability between FRCs from China and domestically produced FRCs and FRCs from Mexico. *See, e.g.*, TTX Postconf. Br. at 20-21. However, TTX also purchases some non-Bedloe FRC because "{t}he supply chain risk of relying too heavily on a single source is unacceptable" and that it reported it "can use a non-Bedloe component in conjunction with a Bedloe component." CR/PR at II-22, n.58. Moreover, FRCs made with Bedloe technology and non-Bedloe technology have the same end use and are functionally interoperable. *See* CR/PR at I-10, II-1, & II-22 n.58

[133] CR/PR at I-10.

[134] CR/PR at Tables V-4-V-6.

Mexico.[135] Although the largest share of U.S. shipments of subject imports from Mexico were FRC coupler fits/assemblies in 2021, U.S. shipments of the domestic like product and subject imports from China included substantial shares of coupler fits/assemblies in that same year.[136]

Channels of Distribution. FRCs from U.S. producers as well as subject imports from China and Mexico are sold in the same channels of distribution, with shipments from each source going to OEMs and the maintenance/replacement sector. In 2019, the domestic like product was sold predominantly to OEMs with substantial quantities sold to the maintenance/replacement sector.[137] During 2020-interim 2022, the domestic like product was sold mainly to the maintenance/replacement sector with substantial quantities sold to OEMs.[138] During the POI, subject imports from China were sold largely to the maintenance/replacement sector with substantial quantities sold to OEMs.[139] Subject imports from Mexico were sold predominantly to OEMs with substantial quantities sold to the maintenance/replacement

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

[136] CR/PR at Table IV-4. Specifically, in 2021, coupler fits/assemblies accounted for *** percent of U.S. producers' U.S. shipments of the domestic like product, *** percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from Mexico. *Id*. In 2021, FRC components (*i.e.*, coupler bodies and knuckles) accounted for *** of U.S. producers' U.S. shipments of the domestic like product, *** percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from Mexico. *Id*.

[137] CR/PR at Table II-1. In 2019, *** of U.S. producers' U.S. shipments were sold to OEMs while *** percent were sold to the maintenance/replacement market. *Id*. During 2020-interim 2022, *** percent to *** percent of U.S. producers' U.S. shipments were sold to the maintenance/replacement market while *** of U.S. producers' U.S. shipments were sold to OEMs. *Id*.

[138] CR/PR at Table II-1.

[139] CR/PR at Table II-1. During the POI, *** of U.S. importers' U.S. shipments of subject merchandise from China were sold to the maintenance/replacement market while *** were sold to OEMs. *Id*.

sector.[140] The share of FRCs sold to the maintenance/replacement sector increased for each source during 2019-2021.[141]

Geographic Overlap. Domestic producers reported shipping the domestic like product to all six regions of the contiguous United States.[142] While subject imports from China and Mexico generally entered the U.S. at different border regions,[143] U.S. importers reported shipping imports *** to all six regions of the contiguous United States as well.[144]

Simultaneous Presence in Market. Domestically produced FRCs and imports from each subject country were present in the U.S. market in each month of the POI.[145]

Conclusion. The record supports finding that subject imports from each subject country are fungible with the domestic like product and each other, and that subject imports from each subject country and the domestic like product have been simultaneously present in the U.S. market. The available data also indicate substantial overlaps in channels of distribution and geographic presence. Based on this evidence, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country.

---

[140] CR/PR at Table II-1. During the POI, *** of U.S. importers' U.S. shipments of subject merchandise from Mexico were sold to OEMs while *** were sold to the maintenance/replacement market. *Id*.

[141] CR/PR at Table II-1.

[142] CR/PR at Table II-2.

[143] The majority of subject imports from China entered through ports located in the North, while substantial quantities of subject imports from China also entered through ports located in the East and West, and small quantities of subject imports from China entered in the South. CR/PR at Table IV-5. Subject imports from Mexico entered almost exclusively through ports located in the South while very small quantities of subject imports from Mexico entered through ports located in the North. *Id.*

[144] CR/PR at Table II-2.

[145] CR/PR at Table IV-6 (monthly imports) and Tables V-4-6 (quarterly sales of specified items).

Accordingly, for our analysis of whether there is a reasonable indication of material injury by reason of subject imports, we cumulate subject imports from China and Mexico.[146]

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.[147] 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.[148] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[149] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant

[146] Strato contends that, by virtue of the Commission's prior negative final determinations in *FRCs from China*, the investigations with respect to China have been terminated and therefore subject imports from China cannot be cumulated in these investigations with subject imports from Mexico. Strato Postconf. Br. at 29-30. However, Strato's argument begins with the erroneous premise that the prior *FRCs from China* proceeding and the current China investigations are the same. Strato also misconstrues the second statutory exception to cumulation, which applies to imports from any subject country as to which the investigation has been terminated; a negative determination in a prior investigation is not the same as a termination and therefore this statutory exemption does not apply in the present investigations. 19 U.S.C. § 1677(7)(G)(ii)(II). Finally, Strato's argument also would not invoke the first statutory exception (19 U.S.C. § 1677(7)(G)(ii)(I)) because Commerce has not made a preliminary negative determination in either of the current China investigations at issue in the current proceedings.

[147] 19 U.S.C. §§ 1671b(a), 1673b(a).

[148] 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).

[149] 19 U.S.C. § 1677(7)(A).

economic factors that bear on the state of the industry in the United States.[150] 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."[151]

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,[152] 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.[153] 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 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.[154]

---

[150] 19 U.S.C. § 1677(7)(C)(iii).

[151] 19 U.S.C. § 1677(7)(C)(iii).

[152] 19 U.S.C. §§ 1671b(a), 1673b(a).

[153] *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).

[154] 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).

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.[155] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[156] Nor does

[155] SAA 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.

[156] 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 "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.").

the "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.[157] It is clear that the existence of injury caused by other factors does not compel a negative determination.[158]

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."[159] 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." [160] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[161]

---

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

[158] *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.").

[159] *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*.

[160] *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.

[161] *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.").

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 evidence standard.[162] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[163]

B. Procedural Issues

Relying upon the Commission's July 2022 negative final determinations in *FRCs from China*, respondents argue that the Commission is compelled to dismiss the petitions and therefore reach negative determinations in the current preliminary investigations concerning subject imports of FRCs (coupler bodies and knuckles) from China and Mexico.[164] As an initial matter, Petitioner is not legally prohibited from filing these petitions. Respondents' reliance on various legal authorities in arguing for dismissal is therefore misplaced. In addition, once Commerce initiates an investigation, as it has done here,[165] the Commission has no authority to effectively stop the preliminary investigations as respondents essentially argue. Instead, the Commission has a statutory obligation to proceed with its preliminary investigations and make determinations as to whether there is a reasonable indication that an industry is materially

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

[163] *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.").

[164] *See, e.g.*, Strato Postconf. Br. at 30-34; Wabtec Postconf. Br. at 13-22; TTX Postconf. Br. at 13.

[165] *See Certain Freight Rail Couplers and Parts Thereof from China and Mexico: Initiation of Less than Fair Value Investigations*, 87 Fed. Reg. 64444 (Oct. 25, 2022); *Certain Freight Rail Couplers and Parts Thereof from China: Initiation of Countervailing Duty Investigation*, 87 Fed. Reg. 64440 (Oct. 25, 2022).

injured or threatened with material injury within 45 days after the date on which the petitions is filed, here by November 14, 2022.[166]

Respondents rely upon a subsection of statute governing changed circumstances reviews, Section 751(b)(4) of the Tariff Act (19 U.S.C. 1675(b)(4)), but this provision is inapplicable because these are preliminary phase investigations and not changed circumstances reviews.[167] Equally unavailing are respondents' arguments concerning issue preclusion/res judicata.[168] Commission determinations are not "precedents" and therefore the Commission is not bound by our prior determinations in *FRCs from China*. In addition, those investigations involved different scopes, different domestic like product and domestic industry definitions, and different subject countries than the current investigations concerning FRCs (couplers and knuckles) from China and Mexico, and these differences will also result in different volume,

[166] 19 U.S.C. §§ 1671b(a) & 1673b(a).

[167] Respondents ignore that the initial section of the changed circumstances review provision (section 751(b)(1)) sets forth that such reviews apply only to affirmative final determinations, and do not apply to negative final determinations. *See* 19 U.S.C. §§ 1675(b)(1). Indeed, the purpose of a changed circumstances review is to determine whether there is a continuing need for the antidumping or countervailing duty order. If the Commission determines, in light of the changed circumstances alleged, that revocation of the order is not "likely to lead to continuation or recurrence of material injury," then Commerce must revoke the order. *See* 19 U.S.C. §§ 1675(b)(2)(A) & 1675(d). Section 751(b)(4) merely provides temporal limits for conducting changed circumstance reviews, which the statute authorizes in the first instance only with respect to final affirmative determinations. That the Commission issued negative final determinations in *FRCs from China* necessarily means that there is no antidumping or countervailing duty order in place to be revoked, which Section 751(b)(1) expressly requires for changed circumstance reviews.

Similarly unavailing are respondents' arguments for invoking section 751(b)(4) regarding changed circumstances reviews on grounds that the Commission's prior negative final determinations in *FRCs from China* are materially identical to the current preliminary phase investigations in terms of the scope and various underlying issues. Respondents overlook that the preliminary phase investigations pending before the Commission are based on new petitions with a different scope and different subject countries (China and Mexico versus China only), and that they have been initiated by Commerce as new investigations.

[168] *See, e.g.*, TTX Postconf. Br. at 5-11.

price, and impact analyses (analyzing imports from one country in *FRCs from China* versus China and Mexico on a cumulated basis in the current investigations).[169]

As to the statutory provisions referenced by respondents governing withdrawal and refiling of petitions in antidumping and countervailing duty investigations (19 U.S.C. §§ 1671c(a)(1)(B), 1673c(a)(1)(B)),[170] they are inapplicable since the petitions in the prior investigations in *FRCs from China* were never withdrawn let alone re-filed.[171] With respect to respondents' arguments that Petitioner did not appeal the Commission's negative final determinations in *FRCs from China*,[172] that fact appears inapposite. Whether or not Petitioner appealed the negative final determinations in *FRCs from China* in the Court of International Trade ("CIT"), it could have filed the instant petitions concerning FRCs from China and Mexico for the reasons explained above.

Pursuant to its statutory obligation, the Commission has proceeded with its preliminary investigations and makes its determination as to whether there is a reasonable indication that an industry is materially injured or threatened with material injury within 45 days after the date on which the petitions is filed.

---

[169] *Nucor Corp. v. United States*, 414 F.3d 1331, 1340 (Fed. Cir. 2005); *International Imaging Materials, Inc. v. United States*, — F. Supp. 2d----, Slip 06-11 (Ct. Int'l Trade January 23, 2006) at 10 ("the ITC's prior factual determinations . . .do not constitute precedent"); *Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353, 1379 (Ct. Int'l Trade 1999) (Commission determinations are sui generis; "'a particular circumstance in a prior investigation cannot be regarded by the Commission as dispositive of the determination in a later investigation,'" quoting *Citrosuco quoting Armstrong Bros. Tool Co. v. United States*, 84 Cust. Ct. 102, 115, 489 F. Supp. 269, 279 (1980)).

[170] *See, e.g.*, Strato Postconf. Br. at 27-30; Wabtec Postconf. Br. at TTX Postconf. Br. at 13.

[171] While Petitioner could have used this provision in the prior proceedings to add Mexico as a subject country in those investigations, it was under no obligation to do so, and the fact that it did not use this provision does not bar Petitioner from filing new petitions after the final determinations were issued in *FRCs from China*.

[172] *See, e.g.*, Strato Postconf. Br. at 23-25; Wabtec Postconf. Br. at 15; TTX Postconf. Br. at 13.

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 FRCs is driven by the production of new freight railcars.[173] Demand for FRCs is also driven by the demand for maintenance of freight railcars already in service, which may require FRC components rather than complete FRCs.[174]

Two of three responding U.S. producers reported that U.S. demand for FRCs fluctuated since January 1, 2019, while one domestic producer reported no changes in demand.[175] Four out of six responding U.S. importers reported that U.S. demand for FRCs declined since January 1, 2019, while two reported that U.S. demand for FRCs fluctuated.[176]

Apparent U.S. consumption of FRCs declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021, a level *** percent lower than in 2019.[177] Apparent U.S. consumption of FRCs was *** percent higher in interim 2022, at *** pounds, than in interim 2021, at *** pounds.[178]

[173] CR/PR at II-10.
[174] CR/PR at II-10.
[175] CR/PR at Table II-5.
[176] CR/PR at Table II-5.
[177] CR/PR at Tables IV-7 & C-2.
[178] CR/PR at Tables IV-7 & C-2.

2. Supply Conditions

During the POI, the U.S. market for FRCs was supplied by the domestic industry and cumulated subject imports from China and Mexico.[179] There were no reported imports from nonsubject sources in the U.S. market during the POI.[180]

For purposes of our investigations, the domestic industry consists of two firms, M&T and Huron. In 2021, M&T accounted for *** percent of domestic production of FRCs, and Huron accounted for just *** percent.[181] Over the course of the POI, *** experienced ***.[182] M&T had a supply agreement with its former parent company and current U.S. purchaser, Trinity Rail Group, LLC ("Trinity"), whereby Trinity agreed to purchase set amounts of FRCs that decrease annually until their supply agreement expires in 2023.[183] The domestic industry was the second-largest supply source to the U.S. market throughout the POI.[184] The domestic industry's market share declined from *** percent in 2019 to *** percent in 2020 and was *** percent in 2021, which was *** percentage points lower than the industry's market share in in 2019; its market share was *** percentage points higher in interim 2022, at *** percent, than in interim 2021, at *** percent.[185]

[179] CR/PR at Tables IV-7 & C-2.

[180] CR/PR at II-9 and Tables IV-7 & C-2.

[181] CR/PR at Table III-1. *** accounted for *** percent of domestic production in 2021. *Id*. As discussed above, however, we have found that appropriate circumstances exist to exclude *** from the domestic industry pursuant to the related parties provision of the statute.

[182] CR/PR at Table III-3.

[183] CR/PR at II-14.

[184] CR/PR at Tables IV-7 & C-2.

[185] CR/PR at Tables IV-7 & C-2.

Cumulated subject imports were the largest source of supply to the U.S. market throughout the POI.[186] Their market share increased by *** percentage points from 2019 to 2021, increasing from *** percent in 2019 to *** percent in 2020 and *** percent in 2021; their market share was *** percentage points lower in interim 2022, at *** percent, than in interim 2021, at *** percent.[187] During the POI, U.S. importer Strato, which imported subject merchandise, had a supply agreement for FRCs with TTX, the largest owner of railcars in North America.[188]

3. Substitutability and Other Conditions

Based on the current record, we find that there is generally a high degree of substitutability between domestically produced FRCs and FRCs imported from subject countries for purposes of the preliminary phase of these investigations.[189] The primary factors contributing to this level of substitutability include little preference for any particular country of origin, similarities between domestically produced FRC and FRC imported from China and Mexico across multiple factors, and the high degree of interchangeability between domestic FRCs and subject imports from China and Mexico.[190] Some differences in availability and certain purchasers' preference for certain types of FRCs only available from China may limit substitutability to some degree for those purchasers.[191] However, both responding domestic

[186] CR/PR at Tables IV-7 and C-2.

[187] CR/PR at Tables IV-7 and C-2.

[188] CR/PR at V-6 n.15. According to Strato, this supply agreement was a *** contract signed in *** under which ***. *Id*.

[189] CR/PR at II-20.

[190] CR/PR at II-20.

[191] Information available indicates that only subject imports from China use "Bedloe technology," a proprietary design for couplers, knuckles, and subcomponents for FRCs, that may limit interchangeability with domestic product. *See, e.g.*, TTX Postconf. Br. at 17-21. As discussed below, we intend to examine this issue further in any final phase of these investigations.

producers and all six responding importers reported that the domestic like product and subject imports from China and Mexico were always or frequently interchangeable in all comparisons between sources.[192] Moreover, all FRCs and their major components regardless of source are subject to manufacturing and safety standards set by the AAR.[193]

The limited record in the preliminary phase of these investigations indicates that price is an important factor in purchasing decisions for FRCs. Purchasers responding to the lost sales and lost revenue survey cited price among the three most important factors in purchasing decisions for FRCs; purchasers also cited non-price factors, including availability and quality.[194] Both U.S. producers reported that differences other than price between sources were only sometimes or never significant in their sales of FRCs.[195] U.S. importers' responses were mixed, with half of responding importers reported that there were only sometimes non-price differences for most country comparisons, including comparisons between "United States vs. Mexico" and "China vs. Mexico."[196]

One U.S. producer and five of six U.S. importers reported that the U.S. market for FRCs was subject to distinct business cycles or conditions of competition, with market participants reporting business cycles of varying length (ranging from seven years to eight-to-ten years) and

[192] CR/PR at Tables II-17 and II-18.

[193] CR/PR at I-7-8, I-10, and II-1.

[194] CR/PR at II-22 and Table II-10. Both availability and quality were the most frequently cited first-most important factors (cited by 4 firms each); availability was the most frequently reported second-most important factor (5 firms); and price was the most frequently reported third-most important factor (6 firms). CR/PR at Table II-10.

[195] CR/PR at Table II-20.

[196] CR/PR at Table II-21. For comparisons between "United States vs. China," three of five responding importers reported that there were "always" non-price differences, while two responding importers reported that there were only "sometimes" non-price differences. *Id*.

that downturns in the business cycles for FRCs tend to happen with downturns in the overall U.S. economy.[197]

As explained above, domestically produced FRCs were sold predominantly to OEMs in 2019, and were also sold in substantial quantities to the maintenance/replacement sector of the market.[198] For the remainder of the POI, domestically produced FRCs were sold predominantly to the maintenance/replacement sector of the market, and were also sold in substantial quantities to OEMs.[199] During the POI, subject imports from China were sold predominantly to the maintenance/replacement sector of the market, and were also sold in substantial quantities to OEMs throughout the POI.[200] Subject imports from Mexico were sold predominantly to OEMs, and were sold in substantial quantities to the maintenance/replacement sector of the market.[201]

During the POI, U.S. producers mostly sold FRCs using annual contracts, with lesser but substantial quantities sold as spot sales and under long-term contracts, and very small quantities sold under short-term contracts.[202] Importers sold subject merchandise mainly using

[197] CR/PR at II-11. Excluded U.S. producer *** reported that the business cycle is typically seven years from peak to trough. Importer *** reported an eight-to-ten-year cycle and that downtrends tend to happen with downturns in the economy. *Id*. Importer *** further reported that during downturns, railcars are put into storage and general maintenance is deferred, reducing demand for FRCs further. *Id*. Importer *** reported that demand in the OEM market is aligned to the number of new cars built while demand for the maintenance parts in the aftermarket is more dependent on Class I railcar traffic volume and is more consistent than the OEM market. *Id*.

[198] CR/PR at Table II-1.

[199] CR/PR at Table II-1.

[200] CR/PR at Table II-1.

[201] CR/PR at Table II-1.

[202] CR/PR at Table V-3.

long-term contracts, with lesser but substantial quantities sold under annual contracts and as spot sales, and very small quantities sold under short-term contracts.[203]

During the POI, domestically produced FRCs were sold primarily from inventory, with lesser but substantial quantities produced to order.[204] Cumulated subject imports were also sold primarily from inventory, with lesser but substantial quantities produced to order.[205]

Raw materials accounted for *** percent of the cost of goods sold ("COGS") for FRCs in 2019, *** percent in 2020, *** percent in 2021, *** percent in interim 2021, and *** percent in interim 2022.[206] FRCs are primarily made of pig iron and scrap metal.[207] Prices for FRCs generally follow the prices for scrap steel.[208] Steel scrap prices fluctuated but increased overall during the POI.[209]

During the POI, subject merchandise from China entering under HTS subheadings 8607.30.10, 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01 were subject to additional 25 percent *ad valorem* duties pursuant to section 301 of the Tariff Act of 1974[210]

[203] CR/PR at Table V-3.
[204] CR/PR at II-24.
[205] CR/PR at II-24.
[206] CR/PR at V-1 and Table VI-1.
[207] CR/PR at V-1.
[208] CR/PR at V-1.
[209] Steel scrap prices generally declined in 2019, but then increased from the middle of 2020 through the Spring of 2022, with *** in October 2019 and *** in July 2021. Overall, prices for no. 1 busheling scrap increased by *** percent during January 2019-March 2022, no. 1 heavy melt scrap increased by *** percent, and shredded auto scrap increased by *** percent. Scrap prices between March 2022 and June 2022 have decreased however – by ***, ***, and *** percent, respectively – so that scrap prices for these three products in June 2022 were ***, ***, and *** percent above January 2019 levels. Prices continued to decline after June 2022, so that scrap prices for these three products in September 2022 were only ***, ***, and *** percent higher than in January 2019. CR/PR at V-1.
[210] 19 U.S.C. § 2411.

("section 301 tariffs").[211] Subject merchandise from China entering under HTS subheading 8607.30.10 were granted exclusions effective July 31, 2019 which expired in 2020 and then became subject to additional 25 percent *ad valorem* duties pursuant to section 301 effective July 31, 2020.[212]

As discussed above, freight rail coupler systems from China, which included couplers and knuckles as well as two additional components (yokes and follower blocks), were the subject of recent countervailing and antidumping duty investigations with a period of investigation that overlapped substantially with the current investigation period.[213]

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."[214]

The volume of cumulated subject imports declined from *** pounds in 2019 to *** pounds in 2020, then increased to *** pounds in 2021.[215] The volume of cumulated subject imports was lower in interim 2022, at *** pounds, than in interim 2021, at *** pounds.[216] [217]

---

[211] CR/PR at I-9.

[212] CR/PR at I-9-10.

[213] CR/PR at I-5. The period of investigation in the previous investigations was calendar years 2019-2021. The period of investigation in the preliminary phase of the current investigations is calendar years 2019-2021, and interim periods (*i.e.*, January-June) 2021 and 2022.

[214] 19 U.S.C. § 1677(7)(C)(i).

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

[216] CR/PR at Table IV-2. The volume of U.S. importers' shipments of cumulated subject imports declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/PR at Tables IV-7 and C-2. The volume of cumulated subject import shipments was higher in interim 2022, at *** pounds, than in interim 2021, at *** pounds. *Id*.

[217] We note that the volume of subject imports from China was *** percent lower in interim 2022, at *** pounds, than interim 2021, at *** pounds. CR/PR at Table IV-2. As discussed above, FRCs (Continued…)

Cumulated subject imports' market share increased by *** percentage points from 2019 to 2021, rising from *** percent of apparent U.S. consumption in 2019 to *** percent in 2020 and *** percent in 2021.[218] The market share of cumulated subject imports was *** percentage points lower in interim 2022, at *** percent, than in interim 2021, at *** percent.[219]

The ratio of cumulated subject imports to domestic production increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021; it was lower in interim 2022, at *** percent, than in interim 2021, at *** percent.[220]

Based on the record in the preliminary phase of these investigations, we conclude that the volume of cumulated subject imports was significant, both in absolute terms and relative to

from China that are subject to the present investigations were included, along with additional components, in the scope of investigation in the recent antidumping and countervailing duty investigations in *FRCs from China*. In March 2022, following affirmative preliminary determinations by Commerce and the Commission, Commerce imposed preliminary duties on subject merchandise from China. *Freight Rail Couplers and Certain Components Thereof: Preliminary Affirmative Countervailing Duty Determination*, 87 Fed. Reg. 12662 (March 7, 2022); *Freight Rail Couplers and Certain Components Thereof: Preliminary Affirmative Determination of Sales at Less-Than-Fair-Value*, 87 Fed. Reg. 14511 (March 11, 2022). In July 2022, the Commission issued negative final determinations, which ended the collection of provisional duties on subject merchandise in *FRCs from China*. *See Freight Rail Coupler Systems and Components from China*, Inv. Nos. 701-TA-670 & 731-TA-1570 (Final), USITC Pub. 5331 at 3 (July 2022).

[218] CR/PR at Tables IV-7 and C-2. Apparent U.S. consumption and market share are based on U.S. producers' shipments of FRCs and U.S. importers' shipments of imports. *Id.* at IV-16 and Table C-2.

[219] CR/PR at Tables IV-7 and C-2.

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

consumption and production, and that the increase in the volume of subject imports was significant relative to consumption and production in the United States during the POI.

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
>
> (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.[221]

As addressed in section IV.B.4. above, the record indicates that there is a high degree of substitutability between domestically produced FRCs and the cumulated subject imports and that price is an important factor in purchasing decisions.

The Commission collected quarterly pricing data from U.S. producers and importers for three pricing products.[222] One domestic producer and three importers provided usable pricing data, although not all firms reported pricing for all products for all quarters.[223] Pricing data reported by these firms accounted for *** percent of U.S. producers' U.S. shipments of FRCs in

[221] 19 U.S.C. § 1677(7)(C)(ii).

[222] The three pricing products are as follows:

Product 1.--SE60, Grade E steel coupler (also known as an "assembly" or a "fit"), double shelves, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications;

Product 2.--E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications; and

Product 3.--SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

CR/PR at V-8.

[223] CR/PR at V-8.

2021, *** percent of importers' U.S shipments of subject merchandise from China in 2021, and *** percent of importers' U.S. shipments of subject merchandise from Mexico in 2021.[224]

The pricing data show pervasive underselling by cumulated subject imports. Prices for cumulated subject imports were below those for the domestically produced FRCs in 71 of 83 (or *** percent of) quarterly comparisons, while prices for cumulated subject imports were above those for domestically produced FRCs in 12 of 83 (or *** percent of) quarterly comparisons.[225] There were *** pounds of cumulated subject imports in quarterly comparisons in which cumulated subject imports undersold the domestic like product (89.2 percent of the total) and only *** pounds of cumulated subject imports in quarterly comparisons in which cumulated subject imports oversold the domestic like product (10.8 percent of the total).[226] The margins of underselling ranged from *** to *** percent, and averaged *** percent during the POI, while the margins of overselling ranged from *** to *** percent, and averaged *** percent.[227] [228]

[224] CR/PR at Appendix H, Tables H-1-2 & Table K-2.

[225] CR/PR at Appendix H, Tables H-7 & H-8.

[226] CR/PR at Appendix H, Tables H-7 & H-8.

[227] CR/PR at Appendix H, Tables H-7 & H-8.

[228] We have also considered purchaser lost sales/lost revenue responses. Ten of 14 purchasers that responded to the Commission's lost sales/lost revenue survey reported that, since 2019, they had purchased subject imports instead of the domestic like product. CR/PR at Table V-12. Three of these ten purchasers reported that cumulated subject import prices were lower than prices of the domestic like product, and two of these purchasers also indicated that price was a primary reason for purchasing *** pounds of FRCs from subject countries rather than domestically produced FRCs during the POI. *Id*.

Based on the foregoing, we find that there has been significant price underselling by cumulated subject imports. Lower priced cumulated subject imports gained U.S. market share at the expense of domestic producers during 2019-2021.[229]

We have also examined available data on price trends. During the POI, domestic prices generally increased for two of the three pricing products.[230] Over the course of the POI, domestic prices increased by *** percent for Product 2 and *** percent for Product 3; domestic prices declined by *** percent for Product 1.[231] Prices of subject imports from both China and Mexico increased for all three pricing products during the POI, with price increases for cumulated subject imports ranging from *** percent to *** percent.[232]

We have also considered whether cumulated subject imports have prevented price increases for domestically produced FRCs which otherwise would have occurred to a significant degree. The record shows that the domestic industry's ratio of COGS to net sales increased from *** percent in 2019 to *** percent in 2020, then declined to *** percent in 2021, for an overall increase of *** percentage points from 2019 to 2021.[233] The industry's ratio of COGS to net sales was *** percentage points lower in interim 2022, at *** percent, than in interim 2021, at *** percent.[234] The increase in the industry's COGS-to-net-sales ratio during the full years of the POI was driven largely by increasing per-unit fixed costs and declining sales

[229] CR/PR at Table C-2. The domestic industry's market share declined from *** percent of apparent U.S. consumption in 2019 to *** percent in 2021, a decline of *** percentage points over that period. *Id*. In contrast, cumulated subject imports' market share increased from *** percent in 2019 to *** percent in 2021, an increase of *** percentage points over that same period. *Id*.

[230] CR/PR at Appendix H, Tables H-1-3.

[231] CR/PR at Appendix H, Tables H-1-3 & H-6

[232] CR/PR at Tables Appendix H, Tables H-1-3 & H-6.

[233] CR/PR at Table C-2.

[234] CR/PR at Table C-2.

value.[235] While the industry's unit COGS increased by *** per 1,000 pounds between 2019 and 2021, its net sales AUVs declined by *** per 1,000 pounds during that same period.[236] These changes occurred as apparent U.S. consumption declined overall by approximately *** percent from 2019 to 2021.[237] In any final phase of these investigations, we intend to further assess the role of overall declining demand in domestic producers' ability to pass on rising costs, as well as the impact that cumulated subject imports may have on pricing in the market.

In sum, based on the evidence of record in the preliminary phase of these investigations, we find that cumulated subject imports significantly undersold domestically produced FRCs and captured market share from the domestic industry during the POI. Therefore, for purposes of these preliminary determinations, we find that cumulated subject imports had significant price effects.[238]

F. Impact of the Subject Imports[239]

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

[235] *See* CR/PR at Table J-1. Between 2019 and 2020, when the industry's ratio of COGS to net sales initially increased, per-unit raw material costs declined while per-unit labor and other factory costs increased. *Id.* Between 2020 and 2021, per unit raw material costs increased while per-unit labor and other factory costs declined somewhat but remained elevated above 2019 levels. *Id.*

[236] CR/PR at Table C-2.

[237] CR/PR at Table C-2.

[238] In any final phase of these investigations, we intend to further examine whether and to what extent cumulated subject imports have impacted U.S. prices during the POI, including with respect to both price suppression and price depression.

[239] Commerce initiated its antidumping duty investigations based on estimated dumping margins of 67.45 and 169.90 percent *ad valorem* for subject imports from China and based on estimated dumping margins of 160.05 and 187.08 percent *ad valorem* for subject imports from Mexico. *Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 87 Fed. Reg. 64444, 64447 (Oct. 25, 2022).

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, R&D, 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."[240]

Most of the domestic industry's output indicia declined overall from 2019 to 2021, but were higher in interim 2022 than in interim 2021. The domestic industry's capacity was constant every year during 2019-2021; its capacity was *** percent lower in interim 2022 than in interim 2021.[241] The industry's production declined by *** percent from 2019 to 2021; it was *** percent higher in interim 2022 than in interim 2021.[242] Its capacity utilization declined by *** percentage points from 2019 to 2021, but was *** percentage points higher in interim 2022 than in interim 2021.[243]

The domestic industry's U.S. shipments declined by *** percent from 2019 to 2021; they were *** percent higher in interim 2022 than in interim 2021.[244] The industry's market

[240] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act ("TPEA") of 2015, Pub. L. 114-27.

[241] CR/PR at Table C-2. The domestic industry's capacity was *** pounds in 2019, 2020, and 2021. *Id*. Its capacity was *** pounds in interim 2021 and *** pounds in interim 2022. *Id*.

[242] CR/PR at Table C-2. The domestic industry's production declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. *Id*. Its production was *** pounds in interim 2021 and *** pounds in interim 2022. *Id*.

[243] CR/PR at Table C-2. The domestic industry's capacity utilization declined from *** percent in 2019 to *** percent in 2020 and *** percent in 2021. *Id*. Its capacity utilization was *** percent in interim 2021 and *** percent in interim 2022. *Id*.

[244] CR/PR at Table C-2. The domestic industry's U.S. shipments declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021; they were *** pounds in interim 2021 and *** pounds in interim 2022. *Id*.

share declined from *** percent in 2019 to *** percent in 2020 and was *** percent in 2021, for an overall decline of *** percentage points during the full years of the POI; its market share was *** percentage points higher in interim 2022, at *** percent, than in interim 2021, at *** percent.[245] End-of-period inventories declined by *** percent from 2019 to 2021, and were *** percent lower in interim 2022 than in interim 2021.[246]

The domestic industry's number of production and related workers ("PRWs"), total hours worked, wages paid, and productivity were all lower in 2021 than in 2019; they were all higher in interim 2022 than in interim 2021.[247] Hourly wages were higher in 2021 than in 2019, and were higher in interim 2022 than in interim 2021.[248]

The domestic industry's financial performance indica generally showed large declines from 2019 to 2021, with interim 2022 showing mostly improvements compared to interim 2021. The domestic industry's net sales by value declined by *** percent from 2019 to 2021;

[245] CR/PR at Table C-2.

[246] CR/PR at Tables III-9 & C-1. The domestic industry's end-of-period inventories increased from *** pounds in 2019 to *** pounds in 2020, but then declined to *** pounds in 2021. CR/PR at Table C-2. Its end-of-period inventories were *** pounds in interim 2021 and *** pounds in interim 2022. *Id.* As a ratio to total shipments, the domestic industry's end-of-period inventories was *** percent in 2019, *** percent in 2020, and *** percent in 2021, for an overall increase of *** percentage points from 2019 to 2021; the ratio, however, was *** percentage points lower in interim 2022, at *** percent, than in interim 2021, at *** percent. *Id*.

[247] The domestic industry's number of PRWs totaled *** in 2019, *** in 2020, *** in 2021, *** in interim 2021, and *** in interim 2022. Total hours worked were *** in 2019, *** in 2020, *** in 2021, *** in interim 2021, and *** in interim 2022. Wages paid were $*** in 2019, $*** in 2020, $*** in 2021, $*** in interim 2021, and $*** in interim 2022. Productivity was *** pounds per hour in 2019, *** pounds per hour in 2020, *** pounds per hour in 2021, *** pounds per hour in interim 2021, and *** pounds per hour in interim 2022. CR/PR at Table C-2.

[248] Hourly wages were $*** per hour in 2019, $*** per hour in 2020, $*** per hour in 2021, $*** per hour in interim 2021, and $*** per hour in interim 2022. CR/PR at Table C-2.

they were *** percent higher in interim 2022 than in interim 2021.[249] Gross profit, operating income, and net income all declined sharply overall during 2019-2021 with the domestic industry experiencing gross losses, operating losses, and net losses in 2020 and 2021; each of these indicia, however, were higher in interim 2022 than in interim 2021.[250] Operating income as a share of net sales declined by *** percentage points from 2019 to 2021; it was *** percentage points higher in interim 2022 than in interim 2021.[251] Net income as a share of net sales declined by *** percentage points from 2019 to 2021; it was *** percentage points higher in interim 2022 than in interim 2021.[252]

The domestic industry's capital expenditures declined by *** percent from 2019 to 2021; they were *** percent lower in interim 2022 than in interim 2021.[253] Its R&D expenses increased by *** percent from 2019 to 2021; they remained constant in interim 2021 and

[249] The domestic industry's net sales by value declined from $*** in 2019 to $*** in 2020 and $*** in 2021. Its net sales by value were higher in interim 2022, at $***, than in interim 2021, at $***. CR/PR at Table C-2.

[250] The domestic industry's gross profit was $*** in 2019 and its gross losses were $*** in 2020 and $*** in 2021; its gross losses were $*** in interim 2021 and its gross profit was $*** in interim 2022. The industry's operating income was $*** in 2019 and its operating losses were $*** in 2020 and $*** in 2021; its operating losses were $*** in interim 2021 and its operating income was $*** in interim 2022. The domestic industry's net income was $*** in 2019 and its net losses were $*** in 2020 and $*** in 2021; its net losses were $*** in interim 2021 and its net income was $*** in interim 2022. CR/PR at Table C-2.

[251] As a ratio to net sales, the domestic industry's operating income was *** percent in 2019, *** percent in 2020, *** percent in 2021, *** percent in interim 2021, and *** percent in interim 2022. CR/PR at Table C-2.

[252] As a ratio to net sales, the domestic industry's net income was *** percent in 2019, *** percent in 2020, *** percent in 2021, *** percent in interim 2021, and *** percent in interim 2022. CR/PR at Table C-2.

[253] The domestic industry's capital expenditures declined from $*** in 2019 to $*** in 2020 and $*** in 2021; they were lower in interim 2022, at $***, than in interim 2021, at $***. CR/PR at Table C-2.

interim 2022.[254] *** reported negative effects on investment and on growth and development due to cumulated subject imports.[255]

In sum, the available evidence in the current record indicates that cumulated subject imports materially contributed to the domestic industry's declining trade and financial performance over the course of the POI. In particular, the volume and market share of cumulated subject imports were significant, as were the increases in cumulated subject imports' market share. The cumulated subject imports significantly undersold the domestic like product and captured increasing market share from the domestic industry from 2019 to 2021. As the domestic industry lost market share, its production, shipments, and financial performance all declined from 2019 to 2021. Moreover, *** reported negative effects on investment and on growth and development due to cumulated subject imports.[256] While the industry's performance generally improved in the interim period, this coincides with the previous antidumping and countervailing duty investigations in *FRCs from China*, and despite the improvement between interim 2021 and interim 2022, many of the industry's indicators remained well below 2019 levels.[257] For these reasons, we conclude for purposes of the preliminary phase of these investigations that cumulated subject imports had a significant impact on the domestic industry.

[254] The industry reported R&D expenses of $*** in 2019, $*** in 2020, $*** in 2021, and $*** in interim 2021 and interim 2022. CR/PR at Table C-2.

[255] CR/PR at Tables VI-14-15; *** U.S. Producer Questionnaire at III-16.

[256] CR/PR at Tables VI-14-15.

[257] *See* CR/PR at Table C-2 (showing capacity utilization, PRWs, productivity, and unit operating income all lower in interim 2022 than in 2019).

We also have considered whether there are other factors that may have had an impact on the domestic industry to ensure that we are not attributing injury from such other factors to subject merchandise. We recognize that the domestic industry's performance was likely impacted by declining apparent U.S. consumption of FRCs.[258] As noted above, however, cumulated subject imports gained market share at the expense of domestic producers. Thus, based on the record in the preliminary phase of these investigations, we conclude that demand trends cannot explain all the declines in the domestic industry's condition. We intend to further examine this issue in any final phase of these investigations.[259]

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 FRCs from China and Mexico that are allegedly sold in the United States at less than fair value and allegedly subsidized by the government of China.

[258] CR/PR at Table C-2.

[259] Respondents argue that any material injury to the domestic industry was attributable to the fact that domestic producers did not offer FRCs that incorporate what is known as "Bedloe" technology, which is currently available only for subject imports from China. *See, e.g.*, TTX Postconf. Br. at 14-23; Amsted Postconf. Br. at 36-37. In any final phase of these investigations, we intend to examine this issue further and also further examine whether any shift in market share from the domestic industry to cumulated subject imports was due to other non-price reasons.

Part I: Introduction

Background

These investigations result from petitions filed on September 28, 2022, with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Coalition of Freight Coupler Producers, consisting of McConway & Torley LLC ("M&T"), Pittsburgh, Pennsylvania, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC. ("USW"), alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of certain freight rail couplers and parts thereof ("FRCs")[1] from China and Mexico, and subsidized imports from China. Table I-1 presents information relating to the background of these investigations.[2] [3]

Table I-1
FRCs: Information relating to the background and schedule of this proceeding

Effective date	Action
September 28, 2022	Petitions filed with Commerce and the Commission; institution of Commission investigations (87 FR 60413, October 5, 2022)
October 18, 2022	Commerce's notices of initiation (87 FR 64440 and 87 FR 64444, October 25, 2022)
October 19, 2022	Commission's conference
November 10, 2022	Commission's vote
November 14, 2022	Commission's determinations
November 21, 2022	Commission's views

[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 who appeared at the conference 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/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

FRCs are pieces of equipment generally used to connect two freight cars together by automatically interlocking the knuckles of both FRCs when the freight cars are pushed together. The leading U.S. producers of FRCs are *** and ***. Leading producers of FRCs outside the United States that responded to the Commission's questionnaire include *** of China and ASF-K de Mexico, S. de R. L. de C.V. Sahagun ("Amsted ASF-K") of Mexico. The leading U.S. importers of FRCs from China and Mexico are ***, ***, ***, and ***. U.S. purchasers of FRCs are firms that build new railcars and service existing railcars, and railcar pooling companies. Leading purchasers that responded to the Commission's questionnaire include ***.

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

Apparent U.S. consumption of FRCs totaled approximately *** pounds ($***) in 2021. Currently, three firms are known to have produced FRCs in the United States during 2019-21. U.S. producers' U.S. shipments of FRCs totaled *** pounds ($***) in 2021, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** pounds ($***) in 2021 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. There were no reported U.S. imports of FRCs from nonsubject sources in 2021.

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 three firms that accounted for all known U.S. production of FRCs during 2021. U.S. imports are based on the questionnaire responses of six firms that, in 2021, accounted for over *** percent of imports from China, and over *** percent of imports from Mexico of merchandise under HTS subheading 8607.30.10, a "basket" category.[6] Foreign industry data are based on the questionnaire responses of two producers of FRCs in China that accounted for *** of U.S. imports of FRCs from China during 2021, and one producer of FRCs in Mexico that accounted for *** U.S. imports of FRCs from Mexico during 2021.[7]

[6] See Part IV for additional information on the calculation of coverage of U.S. imports.
[7] See Part VII for additional information on the calculation of coverage of the foreign industries.

Previous and related investigations

FRCs have been the subject of prior related investigations.[8] These prior related investigations (hereinafter referred to as the "FRC I" investigations) resulted from petitions filed with Commerce and the Commission by the Coalition of Freight Coupler Producers, consisting of M&T and the USW on September 29, 2021, 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 freight rail coupler systems and components ("FRC") from China.[9] On July 5, 2022, the Commission determined that an industry in the United States is not materially injured or threatened with material injury by reason of imports of FRC from China.[10]

[8] Unless otherwise specifically noted, throughout this report the term "FRCs" is used to discuss the product in these current investigations, freight rail couplers and parts thereof. The term "FRC" is used in reference to the product subject to the prior related investigations, freight rail coupler systems and parts thereof.

[9] Freight Rail Coupler Systems and Components from China, Inv. Nos. 701-TA-670 and 731-TA-1570 (Final), USITC Publication 5331 (July 2022) ("FRC I publication") pp. 3 and I-1. Initially, the Petitioner coalition consisted of M&T and Amsted. Shortly after the filing of the petition, Amsted withdrew its participation as a member of the Petitioner coalition and USW was added to the petitions. *See also* Inv. Nos. 701-TA-670 and 731-TA-1570 (Final): Freight Rail Coupler Systems and Components from China, Confidential Report, INV-UU-060 (June 3, 2022), as amended in INV-UU-063 (June 13, 2022) ("FRC I staff report"), p. I-1.

[10] 87 FR 41144, July 11, 2022.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On October 25, 2022, Commerce published a notice in the Federal Register of the initiation of its countervailing duty investigation on FRCs from China.[11]

Alleged sales at LTFV

On October 25, 2022, Commerce published a notice in the Federal Register of the initiation of its antidumping duty investigations on FRCs from China and Mexico.[12] Commerce has initiated antidumping duty investigations based on estimated dumping margins of 67.45 percent and 169.90 percent for FRCs from China, and 160.05 and 187.08 percent for FRCs from Mexico

[11] For further information on the alleged subsidy programs see Commerce's notice of initiation and related CVD Initiation Checklist. 87 FR 64440, October 25, 2022.

[12] 87 FR 64444, October 25, 2022.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[13]

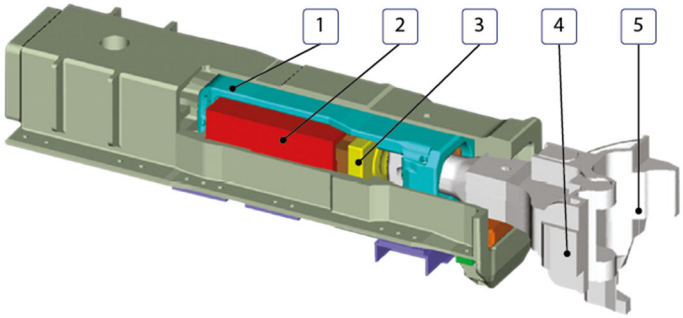
> *The scope of these investigations covers certain freight railcar couplers (also known as "fits" or "assemblies") and parts thereof. Freight railcar couplers are composed of two main parts, namely knuckles and coupler bodies but may also include other items (e.g., coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The parts of couplers that are covered by the investigations include: (1) E coupler bodies, (2) E/F coupler bodies, (3) F coupler bodies, (4) E knuckles, and (5) F knuckles, as set forth by the Association of American Railroads (AAR). The freight rail coupler parts (i.e., knuckles and coupler bodies) are included within the scope of the investigations when imported separately. Coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors are covered merchandise when imported in an assembly but are not covered by the scope when imported separately.*
>
> *Subject freight railcar couplers and parts are included within the scope whether finished or unfinished, whether imported individually or with other subject or nonsubject parts, whether assembled or unassembled, whether mounted or unmounted, or if joined with nonsubject merchandise, such as other nonsubject parts or a completed railcar. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various parts. When a subject coupler or subject parts are mounted on or to other nonsubject merchandise, such as a railcar, only the coupler or subject parts are covered by the scope.*
>
> *The finished products covered by the scope of these investigations meet or exceed the AAR specifications of M-211, "Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts" and/or AAR M-215 "Coupling Systems," or other equivalent domestic or international standards (including any revisions to the standard(s)).*
>
> *The country of origin for subject couplers and parts thereof, whether fully assembled, unfinished or finished, or attached to a railcar, is the country where the subject coupler parts were cast or forged. Subject merchandise*

[13] 87 FR 64440 and 87 FR 64444, October 25, 2022.

includes coupler parts as defined above that have been further processed or further assembled, including those coupler parts attached to a railcar in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various parts. The inclusion, attachment, joining, or assembly of nonsubject parts with subject parts or couplers either in the country of manufacture of the in-scope product or in a third country does not remove the subject parts or couplers from the scope.

The scope of the FRC I investigations covered FRCs as defined in the scope of these investigations as well as certain components of a freight rail coupler system that are not included within the scope of these investigations (e.g., coupler yokes ("yokes") and follower blocks). [14] Figure I-1 illustrates the components of a freight rail coupler system within a draft sill/draft gear system and identifies whether the components are included within the scope of these investigations.

Figure I-1
FRCs: Coupler and draft gear components



1: Yoke	No longer in-scope
2: Draft gear	Never in-scope
3: Follower block	No longer in-scope
4: Coupler body	In-scope
5: Knuckle	In-scope

Source: https://www.amstedmaxion.com.br/en/negocios/railwaycomponentes/, modified by staff.

Note: Draft gears are not included within the scope of these investigations, nor were they included within the scope of the FRC I investigations. FRC I publication, pp. I-6 through I-7.

[14] FRC I publication, pp. 7 and I-6 through I-7.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under subheading 8607.30.10 of the Harmonized Tariff Schedule of the United States ("HTS"). This subheading includes both parts of subject goods and unfinished goods having the essential character of finished goods. Subject merchandise may be imported under HTSUS statistical reporting numbers 7325.99.5000 and 7326.90.8688, for miscellaneous iron or steel articles. FRCs attached to a freight car may also be imported under HTS subheadings 8606.10.00, 8606.30.00, 8606.91.00, and 8606.92.00, as well as statistical reporting numbers 8606.99.0130 and 8606.99.0160. In addition, HTS heading 9803.00.50 may be claimed when FRCs are attached to a freight car used as an instrument of international traffic.[15] The 2022 general rate of duty is 3.6 percent ad valorem for HTS subheading 8607.30.10; 2.9 percent ad valorem for HTS subheadings 7325.99.50 and 7326.90.86; 14 percent ad valorem for HTS subheadings 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01; and free for HTS heading 9803.00.50. 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

U.S. imports of subject goods produced in China are also subject to additional duties under Section 301 of the Trade Act of 1974. HTS subheadings 8607.30.10, 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01 were included in the list of articles subject to additional 25 percent ad valorem duties effective August 23, 2018, and HTS subheadings 7325.99.50 and 7326.90.86 were included in the list of articles subject to additional 25 percent ad valorem duties effective September 24, 2018. U.S. imports entering under HTS subheading 8607.30.10 were excluded from Section 301 duties effective July 31, 2019, for one year. The exclusion for HTS subheading 8607.30.10 was originally extended until October 2, 2020, and

[15] Instruments of international traffic (IIT) are certain vehicles or containers, including rail cars and locomotives, that are used to repeatedly transport goods internationally. IIT are exempt from formal entry procedures (e.g., a rail car used as an IIT would not be subject to its normal duty rate) but are required to be accounted for when imported into or exported out of the United States. HTS Chapter 98, Subchapter III, Substantial Containers or Holders, U.S. Note 4.

further extended until December 31, 2020, after which U.S. imports were subject to the additional 25 percent ad valorem duties effective July 31, 2020.[16]

The product

Description and applications

FRCs, also referred to as "fits" or "assemblies," are comprised of two main metal components: knuckles and coupler bodies; in addition to ancillary parts (e.g., coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors). The main components of FRCs are manufactured in accordance with Association of American Railroad ("AAR") standards to ensure FRCs in the United States are interoperable. Knuckles are typically metal castings in the shape of a hook that pivot on a vertical hinge between a "locked" and an "unlocked" position to allow for interlocking with knuckles of adjacent FRC. Coupler bodies are a metal casting that hold the knuckle and allow it to pivot.

FRCs are designed to connect two freight cars together by automatically interlocking the knuckles of both FRCs when the freight cars are pushed together, eliminating previously required and potentially dangerous manual input. A manually operated lever on the side of a freight car connects to the FRC and is used to lift the knuckle pin, allowing the knuckles to release and the freight cars to be uncoupled. Freight cars typically use two FRCs, one on each of the front and rear of the freight car, to allow for coupling additional freight cars together in greater numbers. In addition to interlocking freight cars together, FRCs are also designed to reduce shocks when freight cars are in transit or braking.

For the purpose of these investigations, FRCs are classified under the following AAR designations: type E and F knuckles and type E, E/F, and F coupler bodies. Type E knuckles and coupler bodies meet the basic standards set by AAR but do not have the additional features included in type F components. Additional type F features include interlocking wing pockets and lugs that reduce the likelihood of certain freight car derailments as well as reducing the gap between coupled knuckles to improve freight car handling. Type F couplers are typically used for freight cars transporting hazardous materials. Type E/F couplers contain a basic type E knuckle and type F coupler body components.

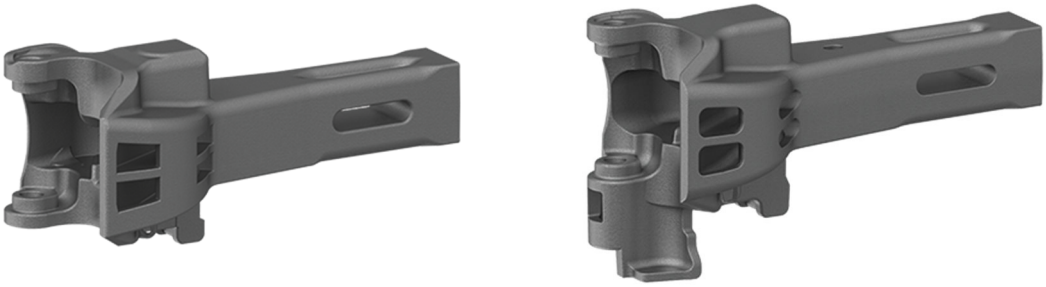
[16] 83 FR 40823, August 16, 2018; 83 FR 47974, September 21, 2018; 84 FR 37381, July 31, 2019; 84 FR 52553, October 2, 2019; 85 FR 62786, October 5, 2020.

Figure I-2
Type E and F knuckles

Type E knuckle Type F knuckle

Source: https://www.wabteccorp.com/freight-car/end-of-car-systems/coupler-system/knuckles

Figure I-3
Type E and F coupler bodies



Type E coupler body Type F coupler body

Source: https://www.wabteccorp.com/freight-car/end-of-car-systems/coupler-system/coupler-bodies

Manufacturers of FRCs sell their products through two main channels of distribution. The first is to freight car original equipment manufacturers ("OEMs") that use FRCs in new freight car production. The second is to maintenance companies, freight railroads, and freight car producers that use FRCs and individual components as replacement parts in used freight cars.[17]

Manufacturing processes

Freight rail knuckles and coupler bodies are typically iron castings manufactured in foundries certified by AAR.[18] To begin the process, pig iron and scrap metal are melted in a furnace and poured into molds formed from hardened sand that provide the rough shape for each FRC component. Once the metal has cooled, the hardened sand molds are removed, and any imperfections present in the mold that were transferred to the casting are also removed.[19] The casting undergoes heat treatment processes, such as annealing and tempering, designed to strengthen and harden the metal. Once the metal is hardened, machine tools are used to grind the rough casting into the final desired dimensions, as well as to drill holes and grooves into the components as necessary. Once the specified form is achieved, the components are painted, oiled, or primed to prevent rusting. Lastly, the castings are subjected to several safety and fatigue tests to comply with AAR standards.

For complete FRCs, the individual casted components are assembled along with additional ancillary parts (e.g., coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors). These additional parts do not have to be manufactured in foundries certified by AAR but may still be manufactured by the same producers of the FRC components or purchased from secondary manufacturers.

[17] Petition, p. 29.

[18] Some knuckles are forged from a single piece of steel using dies instead of being cast using molten iron.

[19] Some FRC molds are air dried rather than baked.

Domestic like product issues

The Commission's questionnaires in these preliminary phase investigations asked for U.S. producers and importers to compare FRCs to freight rail coupler system components not included within the scope of these investigations (e.g., yokes and follower blocks) using the factors which the Commission typically considers in regarding the appropriate domestic product(s) that are "like" the subject imported product.[20] Table I-4 presents the count of these comparisons, by factor and firm type. Narrative responses on the domestic like product factors are available in Appendix D.[21]

The petitioner proposes that there is a single domestic like product that is co-extensive with the scope of these investigations. It contends that all domestically produced FRCs within the scope share the same general physical characteristics and uses, channels of distribution, common manufacturing facilities, production processes, and employees, customer and producer perceptions, are interchangeable, and are sold within a reasonable range of similar prices.[22] The petitioner further contends that FRCs and parts thereof are a separate domestic product from yokes and follower blocks. It argues that yokes and follower blocks have distinct physical characteristics and uses, are not interchangeable with FRCs, are distributed through different channels of distribution than FRCs, are perceived by customers and producers to be distinct from FRCs, require different production processes and production employees, and are sold at a significantly higher price point than FRCs. [23]

Amsted "does not discern any error in the Commission's like product analysis in the earlier investigation and does not see any reason for the Commission to change its definition of the domestic like product for purposes of the current investigations." Nevertheless, it contends that since the volume and value of yokes and follower blocks sold in the United States is very small, "the Commission's decision whether to include follower blocks and yokes as part of the

[20] The Commission typically considers the following factors in regarding the appropriate domestic product(s) that are "like" the subject imported product: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes, and production employees; (5) customer and producer perceptions; and (6) price.

[21] The Commission's questionnaires in these preliminary phase investigations also provided the opportunity for U.S. producers and importers to address expansion of the domestic like product to include yokes and follower blocks, using the six factors identified above. These narrative responses are also included in Appendix D.

[22] Petition, pp. 17-18.

[23] Petitioner's postconference brief, Exhibit 1, pp. 9-10.

domestic like product in the current investigations will make no meaningful difference in its analysis of volume, price effects, impact, and threat."[24]

Wabtec does not contest the domestic like product definition for purposes of these preliminary phase investigations. It noted, however, that the domestic like product definitions from the current and previous investigations are "materially the same. The difference between the two in terms of import volume is ***.[25] Moreover, the Commission's record from the previous investigation is comprehensive and complete for both the new and original definitions of domestic like product, since the new definition is a subset of the original definition."[26]

Strato argues that the domestic like product should be expanded to include yokes and follower blocks. In its postconference brief, Strato did not address the six domestic like product factors as part of its argument to expand the domestic like product, but contends that yokes and follower blocks should be included in the domestic like product, consistent with the domestic like product defined in the FRC I investigations.[27] TTX did not provide comments on the domestic like product definition for purposes of these preliminary phase investigations, however did note that "those two add-on components played at most a minor role in the Commission's prior negative determination. {F}reight railcars with end-of-car cushioning systems do not even "require coupler yokes or follower blocks" {that were} within the scope of those investigations."[28]

[24] Amsted's postconference brief, p. 8.

[25] Further information on the quantity and value of U.S. shipments of yokes and follower blocks collected in the FRC I investigations can be found in Part IV.

[26] Wabtec's postconference brief, p. 28, fn. 120.

[27] Strato's postconference brief, p. 1.

[28] TTX's postconference brief, pp. 5-6. *See also* FRC I publication, p. 7 and FRC I hearing transcript, p. 232 (Werner).

Table I-2
FRCs: Count of domestic firms' responses regarding the domestic like factors comparing in-scope freight rail couplers to out-of-scope freight rail coupler system components

Count in number of firms reporting

Factor	Firm type	Fully	Mostly	Somewhat	Never
Physical characteristics	Producers	1	0	0	1
Physical characteristics	Importers	1	0	2	2
Interchangeability	Producers	0	0	1	1
Interchangeability	Importers	0	0	2	3
Channels	Producers	2	0	0	0
Channels	Importers	2	1	1	0
Manufacturing	Producers	1	0	1	0
Manufacturing	Importers	1	1	2	0
Perceptions	Producers	1	0	0	1
Perceptions	Importers	1	2	1	1
Price	Producers	1	0	0	1
Price	Importers	1	1	1	2

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

Note: ***

Intermediate products

The domestic like product proposed by petitioners includes the intermediate, or unfinished products (components of FRCs including coupler bodies and knuckles) as well as downstream product (FRCs). Employing the Commission's semi-finished product analysis for domestic like product, the petitioner contends that in-scope unfinished and unassembled components of FRCs are part of the same like product as FRCs.[29] None of the respondents addressed the domestic like product using the Commission's semi-finished product analysis in their postconference briefs.

The following presents information on these products relating to the Commission's semi-finished like product analysis. Factor comparison responses of U.S. producers and importers regarding differences and similarities between the intermediate and downstream products are presented in table I-5. Detailed narrative responses provided by U.S. producers and importers on these five factors are available in Appendix E.

Table I-3
FRCs: Count of firms' responses regarding semi-finished product analysis comparing in-scope freight rail coupler fit/assemblies to in-scope coupler components

Count in number of firms reporting

Factor	Firm type	No	Yes
Other uses	Producers	2	1
Other uses	Importers	4	1
Separate market	Producers	2	1
Separate market	Importers	2	3
Differences in characteristics	Producers	3	0
Differences in characteristics	Importers	5	0
Differences in cost	Producers	3	0
Differences in cost	Importers	2	3
Transformation intensive	Producers	3	0
Transformation intensive	Importers	5	0

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

[29] Petition, p. 20, and petitioner's postconference brief, pp. 10-12.

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

U.S. market characteristics

The U.S. FRCs market was wholly supplied by U.S. producers and subject imports from China and Mexico during January 2019-June 2022.[1] [2] FRCs can be sold as a completed assembly, or "fit," or by their constituent parts: knuckles and coupler bodies. The market for FRCs is comprised of two sectors: original equipment manufacturers ("OEM") and maintenance/replacement. New freight railcar builds only use new FRCs while replacement FRCs on rolling stock or reconditioned railcars may use refurbished coupler bodies.[3] The average coupler body replacement rate is every 20-25 years[4] while the average knuckle replacement rate is 5 years because the knuckle takes the brunt of the force of joining of railcars.[5] Purchasers in FRC I reported that refurbished FRC can generally be used in the same applications as new FRCs, other than in new freight railcar builds.[6]

All FRCs must comply with the Association of American Railroads ("AAR") standards, including imports from China and Mexico. FRCs may be imported into the United States fully assembled or as subassemblies, with most or all of the integral parts needed to assemble FRCs into their finished form.[7] FRCs may also be imported as part of a finished railcar.[8] Chinese FRCs are subject to section 301 tariffs and some raw materials are subject to section 232 tariffs.

[1] U.S.-produced FRCs accounted for *** percent of the U.S. market, FRCs imported from China accounted for *** percent, and FRCs imported from Mexico accounted for *** percent in 2021.

[2] Responding U.S. producers include ***; responding importers include ***.

[3] Only newly manufactured FRCs can be used on new freight railcars. Conference transcript, p. 71 (LeFevre). Knuckles are not allowed to be reconditioned. Conference transcript, p. 68 (Mautino). Some purchasers will use reconditioned couplers when available but will otherwise buy new couplers. However, petitioner noted it is never competing against the price of reconditioned FRCs. Ibid., p. 70. Roughly 10 percent of purchases were of refurbished FRC in 2021, and roughly three-quarters of purchases were of assembled, standalone FRC. FRC I staff report, pp. II-1-II-2.

[4] Conference transcript, p. 68 (Mautino). This can be extended another 10-20 years with reconditioning. Ibid., p. 69 (Mautino).

[5] Conference transcript, p. 23 (Lefevre). Knuckles manufactured using Bedloe technology are estimated to last much longer, up to four times as long according to one respondent witness. Conference transcript, p. 173 (Werner).

[6] FRC I staff report, p. II-1.

[7] Ibid. and conference transcript, p. 16 (Mautino).

[8] There are instances where FRC from China are imported into Mexico, assembled and attached to newly produced freight railcars, and ultimately exported to the United States market via the finished railcar. Ibid.

No U.S. producers and one of five responding importers reported changes to the product mix or marketing of FRCs since January 1, 2019. *** reported that it has added *** since 2019.[9]

Apparent U.S. consumption of FRCs decreased by *** percent in 2020 and *** percent in 2021 for an overall decrease of *** percent during 2019-21. Apparent consumption was *** percent higher in January-June 2022 ("interim 2022") than in January-June 2021 ("interim 2021").

U.S. purchasers

The Commission received 14 usable lost sale/lost revenue survey responses from firms that had purchased FRCs during January 2019-June 2022.[10] [11] The responding purchasers represented firms in the freight rail industry: railcar builders, railcar servicers, distributors, railroads, and a railcar pooling company.[12] Large purchasers of FRCs include ***.

Although all knuckles must be purchased new, some purchasers (***) will look to buy reconditioned/refurbished coupler bodies first before entering the market for new components of this type. Purchasers *** also purchase some refurbished FRCs. ***.

[9] Purchaser *** reported that the Bedloe technology is a patented coupler design that improves air brake hose connections during service. FRC I staff report, p. II-18.

[10] The following firms provided purchaser questionnaire responses: ***.

[11] Of the 14 responding purchasers, 12 purchased domestic FRCs, 11 purchased or imported FRCs from China, 8 purchased or imported FRCs from Mexico, 8 purchased FRCs from unknown sources. A very small portion of purchases during January 2019-June 2022 (0.01 percent) from one purchaser was reported to be of product from India as well.

[12] New railcar builders reported manufacturing railcars in ***.

Impact of section 301 tariffs

As discussed in Part I, some FRCs subject to these investigations have been subject to section 301 tariffs beginning in August and September 2018 of 25 and 10 percent *ad valorem*, respectively which were increased to 25 percent in May 2019 for those initiating in September 2018.[13] Temporary exclusion orders were in place for portions of 2019 and 2020.[14] U.S. producers and importers were asked to report the impact of section 301 tariffs on the market for FRCs. Two U.S. producers reported that they did not know, but producer *** indicated that the tariffs did not have an impact because FRCs exported from China were diverted to Mexico for inclusion on railcars intended for use in the United States. In contrast, four of five responding importers,[15] reported that the imposition of section 301 tariffs have had an impact on the market for FRCs in the United States. Importer *** stated that imports of FRCs generally stopped coming into the U.S. market. Importers *** stated that the tariffs have made Chinese-origin FRCs less competitive in general, but *** added that *** compete on factors other than price. Importer *** noted that increased steel costs allowed U.S. producers/suppliers of FRCs to increase domestic pricing.[16]

Channels of distribution

U.S. producers sold mainly to the OEM market during 2019 and to the maintenance/replacement market during all other periods, as shown in table II-1. Importers of subject FRCs from China sold mainly to the maintenance/replacement market while importers of subject FRCs from Mexico sold mainly to the OEM market, though to a somewhat lesser extent. The OEM market is driven by the 30,000 to 60,000 new railcars put into service each year, each requiring two couplers. FRCs sold to the maintenance market support the 1.6 million

[13] *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 48000, September 21, 2018; *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 20459, May 9, 2019.

[14] For more information, see the section labelled "Section 301 tariff treatment" in Part I.

[15] *** reported it did not know.

[16] In FRC I, purchasers *** reported that the tariffs resulted in immediate increases in prices for FRC from all suppliers. Purchaser *** reported that the section 301 tariffs have reduced the competitive landscape from five suppliers to two, but capacity constraints for domestic suppliers limits their ability to meet demand for both new railcar manufacturing and maintenance needs. It also reported that ***. Purchaser *** reported that the section 301 tariffs had a minimal impact on its purchases of FRC. FRC I staff report, pp. II-3-II-4.

railcars in service in the United States.[17] Decreases in shipments to the OEM market have increased the share of the replacement market during 2019-21 for all sources.

Table II-1
FRCs: Share of U.S. shipments by source, channel of distribution, and period

Shares in percent

Source	Channel	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
United States	OEM	***	***	***	***	***
United States	Replacement	***	***	***	***	***
China	OEM	***	***	***	***	***
China	Replacement	***	***	***	***	***
Mexico	OEM	***	***	***	***	***
Mexico	Replacement	***	***	***	***	***
Subject sources	OEM	***	***	***	***	***
Subject sources	Replacement	***	***	***	***	***
Nonsubject	OEM	***	***	***	***	***
Nonsubject	Replacement	***	***	***	***	***
All imports	OEM	***	***	***	***	***
All imports	Replacement	***	***	***	***	***

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

Geographic distribution

U.S. producers and importers reported selling FRCs to all regions in the United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

[17] Petitioner's postconference brief, p. 7.

Table II-2
FRCs: Count of U.S. producers' and U.S. importers' geographic markets

Count in number of firms reporting

Region	U.S. producers	China	Mexico	Subject sources
Northeast	3	3	1	4
Midwest	2	3	1	4
Southeast	2	3	1	4
Central Southwest	2	3	1	4
Mountains	2	2	1	3
Pacific Coast	2	2	1	3
Other	2	0	0	0
All regions (except Other)	2	2	1	3
Reporting firms	3	3	1	4

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

Note: Other U.S. markets include AK, HI, PR, and VI.

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding FRCs from U.S. producers and responding producers from China and Mexico. As the multi-year market cycle[18] for FRCs was reaching its bottom in 2021, U.S., Chinese, and Mexican producers were all experiencing decreases in capacity utilization while maintaining or nearly maintaining the same capacity levels.

[18] For information regarding this cycle, see the "Business cycles" section below.

Table II-3
FRCs: Supply factors that affect the ability to increase shipments to the U.S. market, by country

Quantity in 1,000 pounds; ratio and share in percent; count in number of firms reporting

Factor	Measure	United States	China	Mexico	Subject
Capacity 2019	Quantity	***	***	***	***
Capacity 2021	Quantity	***	***	***	***
Capacity utilization 2019	Ratio	***	***	***	***
Capacity utilization 2021	Ratio	***	***	***	***
Ending inventories 2019	Share	***	***	***	***
Ending inventories 2021	Share	***	***	***	***
Home market 2021	Share	***	***	***	***
Non-US export markets 2021	Share	***	***	***	***
Ability to shift production (firms reporting "yes")	Count	***	***	***	***

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

Note: Responding U.S. producers accounted for virtually all of U.S. production of FRCs in 2021. Responding foreign producer/exporter firms accounted for *** of U.S. imports of FRCs from China during 2021. Responding foreign producer/exporter firms accounted for all or nearly all U.S. imports of FRCs from Mexico during 2021. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from China and Mexico, please refer to Part I, "Summary Data and Data Sources."

Note: Capacity utilization is measured as a ratio of production to capacity, ending inventories is measured as a share of total shipments, home market 2021 and non-U.S. export market 2021 shipments are measured as a share of total shipments.

Domestic production

Based on available information, U.S. producers of FRCs have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced FRCs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of unused capacity, large amounts of inventories, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include a limited ability to shift shipments from export markets.

Domestic capacity and production both decreased during 2019-21 but production decreased at a much higher rate, resulting in large decreases in capacity utilization.[19] U.S. shipments decreased by *** percent from 2019 to 2021, but U.S. shipments were *** percent higher in interim 2022 than in interim 2021. Inventories decreased by nearly the same percentage as domestic shipments (*** percent), so the ratio of inventories to domestic shipments increased slightly. Export shipments decreased by an even larger percentage than

[19] Capacity decreased by *** percent and production decreased by *** percent during 2019-21.

U.S. shipments (*** percent), resulting in a decreased share of U.S. producers' exports to total shipments: from *** percent in 2019 to *** percent in 2021. During January-June 2022, this ratio was *** percent, compared with *** percent in January-June 2022.

Other products that producers reportedly can produce on the same equipment as FRCs include bolsters, side frames, mining and agricultural equipment castings, and transit (passenger rail) products.[20] A representative for M&T stated that it may make 50 transit couplers per month compared with hundreds of freight couplers per day. In 2017, Amsted started to transform its Granite City, Illinois, facility into one focused more on transit couplers, while still maintaining production of freight couplers, because Buy American rules require "American-made product to supply the passenger side of the business."[21] Transit couplers have more stringent specifications/certifications than freight couplers due to the nature of transporting passengers rather than freight.[22] Factors affecting U.S. producers' ability to shift production include ***. Reported production constraints include ***.

Subject imports from China

Based on available information, producers of FRCs from China have the ability to respond to changes in demand with large changes in the quantity of shipments of FRCs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, some ability to shift shipments from non-U.S. export markets, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include a decreased ability to shift shipments from inventories.

[20] Conference transcript, p. 78 (Mautino).
[21] Conference transcript, p. 103 (Carter).
[22] Conference transcript, p. 78 (Mautino).

Chinese producers' production, capacity utilization, and the ratio of inventories to total shipments decreased during 2019-21 while capacity levels were the same in 2021 as in 2019, though they were lower in 2020. Production was *** percent lower in interim 2022 than in interim 2021 and capacity was *** percent higher, leading capacity utilization in interim 2022 to be *** percent compared with *** percent during the same period in 2021. Factors affecting Chinese producers' ability to shift production included ***.[23] Chinese producers did not indicate their largest export markets, but in FRC I, Chinese producers reported shipping a small amount of their FRC production to Canada and Mexico, and producer M&T indicated that Chinese assemblies are being mounted to railcars in Mexico to ship to the United States.[24]

Subject imports from Mexico

Based on available information, producers of FRCs from Mexico have the ability to respond to changes in demand with small to moderate changes in the quantity of shipments of FRCs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are some ability to shift shipments from inventories, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include the lack of availability of unused capacity in interim 2022, a limited ability to shift shipments from non-U.S. export markets, and decreasing inventory levels since 2020.

Mexican producer Amsted ASF-K's production and capacity utilization decreased during 2019-21 while the capacity level remained constant. Capacity utilization decreased from *** percent to *** percent. In the first half of 2022, however, capacity utilization ratios were higher, reaching *** percent, compared with *** percent in the first half of 2021, and capacity was *** percent higher in the latter period. Inventory levels increased from *** percent of total shipments in 2019 to *** percent in 2020 before decreasing to *** percent in 2021. The ratio was also lower in interim 2022 (*** percent) than it was in interim 2021 (*** percent). The majority of Amsted ASF-K's production using the same machinery and workers was of ***: approximately *** percent of its production using the same machinery and workers was dedicated to FRCs in each period.

Imports from nonsubject sources

Since FRCs enter the United States in a basket HTS number, official statistics may not be wholly representative of in-scope products. No importers reported any imports of FRCs from nonsubject sources between January 2019 and June 2022. One purchaser reported purchasing

[23] In FRC I, foreign producer ***. FRC I staff report, p. II-7.

[24] Conference transcript, pp. 25 (Lefevre) and 86 (Pickard), and FRC I staff report, p. II-7.

a very small quantity that was manufactured in India (representing *** percent of reported purchases and imports). Based on official statistics, India accounted for *** percent of U.S. imports of FRCs by quantity in 2019, *** percent by quantity in 2020, and *** percent by quantity in 2021. For further information regarding nonsubject imports, see Part VII.

Supply constraints

U.S. producers and importers were asked if they had experienced any supply constraints in the market for FRCs. Two of three U.S. producers and two of five responding importers reported that they had not experienced supply constraints since January 1, 2019.[25] Of the firms that did report supply constraints, *** stated that, ***. Importer *** reported that it has often not been able to supply FRCs when a customer requests them due to volatile demand and supply chain logistics.[26] Importer *** reported vendor capacity and availability limitations affected it for 3 to 6 months. Importer *** reported that its U.S. supplier *** had stopped manufacturing certain FRCs and terminated its agreements.[27]

New suppliers

In FRC I, 10 of 13 responding purchasers indicated that no new suppliers entered the U.S. market since January 1, 2019.[28]

[25] In FRC I, 9 of 13 purchasers also reported that they had not experienced supply constraints. FRC I staff report, p. II-8.

[26] ***.

[27] In FRC I, purchaser *** reported that it had multiple suppliers delay shipments after the onset of the COVID-19 pandemic. FRC I staff report, p. II-8.

[28] FRC I staff report, p. II-8.

U.S. demand

Based on available information, the overall demand for FRCs is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the small cost share of FRCs in the production of new freight railcars and the reconditioning of used freight railcars.

End uses and cost share

U.S. demand for FRCs depends on the demand for U.S.-produced freight railcars and for railcar servicing. FRCs account for a small share of the cost of the freight railcars in which it is used. Most reported cost shares for freight railcar production were 1 to 3 percent, although Amsted estimated that the cost is 7.5 percent.[29] While new cars need FRCs assemblies, also known as fits, maintenance on existing FRCs may only require individual parts, and knuckles are the most frequently replaced parts because they take the force of the impact of connecting railcars. When knuckles need replacement, there is no opportunity to delay maintenance because the knuckle may break if it is cracked.[30] This maintenance can occur in shops or as "running repairs" while railcars are on the rail tracks or ramps.[31] There may be some instances where a freight rail coupler is worn but does not meet "condemning limits" that require replacement, so the component or the entire assembly would not be replaced, but that is not recommended.[32] Part of sales into the maintenance market is through "programs" for preventative maintenance wherein "a lessor or a car owner will bring in a fleet of cars" that have reached a certain number of miles.[33]

[29] Conference transcript, p. 178 (Oesch).
[30] Conference transcript, p. 185 (Werner).
[31] Conference transcript, pp. 66 (Mautino) and 175 (Werner).
[32] Conference transcript, p. 176 (Oesch).
[33] Conference transcript, p. 75 (Mautino).

Business cycles

Two of three U.S. producers and five of six importers indicated that the market was subject to business cycles or unique conditions of competition.[34] U.S. producer *** reported that the business cycle is typically seven years from peak to trough. Importer *** reported that demand in the OEM market is aligned to the number of new cars built, while demand for the maintenance parts in the aftermarket is more dependent on Class I railcar traffic volume and is more consistent than the OEM market.[35] Importer *** reported that finished railcar demand drives cyclicality of FRC. Importer *** reported an 8- to 10-year cycle and indicated that downtrends tend to happen with downturns in the economy. It also provided data showing demand peaks in 1998, 2006, and 2015 with troughs in 2002, 2010, and 2021. At the staff conference, a representative for M&T noted that the market for FRCs is past the trough and currently in a recovery phase.[36] In FRC I, purchaser *** reported that the need for replacement FRC increases during winter months because of a higher occurrence of coupler breakage due to cold temperatures.[37]

In FRC I, firms were asked about changes in the business cycles or conditions of competition for FRC since January 1, 2019. Most responding firms (two U.S. producers, five importers, and seven purchasers) reported that there had been changes. U.S. producer *** reported that some freight car manufacturers moved production to Mexico to avoid section 301 duties on FRCs. U.S. producer *** reported that the COVID-19 pandemic had an impact on the market for FRCs. Importer *** reported changes due to the imposition of section 301 tariffs and an increase in the percentage of railcars being produced in Mexico. Purchaser *** reported global supply chain constraints.[38]

[34] In FRC I, 10 of 13 purchasers indicated that the market was subject to business cycles or conditions of competition as well. FRC I staff report, p. II-9.

[35] "The seven private Class I railroads are the largest railway carriers, and account for the majority of the rail infrastructure in the country. They operate over nearly 92,000 route miles across 46 states (not Alaska, Hawaii, New Hampshire or Rhode Island)." https://www.aar.org/integrated-rail-network.

[36] Conference transcript, p. 72 (Mautino).

[37] FRC I staff report, p. II-9.

[38] Ibid.

Another factor that has affected demand for FRCs is the growing use of an operational model called precision scheduled railroading ("PSR"), or precision railroading, by Class I rail operators that attempts to streamline railroad operations. A representative for M&T stated that this increased the number of cars in storage, causing a decrease in demand for FRCs.[39] Importer *** also reported that the implementation of PSR created a "dramatic change," leading to fewer railcars in operation and increased rail time for each car. It reported that the new railcar build in 2019 remained strong, producing 58,795 new cars for the industry. It has also led to a decrease in all products sold to the railcar maintenance sector and for new railcars scheduled to be built to be "dramatically minimized." This firm described 2020-21 as a "self-imposed recessionary climate" in the rail industry.[40]

FRCs purchase characteristics

Purchasers were asked how frequently the FRCs they source come from their suppliers in different ways: as standalone FRCs, attached to railcars or other out-of-scope assemblies, as components (knuckles or couplers), or as complete assemblies or "fits." Purchasers most frequently bought standalone FRCs and FRC components, although coupler assemblies were also frequently purchased (table II-4). The majority of responding purchasers (9 of 14) never purchase FRCs attached to railcars or other out-of-scope products.

[39] Conference transcript, p. 72 (Mautino).
[40] FRC I staff report, p. II-10.

Table II-4
FRCs: Purchasers' responses regarding frequency of purchasing FRCs of certain characteristics

Count in number of firms reporting

Product type	Always	Frequently	Sometimes	Infrequently	Never
Standalone	4	7	0	1	1
Attached	1	1	1	1	9
Coupler assembly / fit	1	5	1	3	3
Components	4	6	1	2	0

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

Demand trends

U.S. producer and importers were asked how demand for FRCs has changed since January 1, 2019. Most producers and importers noted decreasing or fluctuating demand both inside and outside of the United States (table II-5).

Table II-5
FRCs: Firms' responses regarding overall domestic and foreign demand since 2019, by firm type

Count in number of firms reporting

Market	Firm type	Increase	No change	Decrease	Fluctuate
Domestic demand	U.S. producers	0	1	0	2
Domestic demand	Importers	0	0	4	2
Foreign demand	U.S. producers	0	1	0	1
Foreign demand	Importers	0	0	3	2

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

Note: ***.

When describing demand in the United States since 2019, U.S. producers and importers reported that demand for FRCs was cyclical and followed the business cycle. Importer *** reported decreased demand during the COVID-19 pandemic, but that its rebound in 2022 has not returned to pre-2019 levels. Production of new railcars follows trends in general economic activity, since the increased levels of goods being produced need to be transported, which drives the need for additional railcars. Increased mileage of railcars from increased economic activity also accelerates the need for replacement FRCs, particularly knuckles, in the maintenance market.[41]

[41] Conference transcript, pp. 23-24 (LeFevre).

In FRC I, purchasers were also asked how demand for end-use products has changed since 2019. Purchasers reported mixed demand trends for end-use products since 2019 (3 firms reported that end-use demand fluctuated, 2 reported that it increased, 2 that it decreased, and 1 that it did not change). Most purchasers reported that the cyclical nature of the freight railcar market drives demand for FRC. Purchaser *** reported that in addition to normal fluctuations in the business cycle, demand for its end-use products is affected by the implementation of various efficiency initiatives (such as PSR) and the scrapping of railcars past their useful lives.[42]

The new railcar market has experienced several surges and declines in recent decades as the market follows general trends in the overall economy (figure II-1 and table II-6).[43] New railcar deliveries to the North American market decreased by 49.5 percent from 2019 (58,026 railcars) to 2021 (29,280 railcars). The average annual number of deliveries during 1994-2021 was 51,406.[44] Quarterly freight railcar orders generally increased between 2020 and the end of 2021, but decreased in the first two quarters of 2022 figure II-2 and table II-7). Quarterly freight railcar deliveries decreased in 2020 but have increased since the first quarter of 2021. Railcar backlogs have also been increasing.[45] Railcar backlogs increased in the second quarter of 2022

[42] FRC I staff report, pp. 12-13.

[43] The United States experienced economic recessions during 2001, 2007-09, and 2020.

[44] Trinity Rail estimates industry deliveries of new railcars to be 40,000 to 50,000 railcars in 2022. https://www.railwayage.com/mechanical/freight-cars/trinity-strong-4q21-highlights-improving-market-conditions/?RAchannel=freight-cars. A representative of M&T also noted this estimate for the market in 2022. Conference transcript, p. 79 (Mautino).

In December 2017, *** Trinity announced that it would transfer its ownership in U.S. producer M&T to Arcosa, Inc. During FRC I, Trinity noted that, as part of the sale, Trinity agreed to purchase set amounts of FRCs from M&T to decrease annually through 2023. A representative for petitioner M&T testified in FRC I that "the contract {with Trinity} includes tapered volume over time, and as stated before, annual negotiations have resulted in decreased pricing over the POI." Respondents in FRC I reported that Trinity's new railcar deliveries decreased more than the overall drop in demand for new railcars during 2019-21. FRC I staff report, p. II-10.

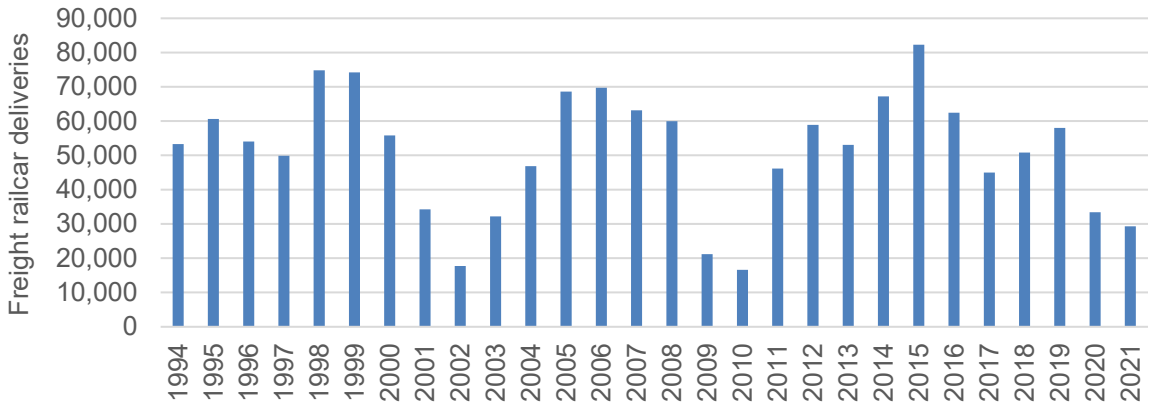
[45] "A backlog is simply the orders for railcars that leasing companies, railroads, and private businesses such as chemical companies and banks place with railcar manufacturers that have not yet been delivered by the manufacturers. As a manufacturer delivers an order of railcars, the backlog shrinks.

However, industry observers look at the size of railcar manufacturers' backlogs because those backlogs can reflect market dynamics. The railcar market is known for being cyclical, meaning that the backlog size can vary depending on demand, the availability of existing railcars, replacement schedules — railcars have a recommended lifespan — and new regulations that can affect the timing of when cars might need to be replaced. Railcar manufacturers also seek to develop cars that have new features that might meet a railcar owner's needs. The backlogs can show where the railcar market is in the supply-and-demand cycle, according to Lee Verhey, director of regulatory and industry affairs for the Railway Supply Institute... Backlogs also help a railcar manufacturer manage its business, Verhey said. A company might have the ability to build 20,000 cars over a six-month period, but the company might

(*continued*...)

by 3 percent from the first quarter of 2022 and are 27 percent higher than in the second quarter of 2021.[46]

Figure II-1
Freight railcars: Deliveries in North America, by year



Sources: Years 1994-2019: https://www.railwayage.com/mechanical/freight-cars/do-we-need-another-north-american-railcar-builder/#. Years 2020-21: Railway Supply Institute Inc., ARCI 2021 4th Quarter Reporting Statistics, January 31, 2022.

Figure II-2
Freight railcars: Deliveries and orders in North America, by quarter, January 2020-June 2022

Sources: "RSI Releases Q1 ARCI Freight Car Manufacturing Statistics," https://www.rsiweb.org/wp-content/uploads/2021/04/ARCI-Summary-1st-Quarter-2021.pdf, April 28, 2021, "RSI Releases Q1 ARCI Freight Car Manufacturing Statistics," https://www.rsiweb.org/rsi-releases-q1-arci-freight-car-manufacturing-statistics-2/, May 4, 2022, and Railway Age, "ARCI: Railcar Backlog Rising," https://www.railwayage.com/mechanical/freight-cars/arci-railcar-backlog-rising/, August 1, 2022.

space out when it fulfills a railcar order as a way to help keep the business afloat." FreightWaves, "How railcar order backlogs reflect market dynamics," https://www.freightwaves.com/news/how-railcar-backlogs-reflect-market-dynamics, October 24, 2021.

[46] Railway Age, "ARCI: Railcar Backlog Rising," https://www.railwayage.com/mechanical/freight-cars/arci-railcar-backlog-rising/, August 1, 2022.

Table II-6
Freight railcars: Deliveries in North America, by year

Year	Freight railcar deliveries
1994	53,269
1995	60,618
1996	54,031
1997	49,902
1998	74,832
1999	74,223
2000	55,791
2001	34,258
2002	17,714
2003	32,180
2004	46,871
2005	68,612
2006	69,733
2007	63,149
2008	59,954
2009	21,150
2010	16,579
2011	46,125
2012	58,891
2013	53,043
2014	67,228
2015	82,296
2016	62,433
2017	44,963
2018	50,803
2019	58,026
2020	33,417
2021	29,280

Sources: Years 1994-2019: https://www.railwayage.com/mechanical/freight-cars/do-we-need-another-north-american-railcar-builder/#. Years 2020-21: Railway Supply Institute Inc., ARCI 2021 4th Quarter Reporting Statistics, January 31, 2022.

Table II-7
Freight railcars: Deliveries and orders in North America, by quarter, January 2020-June 2022

Quarter	Freight railcar deliveries	Freight railcar orders
2020 Q1	10,824	6,172
2020 Q2	8,441	1,923
2020 Q3	7,953	5,783
2020 Q4	6,216	3,397
2021 Q1	5,669	6,227
2021 Q2	6,825	9,466
2021 Q3	8,298	8,607
2021 Q4	8,161	13,477
2022 Q1	8,043	12,957
2022 Q2	9,629	11,177

Sources: "RSI Releases Q1 ARCI Freight Car Manufacturing Statistics," https://www.rsiweb.org/wp-content/uploads/2021/04/ARCI-Summary-1st-Quarter-2021.pdf, April 28, 2021, "RSI Releases Q1 ARCI Freight Car Manufacturing Statistics," https://www.rsiweb.org/rsi-releases-q1-arci-freight-car-manufacturing-statistics-2/, May 4, 2022, and Railway Age, "ARCI: Railcar Backlog Rising," https://www.railwayage.com/mechanical/freight-cars/arci-railcar-backlog-rising/, August 1, 2022.

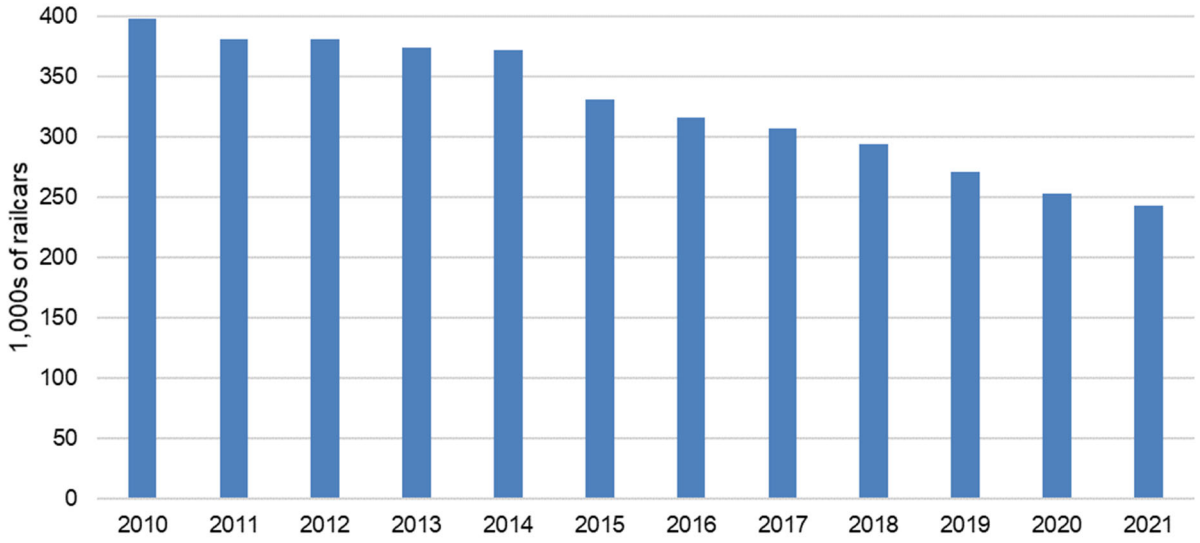
Note: Data prior to 2020 are unavailable.

Additionally, the number of freight railcars owned and operated by Class I railroads decreased by 10.1 percent from 2019 (270,378 railcars) to 2021 (243,087 railcars) (figure II-3 and table II-8). The decrease has been attributed to improved utilization (e.g., double-stack container railcars) and the deployment of larger cars.[47] M&T reported that most of its product ends up in the Class I rail system.[48]

[47] U.S. Department of Transportation, Bureau of Transportation Statistics, Transportation Statistics Annual Report, 2020.

[48] FRC I conference transcript, p. 64 (Mautino).

Figure II-3
Freight railcars: Count of freight railcars owned and operated by Class I railroads



Sources: Years 2010-20: U.S. Department of Transportation, Bureau of Transportation Statistics, National Transportation Statistics, Table 1-11, available at https://www.bts.gov/topics/national-transportation-statistics as of August 2021. Year 2021: U.S. Department of Transportation, Bureau of Transportation Statistics and Surface Transportation Board, Annual R-1 Reports, Schedule 710.

Table II-8
Freight railcars: Count of freight railcars owned and operated by Class I railroads

Year	Freight railcars (number)
2010	397,730
2011	380,699
2012	380,641
2013	373,838
2014	371,642
2015	330,996
2016	315,227
2017	306,268
2018	293,742
2019	270,378
2020	252,400
2021	243,087

Sources: Years 2010-20: U.S. Department of Transportation, Bureau of Transportation Statistics, National Transportation Statistics, Table 1-11, available at https://www.bts.gov/topics/national-transportation-statistics as of August 2021. Year 2021: U.S. Department of Transportation, Bureau of Transportation Statistics and Surface Transportation Board, Annual R-1 Reports, Schedule 710.

As noted in FRC I, demand for FRC in the maintenance/replacement market is driven by several factors, including the amount of freight railroad traffic that is occurring, the number of freight railcars in storage, and the number of cars that are scrapped each year. The maintenance/replacement market is closely tied to railroad revenue per ton-miles.[49] Class I railroad revenue per ton-miles decreased by 5.0 percent from 2019 ($1,614.5 billion) to 2021 ($1,533.9 billion).[50] The average number of freight railcars in storage was *** during 2019, *** during 2020, and *** during January-September 2021. Maintenance is not conducted on freight railcars that are in storage. The estimated number of freight railcars that were scrapped increased by 8.3 percent from 2019 (55,400 railcars) to 2021 (60,000 railcars). An increase in steel scrap prices has been attributed to the increase in the number of freight railcars scrapped during this period. Estimates for average annual FRC units in the North American maintenance/replacement market were *** units during 2019, *** units during 2020, and *** units during January-September 2021.[51]

Substitute products

All three U.S. producers and six importers reported that there were no substitutes for FRCs, as did all purchasers of FRC in FRC I .[52]

[49] "{Revenue per ton-miles} is the amount of traffic that railroads are pulling on a day-to-day basis. This means that railcars are traveling fewer miles on average, and railcar owners are deferring maintenance or reconditioning their freight car couplers in lieu of them replacing with new. The result has been lower demand in this market." FRC I conference transcript, p. 80 (Korzeniowski).

[50] Surface Transportation Board, Annual R-1 Reports, Schedule 755, Line 110.

[51] FRC I staff report, pp. II-15-16, quoting FRC I petitions. These data include yoke and follower block units.

[52] FRC I staff report, p. II-16.

Substitutability issues

This section assesses the degree to which U.S.-produced FRCs and imports of FRCs from China and Mexico can be substituted for one another by examining the importance of certain purchasing factors and the comparability of FRCs from domestic and imported sources based on those factors. Data from this section regarding purchasers' responses is mainly drawn from the staff report in FRC I, with the exception of purchasers' three most important factors they consider when making purchasing decisions.[53] Based on available information, staff believes that there is a high degree of substitutability between domestically produced FRCs and those imported from China and Mexico.[54] The primary factors contributing to this level of substitutability include little preference for any particular country of origin, similarities between domestically produced FRCs and FRCs imported from China and Mexico across multiple purchase factors, and the high degree of interchangeability between domestic and subject sources. Factors reducing substitutability include differences in availability, lead times, and certain purchasers' preference for certain types of FRCs only available from China.

[53] The Commission's final phase purchaser questionnaire contains substantially more questions than the lost sale/lost revenue survey sent to purchasers during the preliminary phase of any investigation. See the "Substitutability issues" section of FRC I staff report for the data referenced herein.

[54] The degree of substitution between domestic and imported FRCs depends upon the extent of product differentiation between the domestic and imported products and reflects how easily purchasers can switch from domestically produced FRCs to the FRCs imported from subject sources (or vice versa) when prices change. The degree of substitution may include such factors as relative prices (discounts/rebates), quality differences (e.g., grade standards, defect rates, etc.), and differences in sales conditions (e.g., lead times between order and delivery dates, reliability of supply, product services, etc.).

Factors affecting purchasing decisions

Purchaser decisions based on source

As shown in table II-9, in FRC I, purchasers' responses were mixed regarding whether their and their customers' purchasing decisions were made based on the producer. Several firms reported having contracts with certain producers based on reliability, quality, and performance. Most purchasers reported never making purchasing decisions based on the country of origin. Of the four purchasers that sometimes make decisions based on the country of origin, purchaser *** reported that it preferred U.S.-origin FRC to minimize transportation costs and lead time issues. Most responding purchasers reported sometimes making decisions based on customer preference for the country of origin. Purchasers *** reported that certain customers must comply with U.S. government regulations that require a certain percent of purchases to be domestic.

Table II-9
FRC: Count of purchasers' responses regarding frequency of purchasing decisions based on producer and country of origin in FRC I

Count in number of firms reporting

Firm making decision	Decision based on	Always	Usually	Sometimes	Never
Purchaser	Producer	1	4	4	4
Customer	Producer	0	3	3	1
Purchaser	Country	0	0	4	9
Customer	Country	0	0	4	3

Source: FRC I staff report, p. II-17.

Importance of purchasing domestic product

In FRC I, 12 of 13 purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product. Two reported that domestic product was required by law (for 1 to 2 percent of their purchases), one reported it was required by their customers (for 5 percent of its purchases), and one reported other preferences for domestic product. The reason cited for preferring domestic product in this latter instance was a contract with ***.[55]

[55] FRC I staff report, p. II-17.

Availability of specific product types of FRC

In FRC I, 6 of 11 responding purchasers reported that all types of FRCs are available from all country sources.[56] Of the five purchasers that reported certain types of FRCs only being available from certain country sources, purchasers *** reported that FRCs that incorporate the Bedloe technology are currently only available from Chinese sources.[57] [58] Purchaser *** reported that U.S. suppliers could not supply certain yokes and coupler bodies.

Most important purchase factors

The most often cited top three factors firms consider in their purchasing decisions for FRCs were availability/lead time, quality/meets specifications/exceeds specifications, and price (9 firms each), as shown in table II-10. Both availability/lead time and quality/meets specifications/exceeds specifications were the most frequently cited first-most important factors (cited by 4 firms each); availability/lead time was the most frequently reported second-most important factor (5 firms); and price was the most frequently reported third-most important factor (6 firms). *** stated that its "primary concern -- by far -- is to make certain that we have a trustworthy supplier that will provide us with good products in a timely manner. For this reason, we do not simply chase the lowest price for freight rail couplers. Instead, we tend to do business with companies that have a proven record of supplying us with the type of products that we require" and that "in recent years, we have reached out to M & T about freight rail couplers, and we did not find them to be cooperative."

In FRC I, the majority of purchasers (12 of 13) reported that they usually or sometimes (6 each) purchase the lowest-priced product; one purchaser reported that it never does.[59]

[56] FRC I staff report, pp. II-17-II-18.

[57] In FRC I, a representative for Strato testified that purchasers may not know that they are buying FRC that incorporate the Bedloe technology, stating "I mean, you can imagine how many parts are used on the railroads, and a coupler is pretty obvious, but many times, I can tell you, they {purchasers} don't know what they're buying. And then it's based on price and are you approved by the AAR." FRC I hearing transcript, p. 230 (Foxx).

[58] In FRC I, TTX reported that certain FRC from China are not substitutable with domestically produced FRC given Bedloe's superior quality and durability although the firm reported that it purchases some non-Bedloe FRC because "{t}he supply chain risk of relying too heavily on a single source is unacceptable." FRC I staff report, p. II-18. A representative for TTX further testified in those investigations that it "can use a non-Bedloe component in conjunction with a Bedloe component." FRC I hearing transcript, p. 261 (Werner).

[59] FRC I staff report, p. II-18.

Table II-10
FRC: Count of ranking of factors used in purchasing decisions as reported by purchasers, by factor

Count in number of firms reporting

Factor	First	Second	Third	Total
Availability/lead time	4	5	0	9
Quality/meets specs/exceeds specs	4	3	2	9
Price	2	1	6	9
Contracts/supply agreements	1	0	2	3
Customer specified/preference	1	0	1	2
Bedloe technology	1	0	0	1
Recondition availability	1	0	0	1
Reliability/service/delivery performance	0	2	0	2
Production capacity	0	2	0	2
Total cost of ownership	0	1	1	2
Supplier relationship history	0	0	1	1

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

Note: In addition, six purchasers listed more than 3 factors. Additional factors include: the ability for the manufacturer to comply with industry standards, annual supplier evaluation review scores, availability, component failure data to understand reliability of a supplier's components, ensuring there is a diversity of suppliers in the marketplace, geographical proximity, quality, safety, and shipping location.

Importance of specified purchase factors

In FRC I, purchasers were asked to rate the importance of 16 factors in their purchasing decisions (table II-11). The factors rated as very important by more than half of responding purchasers were availability and quality meets industry standards (13 each); product consistency and reliability of supply (12 each); delivery time (11); price (8); and delivery terms (7).

Table II-11
FRC: Count of purchasers' responses regarding importance of purchase factors, by factor

Count in number of firms reporting

Factor	Very important	Somewhat important	Not important
Availability	13	0	0
Delivery terms	7	3	3
Delivery time	11	2	0
Discounts offered	3	9	1
Minimum quantity requirements	3	5	5
Packaging	2	6	5
Payment terms	3	7	3
Price	8	5	0
Product consistency	12	1	0
Product range	0	6	7
Proprietary technologies (e.g. Bedloe)	3	2	8
Quality meets industry standards	13	0	0
Quality exceeds industry standards	6	5	2
Reliability of supply	12	1	0
Technical support/service	5	7	1
U.S. transportation costs	5	7	1

Source: FRC I staff report, p. II-19.

Lead times

FRCs are primarily sold from inventory. U.S. producers reported that *** percent of their commercial shipments came from inventories, with lead times averaging *** days. The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days. Importers reported that *** percent of their commercial shipments came from inventories (*** percent from U.S. inventories with lead times averaging *** days and *** percent from foreign inventories with lead times averaging *** days). The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days.

Supplier certification

In FRC I, all 13 responding purchasers required their suppliers to become certified or qualified to sell FRCs to their firm. Purchasers reported that the time to qualify a new supplier ranged from 1 to 2 years and that the supplier must be approved by the AAR before purchasing. Twelve of 13 purchasers reported that domestic and/or foreign producers had not failed in their attempts to certify or qualify their FRC. Respondent Strato testified that in 2015 it attempted to work with Blue Diamond (Huron Casting), a U.S. producer in Michigan, to obtain AAR approval and to have it produce Strato's products but the project ended because Blue Diamond could not find adequate labor and the company has since lost its AAR certification. Strato also reported that it has four foundries in China that it worked with to obtain AAR certification, but one of these four has since lost its certification.[60]

Minimum quality specifications

As reported in table II-12, a majority of responding purchasers reported that FRCs from the United States, China, and Mexico always or usually met minimum quality specifications. Most responding purchasers reported that the quality of FRCs is determined by meeting AAR standards. Other reported measures of quality include useful life, consistency of physical characteristics, defects (visible or not), fatigue life cycles, warranties, and Bedloe requirements.[61]

Table II-12
FRC: Count of purchasers' responses regarding suppliers' ability to meet minimum quality specifications, by source

Count in number of firms reporting

Source of purchases	Always	Usually	Sometimes	Rarely or never	Don't Know
United States	7	4	1	0	1
China	8	3	0	0	1
Mexico	5	3	0	0	4
Nonsubject sources	0	0	0	0	5

Source: FRC I staff report, p. II-20.

Note: Purchasers were asked how often domestically produced or imported FRC meets minimum quality specifications for their own or their customers' uses.

[60] FRC I staff report, p. II-20.
[61] FRC I staff report, pp. II-20-II-21.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2019 (table II-13). Purchasers' responses were mostly mixed. Five purchasers reported fluctuating purchases from domestic sources and four reported increasing purchases. Purchaser *** pointed to finished railcar cyclicality as the driver for its fluctuating purchases. Purchaser *** reported that it has been increasing its purchases of domestic FRC generally, with fluctuating purchases in 2020 and 2021 due to COVID-19 and supply chain issues, and has been switching from new to refurbished FRCs. Purchaser *** reported that its decreased domestic purchases in 2020 due to COVID-19 but increased in 2021 and the first half of 2021. Purchaser *** reported fluctuating purchases after ***. In FRC I, ***.[62] The final purchaser reporting fluctuating purchases, ***, reported fluctuating purchases in 2019-2021, but increasing domestic purchases in 2022 due to a "lack of availability elsewhere." Purchasers increasing domestic purchase shares noted the reasons as value, ability to meet quantity requirements in 2022, customer and design requirements for a specific system, and larger decreases in purchases of imported FRCs.

[62] FRC I staff report, pp. II-21-II-22. In its Lost Sale/Lost Revenue Survey response, *** stated that "***."

Table II-13
FRCs: Count of purchasers' responses regarding changes in purchase patterns from U.S., subject, and nonsubject countries

Count in number of firms reporting

Source of purchases	Increased	Constant	Decreased	Fluctuated	Did not purchase
United States	4	2	1	5	1
China	0	1	6	4	2
Mexico	3	1	2	2	5
Nonsubject sources	0	0	1	1	8
Sources unknown	1	2	0	4	5

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

A majority of responding purchasers reported decreasing purchases from China. Two purchasers noted decreasing purchases due to the FRC I investigations (***). Purchaser *** also indicated that PSR at Class I railroads and downturns in the railroad industry led to decreased purchases from China. *** stated that its overall purchase decrease led to a lower share of purchases from China. *** decreased its purchases due to value and ability to meet 2022 purchase requirements. *** noted that although the share increased slightly in 2020, there were substantial overall decreases due to COVID-19. In 2021 and the first half of 2022, there were multiple factors including availability constraints and increased purchases from Mexico for new railcar acquisitions.

Purchasers' reported changes in purchases from Mexico were the most diverse. Increases in purchases of FRCs from Mexico were reported by *** due to its reduction in purchases from China, *** due to customer design requiring a specific system, and *** in 2021 and 2022 due to new railcar acquisition. Decreases were noted by *** based on value and ability to meet quantity requirements in 2022 and ***. Fluctuating purchases were noted by *** and ***, which noted cyclical new railcar demand as the driver.

In FRC I, six of 13 responding purchasers reported that they had changed suppliers since January 1, 2019.[63]

[63] FRC I staff report, p. II-21.

Purchase factor comparisons of domestic products and subject imports

In FRC I, purchasers were asked a number of questions comparing FRC produced in the United States, China, Mexico, and any other nonsubject countries.[64] First, purchasers were asked for a country-by-country comparison on the same 16 factors for which they were asked to rate the importance. Most purchasers reported that U.S. FRC and FRC imported from China were comparable on every factor (table II-14) and that U.S. FRC and FRC imported from Mexico were comparable on every factor except price and U.S. transportation costs (table II-15). Most purchasers reported that Chinese and Mexican FRC were comparable on every factor except delivery time and price (table II-16). Responding purchasers reported that delivery time and price were very important factors in their purchasing decisions and U.S. transportation costs was a somewhat important factor (table II-11).

Table II-14
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

Factor	Country pair	Superior	Comparable	Inferior
Availability	U.S. vs China	1	8	2
Delivery terms	U.S. vs China	0	9	2
Delivery time	U.S. vs China	4	5	2
Discounts offered	U.S. vs China	0	9	2
Minimum quantity requirements	U.S. vs China	1	10	0
Packaging	U.S. vs China	0	10	1
Payment terms	U.S. vs China	0	11	0
Price	U.S. vs China	3	5	3
Product consistency	U.S. vs China	0	9	2
Product range	U.S. vs China	1	10	0
Proprietary technologies (e.g. Bedloe)	U.S. vs China	0	7	2
Quality meets industry standards	U.S. vs China	0	10	1
Quality exceeds industry standards	U.S. vs China	0	6	4
Reliability of supply	U.S. vs China	1	9	1
Technical support/service	U.S. vs China	0	8	3
U.S. transportation costs	U.S. vs China	0	8	3

Source: FRC I staff report, p. II-23.

Note: A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

[64] Data for nonsubject countries other than Mexico are not presented herein, as no nonsubject imports were reported in these investigations.

Table II-15
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

Factor	Country pair	Superior	Comparable	Inferior
Availability	U.S. vs Mexico	0	5	2
Delivery terms	U.S. vs Mexico	0	6	1
Delivery time	U.S. vs Mexico	0	4	3
Discounts offered	U.S. vs Mexico	0	5	2
Minimum quantity requirements	U.S. vs Mexico	0	7	0
Packaging	U.S. vs Mexico	0	7	0
Payment terms	U.S. vs Mexico	0	5	2
Price	U.S. vs Mexico	1	3	3
Product consistency	U.S. vs Mexico	0	6	1
Product range	U.S. vs Mexico	0	7	0
Proprietary technologies (e.g. Bedloe)	U.S. vs Mexico	0	5	0
Quality meets industry standards	U.S. vs Mexico	0	6	1
Quality exceeds industry standards	U.S. vs Mexico	0	5	1
Reliability of supply	U.S. vs Mexico	1	5	1
Technical support/service	U.S. vs Mexico	0	6	1
U.S. transportation costs	U.S. vs Mexico	1	3	3

Source: FRC I staff report, p. II-24.

Note: A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Table II-16
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

Factor	Country pair	Superior	Comparable	Inferior
Availability	China vs Mexico	0	4	2
Delivery terms	China vs Mexico	0	5	1
Delivery time	China vs Mexico	0	3	3
Discounts offered	China vs Mexico	0	5	1
Minimum quantity requirements	China vs Mexico	0	5	1
Packaging	China vs Mexico	1	5	0
Payment terms	China vs Mexico	0	4	2
Price	China vs Mexico	2	2	2
Product consistency	China vs Mexico	0	6	0
Product range	China vs Mexico	0	6	0
Proprietary technologies (e.g. Bedloe)	China vs Mexico	1	5	0
Quality meets industry standards	China vs Mexico	0	6	0
Quality exceeds industry standards	China vs Mexico	1	5	0
Reliability of supply	China vs Mexico	1	3	2
Technical support/service	China vs Mexico	0	6	0
U.S. transportation costs	China vs Mexico	0	6	0

Source: FRC I staff report, p. II-26.

Note: A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Comparison of U.S.-produced and imported FRCs

In order to determine whether U.S.-produced FRCs can generally be used in the same applications as imports from China, Mexico, and nonsubject countries, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. Purchasers in FRC I were asked the same questions with respect to FRC. As shown in tables II-17 to II-19, most U.S. producers and importers reported that FRCs from the United States and all other countries can always or frequently be used in the same applications and most purchasers reported similarly for FRC in FRC I. Importer *** answered "always," but added "…if the correct components/catalog numbers are interchanged (type E with type E, type F with type F), the parts are frequently interchangeable." It also stated that it verifies that U.S. FRCs and those made in China can interchange but "has observed components from one United States coupler manufacturer have a lower possibility of interchange with components from that same United States coupler manufacturer."

Table II-17
FRCs: Count of U.S. producers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	1	1	0	0
United States vs. Mexico	1	1	0	0
China vs. Mexico	1	1	0	0
United States vs. Other	1	1	0	0
China vs. Other	1	1	0	0
Mexico vs. Other	1	1	0	0

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

Note: ***.

Table II-18
FRCs: Count of importers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	6	0	0	0
United States vs. Mexico	6	0	0	0
China vs. Mexico	6	0	0	0
United States vs. Other	2	0	0	0
China vs. Other	2	0	0	0
Mexico vs. Other	2	0	0	0

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

Table II-19
FRC: Count of purchasers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	11	0	1	0
United States vs. Mexico	10	0	0	0
China vs. Mexico	8	0	0	0
United States vs. Other	3	0	0	0
China vs. Other	2	0	0	0
Mexico vs. Other	2	0	0	0

Source: FRC I staff report, p. II-29.

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of FRCs from the United States, China, Mexico, or any nonsubject countries. Purchasers in FRC I were asked the same questions with respect to FRC. As seen in tables II-20 to II-22, most U.S. producers and importers reported that factors other than price were "sometimes" or "never" significant in sales or purchases of FRCs from the United States versus all other countries, as did purchasers with respect to FRC in FRC I. *** answered "sometimes" ***, noting that quality and reliability are the key drivers in its assessment.

Table II-20
FRCs: Count of U.S. producers reporting the significance of differences other than price between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	0	0	1	1
United States vs. Mexico	0	0	1	1
China vs. Mexico	0	0	2	1
United States vs. Other	0	0	1	1
China vs. Other	0	0	1	1
Mexico vs. Other	0	0	1	1

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

Table II-21
FRCs: Count of importers reporting the significance of differences between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	3	0	2	0
United States vs. Mexico	2	0	2	0
China vs. Mexico	2	0	2	0
United States vs. Other	0	0	2	0
China vs. Other	0	0	2	0
Mexico vs. Other	0	0	2	0

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

Table II-22
FRC: Count of purchasers reporting the significance of differences between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

Country pair	Always	Frequently	Sometimes	Never
United States vs. China	4	1	6	0
United States vs. Mexico	2	0	6	0
United States vs. Other	0	0	3	0
China vs. Mexico	3	0	3	1
China vs. Other	0	0	2	0
Mexico vs. Other	0	0	2	0

Source: FRC I staff report, p. II-31.

Importer *** reported that there are “always” differences; availability and reliability of supply are the most important factors, and it is critical to have more than one source of FRCs. The firm also reported quality, freight, transportation, and *** as very important factors. Purchaser *** stated that “when a railcar comes in to have the coupler replaced, the manufacturer-specific parts must be replaced in kind. The couplers specific to the Manufacturer "A" would not affect Manufacturer "B" since there is not a direct replacement.” Factors reported by purchasers in FRC I included delivery/lead time and Bedloe technology.[65]

Importer *** described factors that lead to differences between *** in the U.S. market for FRCs: “***.” ***.

[65] FRC I staff report, p. 31.

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 three firms that accounted for all known U.S. production of FRCs during 2021.

U.S. producers

The Commission issued U.S. producer questionnaires to three firms, all of whom provided usable data on their operations.[1] Staff believe that these responses represent all known U.S. production of FRCs.

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

[1] These firms were identified based on information contained in the petitions, industry sources, and information from the FRC I investigations.

Table III-1
FRCs: U.S. producers, their positions on the petitions, production locations, and shares of reported production, 2021

Firm	Position on petitions	Production location(s)	Share of production
Amsted	***	Granite City, IL	***
Huron	***	Pigeon, MI	***
M&T	Petitioner	Pittsburgh, PA	***
All firms	Various	Various	***

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

Table III-2 presents information on U.S. producers' ownership and related and/or affiliated firms. As discussed in greater detail below, one U.S. producer, ***, directly imports the subject merchandise and is related to a foreign producer of the subject merchandise.

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

Reporting firm	Relationship type and related firm	Details of relationship
***	***	***
***	***	***
***	***	***
***	***	***

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

Producers in the United States were asked to report any change in the character of their operations or organization relating to the production of FRCs since January 1, 2019 (table III-3). *** reported ***. *** reported ***.[2]

Table III-3
FRCs: U.S. producers' reported changes in operations, since January 1, 2019

Item	Firm name and narrative response on changes in operations
Prolonged shutdowns or curtailments	***
Prolonged shutdowns or curtailments	***
Other	***

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

[2] In addition to the changes identified above, ***.

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. producers' capacity decreased by *** percent during 2019-21 from *** pounds in 2019 to *** pounds in 2021 and was *** percent lower in January-June 2022 than in January-June 2021 as ***.

U.S. producers' production decreased by *** percent during 2019-21, from *** pounds in 2019 to *** pounds in 2021. Production was *** percent higher in January-June 2022 than in January-June 2021. *** reported higher production, by *** percent and *** percent, respectively, in January-June 2022 than in January-June 2021.[3]

U.S. producers' capacity utilization decreased from *** percent in 2019 to *** percent in 2021, for a total decrease of *** percentage points during 2019-21, though was higher in January-June 2022 than in January-June 2021.[4]

*** accounted for *** of U.S. production in each year during 2019-21 and in both interim periods. The firm's share increased from *** percent in 2019 to *** percent in 2021, for a total increase of *** percentage points.

[3] ***. The firm stated that ***. *** U.S. producer questionnaire, question II-2c.

[4] ***. ***.

Table III-4
FRCs: Firm-by-firm capacity, by period

Capacity

Capacity in 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table III-4Continued
FRCs: Firm-by-firm production, by period

Production

Production in 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table III-4 Continued
FRCs: Firm-by-firm capacity utilization, by period

Capacity utilization

Ratio in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Note: Capacity utilization ratio represents the ratio of the U.S. producer's production to its production capacity.

Table continued.

Table III-4 Continued
FRCs: Firm-by-firm share of production, by period

Share of production

Share in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

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

Figure III-1
FRCs: U.S. producers' production, capacity, and capacity utilization, by period

* * * * * * *

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

Alternative products

As shown in table III-5, FRCs share of overall production using the same equipment and workers decreased by *** percentage points during 2019-21, though it was highest in 2020, accounting for *** percent of overall production. *** U.S. producers reported producing other products using the same equipment, machinery, or employees as used to produce FRC. These products included ***. Overall capacity declined by *** percent from 2019 to 2021.

Two U.S. producers, ***, described market constraints as a limiting factor of production and production capacity. The other U.S. producer's (***) reported production constraint was the ***. Two of the three U.S. producers reported that they are able to switch production between FRCs and other products using the same equipment and/or labor. The U.S. producer that was not able to switch production/capacity was involved in the production of ***. Reported factors that affect the ability to shift production capacity between products included ***.

Table III-5
FRCs: U.S. producers' overall capacity and production on the same equipment as subject production, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Overall capacity	Quantity	***	***	***	***	***
FRCs production	Quantity	***	***	***	***	***
Other production	Quantity	***	***	***	***	***
Total production	Quantity	***	***	***	***	***
Overall capacity utilization	Ratio	***	***	***	***	***
FRCs production	Share	***	***	***	***	***
Other production	Share	***	***	***	***	***
Total production	Share	***	***	***	***	***

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 vast majority of U.S. producers' total shipments were of U.S. commercial shipments; no U.S. producer reported internal consumption or transfer to related firms. Export shipments accounted for a *** share of total U.S. shipments.[5]

The quantity and value of U.S. producers' U.S. shipments decreased from *** pounds in 2019 to *** pounds in 2021, and from $*** to $***, for overall decreases of *** percent by quantity and *** percent by value during those years. The sharpest decline overall in U.S. producers' U.S. shipments occurred between 2019 and 2020, during which the quantity and value of U.S. producers' U.S. shipments decreased by *** percent and *** percent, respectively.[6] The quantity and value of U.S. producers' U.S. shipments were higher by *** percent and *** percent, respectively, in January-June 2022 than in January-June 2021.

*** reported export shipments, primarily to ***. The quantity and value of these export shipments decreased during 2019-21 by *** percent and *** percent, respectively, though were higher in January-June 2022 than in January-June 2021. Average unit values of both U.S. shipments and export shipments ***.

[5] Information on U.S. producers' U.S. shipments by product type is available in Part IV and Appendix F.

[6] ***. *** U.S. producer questionnaire response, question II-2b. Although ***. *** U.S. producer questionnaire response, question II-2b.

Table III-6
FRCs: U.S. producers' total shipments, by destination and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit values in dollars per 1,000 pounds; shares in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. shipments	Quantity	***	***	***	***	***
Export shipments	Quantity	***	***	***	***	***
Total shipments	Quantity	***	***	***	***	***
U.S. shipments	Value	***	***	***	***	***
Export shipments	Value	***	***	***	***	***
Total shipments	Value	***	***	***	***	***
U.S. shipments	Unit value	***	***	***	***	***
Export shipments	Unit value	***	***	***	***	***
Total shipments	Unit value	***	***	***	***	***
U.S. shipments	Share of quantity	***	***	***	***	***
Export shipments	Share of quantity	***	***	***	***	***
Total shipments	Share of quantity	***	***	***	***	***
U.S. shipments	Share of value	***	***	***	***	***
Export shipments	Share of value	***	***	***	***	***
Total shipments	Share of value	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires

U.S. producers' inventories

Table III-7 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' end-of-period inventories decreased by *** percent during 2019-21. During the same period, the ratios of inventories to U.S. production, U.S. shipments, and total shipments increased overall by ***, ***, and *** percentage points, respectively. U.S. producers' end-of-period inventories and the ratios of inventories to U.S. production, U.S. shipments, and total shipments were lower in in January-June 2022 than in January-June 2021.

Table III-7
FRCs: U.S. producers' inventories and their ratio to select items, by period

Quantity in 1,000 pounds; ratio in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
End-of-period inventory quantity	***	***	***	***	***
Inventory ratio to U.S. production	***	***	***	***	***
Inventory ratio to U.S. shipments	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***

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

U.S. producers' imports from subject sources

As noted above, one U.S. producer, ***, directly imported the subject merchandise during 2019-21.[7] ***'s U.S. production, imports, and ratio of subject imports to production are shown below in table III-8. In each period for which data were reported, the quantity of ***'s subject imports *** U.S. production. The ratio of the firm's subject imports to its U.S. production *** during 2019-21 from *** percent in 2019 to *** percent in 2021. The ratio of the firm's subject imports to its U.S. production was lower in January-June 2022 than in January-June 2021.

In addition to directly importing the subject merchandise, ***. ***.[8]

Table III-8
FRCs: *'s U.S. production, U.S. imports, and ratio of imports to production, by period**

Quantity in 1,000 pounds; ratio in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. production	Quantity	***	***	***	***	***
Imports from Mexico	Quantity	***	***	***	***	***
Imports from Mexico to U.S. production	Ratio	***	***	***	***	***

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

[7] A summary of the data collected in these investigations excluding *** can be found in Appendix C, table C-2, and in Appendix K.

[8] Staff telephone interview with ***. See also *** U.S. importer questionnaire, questions II-9 and II-10.

Table III-9
FRCs: U.S. producers' reasons for importing

Item	Narrative response on reasons for importing
***'s reason for importing	***

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

Note: ***.

U.S. producers' purchases of imports from subject sources

No responding U.S. producer reported purchases of FRCs during any of the periods for which data were collected.

U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data. As discussed in greater detail below, most employment-related data declined during 2019-21, with the exception of hourly wages and unit labor costs, which rose during this period. Nearly all employment-related data were higher in January-June 2022 than in January-June 2021.[9]

The number of production and related workers ("PRWs") decreased by *** during 2019-21, with a net decline of *** PRWs from 2019 to 2021. The majority of the decrease in PRWs occurred between 2019 and 2020.[10] The number of PRWs was higher in January-June 2022 than in January-June 2021.[11] Total hours worked and hours worked per PRW declined during 2019-21 by *** percent and *** percent, respectively, though were higher in January-June 2022 than in January-June 2021 (by *** percent and *** percent, respectively). Similar to the trends of production and hours worked, productivity declined by *** percent in January-June 2022 than in January-June 2021.

Hourly wages for PRWs increased each year during 2019-21 from $*** per hour in 2019 to $*** per hour in 2021 and were higher in January-June 2022 than in January-June 2021. Unit labor costs increased by *** percent during 2019-21, from $*** per 1,000 pounds in 2019 to $*** per 1,000 pounds in 2021. Unit labor costs were *** percent lower in January-June 2022 than in January-June 2021.

[9] U.S. producers reported several factors that may have attributed to the direction of these trends during 2019-21 and overall improvement in January-June 2022 compared to January-June 2021.

[10] M&T reported that in 2019 ***. Amsted also went through at least one round of layoffs in February 2020, laying off 110 steelworkers "for lack of orders for the steel castings it makes for the rail industry." St. Louis/Southern Illinois Labor Tribune, "Amsted Rail lays off 110 Steelworkers; says more cuts are coming," https://labortribune.com/amsted-rail-lays-off-110-steelworkers-more-cuts-coming/#:~:text=Amsted%20Rail%20lays%20off%20110%20Steelworkers%3B%20says%20more%20cuts%20are%20coming,-February%2016%2C%202020&text=AMSTEAD%20RAIL%20has%20laid%2Doff,makes%20for%20the%20rail%20industry, accessed October 7, 2022. At the staff conference, industry representatives cited the "very cyclical {nature of the} market" as the reason for any layoffs, stating that "with each cycle comes adding employees, and laying employees off." Conference transcript, pp. 167-168 (Carter).

Table III-10
FRCs: U.S. producers' employment related information, by period

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW (hours)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (dollars per 1,000 pounds)	***	***	***	***	***

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 27 firms believed to be importers of subject FRCs, as well as to all U.S. producers of FRCs.[1] Usable questionnaire responses were received from six companies, representing over *** percent of U.S. imports from China, and over *** percent of U.S. imports from Mexico of merchandise under HTS subheading 8607.30.10, a "basket" category, in 2021.[2] [3] There were no reported imports of FRCs from nonsubject sources in 2021.[4]

Four U.S. importers reported imports of FRCs from China in 2021. Two firms, ***, accounted for *** percent of reported subject imports from China.[5] Three U.S. importers reported imports of FRCs from Mexico, with *** accounting for *** percent of reported subject imports from Mexico.

Table IV-1 lists all responding U.S. importers of FRCs from China, Mexico, and other sources, their locations, and their shares of U.S. imports, in 2021.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data from third-party sources, may have accounted for more than one percent of total imports under HTS subheading 8607.30.10 in 2021.

[2] Fourteen firms submitted certified responses stating that they did not import FRCs into the United States: ***.

[3] In addition to the fourteen firms identified above, ***. Email from ***.

Based on this information, and since the Commission received responses from firms believed to account for a substantial share of imports of FRCs from China, staff believes that official import statistics for HTS subheading 8607.30.10 are likely overstated with respect to in-scope FRCs and that the coverage of subject imports from China is likely understated.

[4] ***. Email from ***.

[5] *** percent of reported subject imports from China in 2021.

Table IV-1
FRCs: U.S. importers, their headquarters, and share of imports within each source, 2021

Share in percent

Firm	Headquarters	China	Mexico	Subject sources	Nonsubject sources	All import sources
Amsted	Chicago, IL	***	***	***	***	***
Greenbrier	Lake Oswego, OR	***	***	***	***	***
Strato	Piscataway, NJ	***	***	***	***	***
Stucki	Moon Township, PA	***	***	***	***	***
Trinity	Dallas, TX	***	***	***	***	***
Wabtec	Pittsburgh, PA	***	***	***	***	***
All firms	Various	***	***	***	***	***

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

U.S. imports

Table IV-2 and figure IV-1 present data for U.S. imports of FRCs from China and Mexico. The quantity and value of U.S. imports of FRCs from the subject sources decreased overall during 2019-21 by *** percent and *** percent, respectively. The majority of the decline occurred between 2019 and 2020, when U.S. imports from both subject countries decreased, with imports from Mexico ***.

In 2019, U.S. imports from Mexico accounted for *** of total U.S. imports, accounting for *** percent by quantity and *** percent by value. The quantity and value of U.S. imports from China in 2019 accounted for *** percent and *** percent, respectively, of total U.S. imports. By 2021, imports from China and Mexico each accounted for *** of the quantity and value of total U.S. imports.

The average unit value ("AUV") of subject imports combined decreased overall during 2019-21 by *** percent, and was lowest in 2020. The overall trend, however, differed by source: while the AUV of subject imports from China increased overall by $*** per 1,000 pounds during 2019-21, the AUV of subject imports from Mexico decreased during the same period by $*** per 1,000 pounds. Average unit values of subject imports from both China and Mexico were higher, by $*** per 1,000 pounds combined, in January-June 2022 than in January-June 2021. In 2019 and 2020, the AUV of subject imports from China was lower than the AUV of subject imports from Mexico. In 2021, however, the AUV of subject imports from China was higher – by $*** per 1,000 pounds – than the AUV of subject imports from Mexico, and was higher in both interim periods.[6]

Table IV-2
FRCs: U.S. imports by source and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
China	Value	***	***	***	***	***
Mexico	Value	***	***	***	***	***
Subject sources	Value	***	***	***	***	***
Nonsubject sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***
China	Unit value	***	***	***	***	***
Mexico	Unit value	***	***	***	***	***
Subject sources	Unit value	***	***	***	***	***
Nonsubject sources	Unit value	***	***	***	***	***
All import sources	Unit value	***	***	***	***	***

Table continued.

[6] *** FRCs from Mexico, reported the *** in each period. In 2021, the average unit value of *** imports was $*** per 1,000 pounds compared to *** imported FRCs from Mexico with reported average unit values of $*** per 1,000 pounds and $*** per 1,000 pounds, respectively. As referenced in Part III, ***. ***. Staff telephone interview with ***. See also *** U.S. importer questionnaire, questions II-9 and II-10.

Table IV-2 Continued
FRCs: U.S. imports by source and period

Share and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
China	Share of quantity	***	***	***	***	***
Mexico	Share of quantity	***	***	***	***	***
Subject sources	Share of quantity	***	***	***	***	***
Nonsubject sources	Share of quantity	***	***	***	***	***
All import sources	Share of quantity	***	***	***	***	***
China	Share of value	***	***	***	***	***
Mexico	Share of value	***	***	***	***	***
Subject sources	Share of value	***	***	***	***	***
Nonsubject sources	Share of value	***	***	***	***	***
All import sources	Share of value	***	***	***	***	***
China	Ratio	***	***	***	***	***
Mexico	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***

Table continued.

Table IV-2 Continued
FRCs: U.S. imports by source and period

%Δ in percent

Source	Measure	2019-21	2019-20	2020-21	Q2 2021 – Q2 2022
China	%Δ Quantity	▼***	▼***	▲***	▼***
Mexico	%Δ Quantity	▼***	▼***	▼***	▲***
Subject sources	%Δ Quantity	▼***	▼***	▲***	▼***
Nonsubject sources	%Δ Quantity	***	***	***	***
All import sources	%Δ Quantity	▼***	▼***	▲***	▼***
China	%Δ Value	▼***	▼***	▲***	▼***
Mexico	%Δ Value	▼***	▼***	▼***	▲***
Subject sources	%Δ Value	▼***	▼***	▲***	▲***
Nonsubject sources	%Δ Value	***	***	***	***
All import sources	%Δ Value	▼***	▼***	▲***	▲***
China	%Δ Unit value	▲***	▼***	▲***	▲***
Mexico	%Δ Unit value	▼***	▼***	▼***	▲***
Subject sources	%Δ Unit value	▼***	▼***	▲***	▲***
Nonsubject sources	%Δ Unit value	***	***	***	***
All import sources	%Δ Unit value	▼***	▼***	▲***	▲***

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

Note: Share of quantity is the share of U.S. imports by quantity; share of value is the share of U.S. imports by value; ratio are U.S. imports to production.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Figure IV-1
FRCs: U.S. import quantities and average unit values, by source and period

* * * * * * *

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.[7] 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.[8] In 2021, imports from China and Mexico accounted for *** percent and *** percent, respectively, of the quantity of total imports of FRCs (table IV-3).

Table IV-3
FRCs: U.S. imports in the twelve-month period preceding the filing of the petition, September 2021 through August 2022

Quantity in 1,000 pounds; share in percent

Source of imports	Quantity	Share of quantity
China	***	***
Mexico	***	***
All other sources	***	***
All import sources	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[7] 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)).

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

Cumulation considerations

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Information regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

The Commission requested that U.S. producers and importers provide information on their U.S. shipments in 2021 based on product type. A summary of these data are presented in table IV-4 and figure IV-2 below.[9] In 2021 ***.[10]

[9] In the FRC I investigations, yokes accounted for *** percent of the quantity of U.S. shipments of imports from China, *** percent of U.S. producers' U.S. shipments, and *** percent of U.S. shipments of imports from Mexico. Follower blocks accounted for *** percent of the quantity of U.S. shipments of imports from China, and *** percent of U.S. producers' U.S. shipments. ***. FRC I staff report, pp. III-9, IV-9, and Appendix E.

[10] Additional information on U.S. producers' and importers' U.S. shipments based on product type, including data on the value of U.S. shipments by product type and the ratio of these shipments to apparent U.S. consumption, is available in Appendix F.

Table IV-4
FRCs: U.S. producers' and U.S. importers' U.S. shipments, by source and product type, 2021

Quantity in 1,000 pounds

Source	Coupler fit/assembly	Knuckles	Coupler bodies	All coupler fit components	All product types
U.S. producers	***	***	***	***	***
China	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
All sources	***	***	***	***	***

Table continued.

Table IV-4 Continued
FRCs: U.S. producers' and U.S. importers' U.S. shipments, by source and product type, 2021

Share across in percent

Source	Coupler fit/assembly	Knuckles	Coupler bodies	All coupler fit components	All product types
U.S. producers	***	***	***	***	***
China	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
All sources	***	***	***	***	***

Table continued.

Table IV-4 Continued
FRCs: U.S. producers' and U.S. importers' U.S. shipments, by source and product type, 2021

Share down in percent

Source	Coupler fit/assembly	Knuckles	Coupler bodies	All coupler fit components	All product types
U.S. producers	***	***	***	***	***
China	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
All sources	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Figure IV-2
FRCs: U.S. producers' and U.S. importers' U.S. shipments, by source and product type, 2021

* * * * * * *

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

Geographical markets

Table IV-5 presents U.S. imports of merchandise under HTS statistical reporting number 8607.30.1000, including in- and out-of-scope merchandise, by the border of entry through which they were imported in 2021. Imports from China and nonsubject sources entered primarily through northern borders. Imports from China and nonsubject sources primarily entered through the Chicago, Illinois and New York, New York customs entry districts. Imports from Mexico entered almost exclusively through southern borders specifically, through the Laredo, Texas customs entry district.

Table IV-5
FRCs: U.S. imports by source and border of entry, 2021

Quantity in 1,000 pounds

Source	East	North	South	West	All borders
China	9,724	13,914	1,340	8,602	33,580
Mexico	---	7	21,670	---	21,677
Subject sources	9,724	13,921	23,010	8,602	55,256
Nonsubject sources	1,112	2,529	368	9	4,018
All import sources	10,836	16,450	23,377	8,611	59,274

Table continued.

Table IV-5 Continued
FRCs: U.S. imports by source and border of entry, 2021

Share across in percent

Source	East	North	South	West	All borders
China	29.0	41.4	4.0	25.6	100.0
Mexico	---	0.0	100.0	---	100.0
Subject sources	17.6	25.2	41.6	15.6	100.0
Nonsubject sources	27.7	62.9	9.2	0.2	100.0
All import sources	18.3	27.8	39.4	14.5	100.0

Table continued.

Table IV-5 Continued
FRCs: U.S. imports by source and border of entry, 2021

Share down in percent

Source	East	North	South	West	All borders
China	89.7	84.6	5.7	99.9	56.7
Mexico	---	0.0	92.7	---	36.6
Subject sources	89.7	84.6	98.4	99.9	93.2
Nonsubject sources	10.3	15.4	1.6	0.1	6.8
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8607.30.1000, accessed October 6, 2022. Imports are based on the imports for consumption data series.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Presence in the market

As shown below in table IV-6 and figures IV-3 and IV-4, imports from China, Mexico, and nonsubject sources of merchandise under HTS statistical reporting number 8607.30.1000 were present in every month from January 2019 through June 2022.

Table IV-6
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: U.S. imports, by year, month, and source

Quantity in 1,000 pounds

Year	Month	China	Mexico	Subject sources	Nonsubject sources	All import sources
2019	January	4,079	2,676	6,755	321	7,075
2019	February	3,299	2,549	5,848	365	6,213
2019	March	3,228	2,668	5,897	378	6,275
2019	April	4,501	1,624	6,126	688	6,814
2019	May	4,551	2,203	6,754	545	7,298
2019	June	3,759	2,580	6,338	415	6,753
2019	July	4,450	2,531	6,982	508	7,490
2019	August	4,691	2,676	7,368	443	7,810
2019	September	4,559	2,488	7,047	362	7,409
2019	October	5,100	1,877	6,978	375	7,352
2019	November	4,150	2,365	6,515	253	6,768
2019	December	4,133	2,092	6,225	283	6,508
2020	January	2,581	2,087	4,668	386	5,054
2020	February	3,228	1,876	5,104	232	5,336
2020	March	2,170	2,738	4,908	231	5,139
2020	April	2,123	3,970	6,093	379	6,472
2020	May	3,902	828	4,730	194	4,924
2020	June	3,680	602	4,282	313	4,595
2020	July	3,198	1,299	4,497	238	4,735
2020	August	1,030	1,002	2,031	107	2,139
2020	September	794	1,232	2,026	157	2,184
2020	October	642	2,429	3,072	269	3,341
2020	November	660	2,006	2,667	229	2,896
2020	December	2,282	1,183	3,464	389	3,853

Table continued.

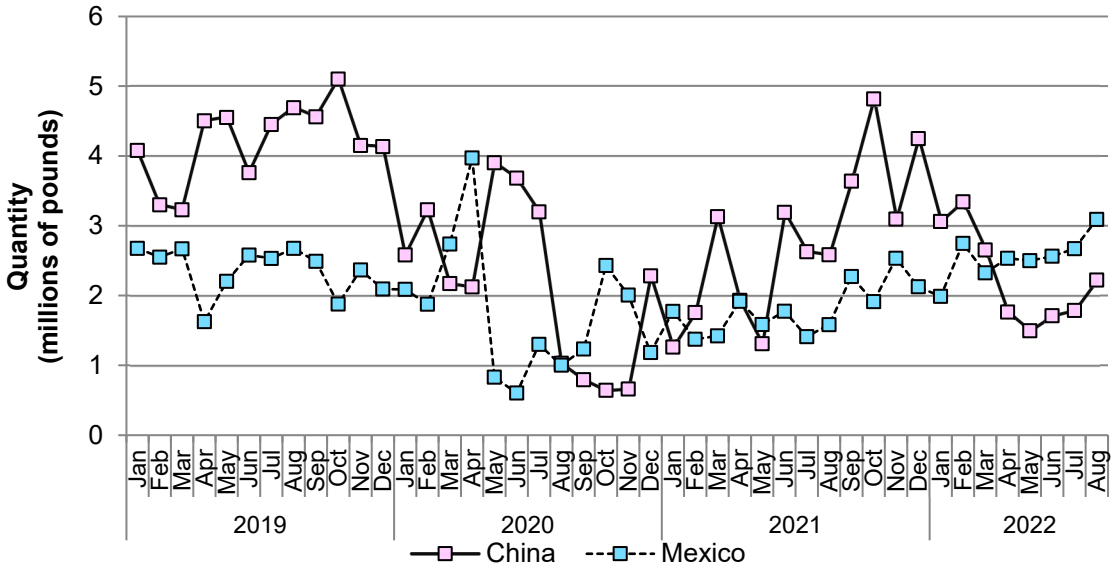
Table IV-6 Continued
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: U.S. imports, by year, month, and source

Quantity in 1,000 pounds

Year	Month	China	Mexico	Subject sources
2021	January	1,260	1,772	3,033
2021	February	1,755	1,374	3,129
2021	March	3,128	1,420	4,548
2021	April	1,930	1,917	3,847
2021	May	1,309	1,585	2,894
2021	June	3,190	1,774	4,964
2021	July	2,628	1,410	4,038
2021	August	2,583	1,582	4,165
2021	September	3,638	2,272	5,910
2021	October	4,816	1,911	6,727
2021	November	3,095	2,534	5,628
2021	December	4,248	2,125	6,373
2022	January	3,061	1,986	5,047
2022	February	3,343	2,746	6,089
2022	March	2,653	2,324	4,977
2022	April	1,762	2,533	4,295
2022	May	1,494	2,499	3,994
2022	June	1,709	2,562	4,271
2022	July	1,786	2,671	4,457
2022	August	2,222	3,090	5,312

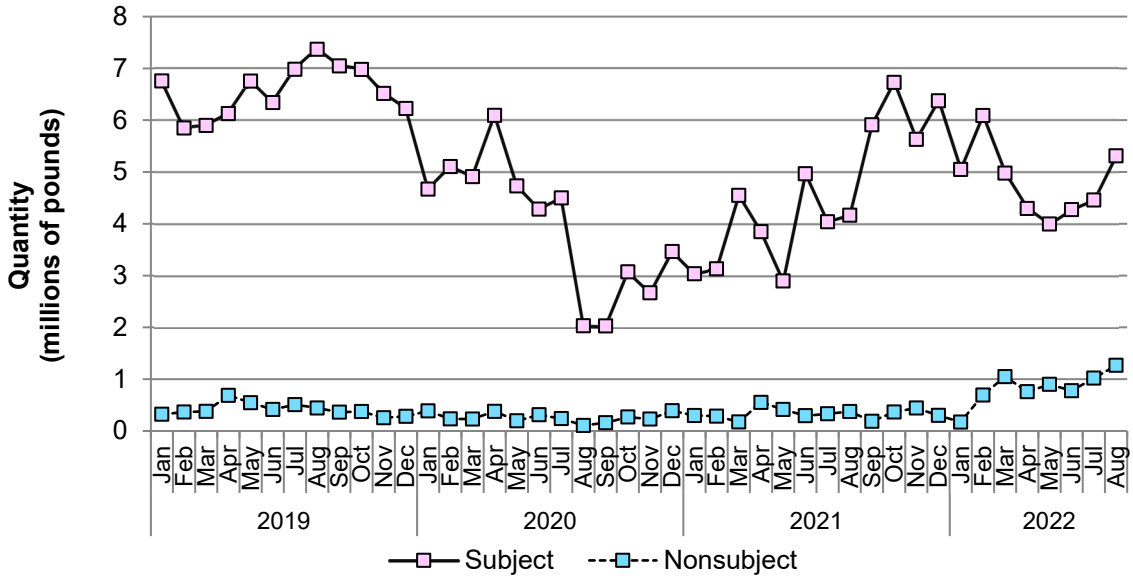
Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8607.30.1000, accessed October 6, 2022. Imports are based on the imports for consumption data series.

Figure IV-3
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: U.S. imports from individual subject sources, by source and month



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8607.30.1000, accessed October 6, 2022. Imports are based on the imports for consumption data series.

Figure IV-4
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: U.S. imports from individual subject sources, by source and month



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 8607.30.1000, accessed October 6, 2022. Imports are based on the imports for consumption data series.

Apparent U.S. consumption and market shares

Quantity

Table IV-7 and figure IV-5 present data on apparent U.S. consumption and U.S. market shares by quantity for FRCs. During 2019-21, apparent U.S. consumption by quantity declined by *** percent, from *** pounds in 2019 to *** pounds in 2021. Apparent U.S. consumption was *** percent higher in January-June 2022 than in January-June 2021. U.S. shipments of subject imports combined accounted for an increasing majority of apparent U.S. consumption during 2019-21, increasing from *** percent in 2019 to *** percent in 2021, with Mexico accounting for a larger portion of the share in each period. U.S. shipments of subject imports combined were lower in January-June 2022 than in January-June 2021, though changes between the interim periods differed by source.[11] U.S. producers' share of apparent U.S. consumption decreased by *** percentage points during 2019-21, from *** percent to *** percent, though was *** percentage points higher in January-June 2022 than in January-June 2021.

[11] The difference in the quantity and value of apparent U.S. consumption and market shares between the interim periods may be attributable, at least in part, to the provisional AD/CVD duties applied during the FRC I investigations, as U.S. shipments of subject imports from China were lower in January-June 2022 than in January-June 2021, while U.S. producers' U.S. shipments and U.S. shipments of imports from Mexico (a nonsubject source in the FRC I investigations) were higher.

Table IV-7
FRCs: Apparent U.S. consumption and market shares based on quantity, by source and period

Quantity in 1,000 pounds; shares in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***

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

Figure IV-5
FRCs: Apparent U.S. consumption based on quantity, by source and period

* * * * * * *

Source: Compiled from data submitted in response to Commission questionnaires

Value

Table IV-8 and figure IV-6 present data on apparent U.S. consumption and U.S. market shares by value for FRCs. Similar to the trends observed in terms of quantity, the value of apparent U.S. consumption declined by *** percent during 2019-21, though it was *** percent higher in January-June 2022 than in January-June 2021. U.S. shipments of subject imports combined accounted for an increasing majority of apparent U.S. consumption during 2019-21, with Mexico accounting for a larger portion of the share in each period. U.S. shipments of subject imports combined were lower in January-June 2022 than in January-June 2021, though changes in the interim periods differed by source. U.S. producers' share of apparent U.S. consumption decreased by *** percentage points during 2019-21, from *** percent to *** percent, though was *** percentage points higher in January-June 2022 than in January-June 2021.

Table IV-8
FRCs: Apparent U.S. consumption and market shares based on value, by source and period

Value in 1,000 dollars; shares in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Value	***	***	***	***	***
China	Value	***	***	***	***	***
Mexico	Value	***	***	***	***	***
Subject sources	Value	***	***	***	***	***
Nonsubject sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***
All sources	Value	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***

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

Figure IV-6
FRCs: Apparent U.S. consumption based on value, by source and period

* * * * * * *

Source: Compiled from data submitted in response to Commission questionnaires

Part V: Pricing data

Factors affecting prices

Raw material costs

The manufacturing process for FRCs includes molding, metal melting, heat treatment,[1] finishing, assembly, testing, and quality control. FRCs are produced from pig iron and ferrous scrap metal using a standard foundry process; prices for FRCs generally follow the price for scrap steel.[2] Raw material costs as a share of total cost of goods sold ("COGS") were *** percent in 2019, *** percent in 2020, and *** percent in 2021.[3] More than *** percent of the cost of raw materials was reported to be steel scrap.

Steel scrap prices fluctuated between January 2019 and December 2021, with *** in October 2019 and *** in March-April 2022 (figure V-1). Steel scrap prices generally decreased during 2019 and increased from the middle of 2020 through the spring of 2022. Overall, prices for no. 1 busheling scrap increased by *** percent during January 2019-March 2022, no. 1 heavy melt scrap increased by *** percent, and shredded auto scrap increased by *** percent. Scrap prices between March 2022 and June 2022 have decreased however – by ***, ***, and *** percent, respectively - so that scrap prices were ***, ***, and *** percent above January 2019 levels in June 2022. Prices have continued to decline after June 2002, so that scrap prices for these three products were only ***, ***, and *** percent higher in September 2022 than in January 2019.

Prices for heating the raw materials have also increased since 2019. Between January 2019 and March 2022, prices for electricity for commercial users increased 14.0 percent and prices for natural gas for industrial users increased 33.4 percent (figure V-2). These prices have continued to rise through July 2022; electricity was 36.2 percent higher in June 2022 than in January 2019 and natural gas was 76.0 percent higher.

[1] Common energy sources for metal melting and heat treatment are electricity and gas. M&T stated that electricity and gas are approximately 25 percent of its costs to produce FRC. The firm noted that most of its electricity is generated by gas and that it experiences large savings because Pittsburgh has relatively low gas rates. FRC I conference transcript, p. 65 (Mautino).

[2] Petitions, Volume 1, Part I, pp. 10, 29.

[3] For more information on COGS, please see table VI-1 in Part VI.

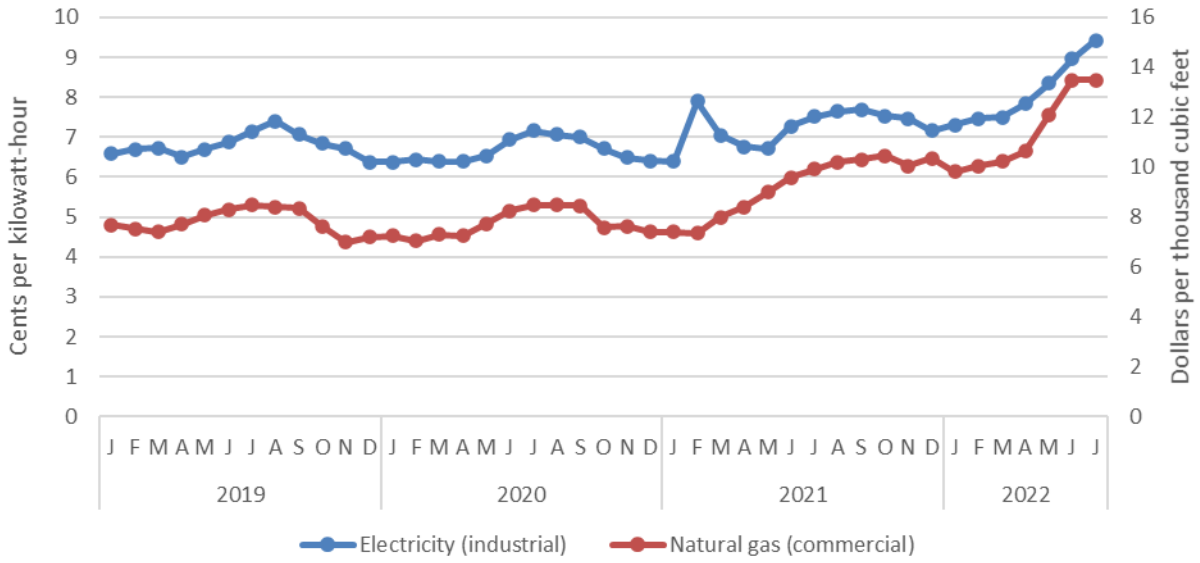
Figure V-1
Raw materials: Monthly U.S. ferrous scrap prices, January 2019-September 2022

* * * * * * *

Source: American Metal Market LLC, accessed October 20, 2022.

Note: Data associated with this figure are provided in Appendix G.

Figure V-2
Energy: Monthly U.S. industrial electricity and commercial natural gas prices, January 2019-July 2022



Source: U.S. Energy Information Administration, https://www.eia.gov/dnav/ng/hist/n3020us3m.htm and https://www.eia.gov/electricity/data/browser/#/topic/7?agg=0,1&linechart=ELEC.PRICE.US-COM.M&freq=M&start=201901&end=202207, accessed October 20, 2022.

Note: Data associated with this figure are provided in Appendix G.

All three U.S. producers and five of six responding importers reported that the cost of raw materials has increased since January 1, 2019; one importer reported that these costs fluctuated. U.S. producer *** reported an increase in surcharges associated with the increase in the cost of raw materials.[4] U.S. producer *** reported a cost-price squeeze due to the rising costs of scrap steel. U.S. producer *** reported no change to the market price for FRCs due to raw material price changes. Three importers reported an increase in the selling price of FRCs due to changes in the cost of raw materials.[5] In its postconference brief, Amsted noted that in May 2022 it instituted a surcharge to its shipments. It uses a U.S. Bureau of Labor Statistics data series (Total Manufacturing Industries Data Series of the Producer Price Index) to compute the surcharge rate, but despite the index having increased 8.96 percent by September 2022 over the base year (2019), it capped its surcharge at 6 percent.[6]

Impact of section 232 tariffs

U.S. producers and importers were asked to report the impact of section 232 tariffs on raw material costs and sales prices for FRCs (table V-1).[7] Most firms reported that the section 232 tariffs did not change the raw material costs or prices for FRCs. One U.S. producer reported that the imposition of tariffs under section 232 on imported steel/aluminum products caused raw material prices to fluctuate and subsequently caused its selling prices for FRCs to fluctuate; the other two U.S. producers (***) reported no change. Two importers reported that the tariffs caused raw material prices to increase; four importers reported no change. One U.S. producer reported that the tariffs caused prices of FRCs to fluctuate; the other two U.S. producers (***) and *** responding importers reported no change.[8]

[4] Importers ***, as well as *** reported that some FRC prices have been increased via raw material surcharges. FRC I staff report, p. V-2.

[5] In FRC I, 9 of 11 responding purchasers reported that information on raw material prices had affected their negotiations or contracts to purchase FRC since 2019. FRC I staff report, p. V-2.

[6] Amsted's postconference brief, exhs. 1 and 2.

[7] Section 232 tariffs are not applicable to FRCs but are applicable to some raw materials used to manufacture FRCs. Petitioner's postconference brief, exh. 1, p. 1.

[8] ***.

Table V-1
FRCs: Count of firms' responses regarding the impact of the 232 tariffs on steel and aluminum imports

Count in number of firms reporting

Market	Firm type	Increase	No change	Decrease	Fluctuate
Impact on raw materials costs for FRC	U.S. producers	0	2	0	1
Impact on raw materials costs for FRC	Importers	***	***	***	***
Impact on prices of FRC	U.S. producers	0	2	0	1
Impact on prices of FRC	Importers	***	***	***	***

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

Transportation costs to the U.S. market

Transportation costs for FRCs shipped from China to the United States averaged 19.8 percent during 2021, up 12.2 percentage points from 7.6 percent during 2020; and FRCs transported from Mexico to the United States averaged 1.8 percent during 2021, up 0.5 percentage points from 1.3 percent during 2020. These estimates were derived from official import data and represent the transportation and other charges on imports.[9] In general, ocean freight rates fluctuated during January 2019-June 2022, peaking in October 2021. The Baltic Dry Index, a measure of freight ocean rates, was 372.7 percent higher on October 3, 2021 than on January 6, 2019. The Baltic Dry Index was still 89.4 percent higher on June 26, 2022 and 55.6 percent higher on October 21, 2022 than it was on January 6, 2019.[10]

U.S. inland transportation costs

All three responding U.S. producers and all four responding importers reported that transportation is arranged by the purchaser. *** reported U.S. inland transportation costs of *** percent and two importers reported costs ranging from *** to *** percent.

[9] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2020 and 2021 and then dividing by the customs value based on the HTS statistical reporting numbers 8606.10.0000, 8606.30.0000, 8606.91.0000, 8606.92.0000, 8606.99.0130, 8606.99.0160.

[10] "Baltic Exchange: Baltic Dry Index," CNBC, http:www.cnbc.com/quotes/.BADI, accessed October 24, 2022.

Pricing practices

Pricing methods

U.S. producers and importers reported typically setting prices using transaction-by-transaction negotiations, contracts, and price lists (table V-2).[11] Two importers reported price setting using other methods.[12]

Table V-2
FRCs: Count of U.S. producers' and importers' reported price setting methods

Count in number of firms reporting

Method	U.S. producers	U.S. importers
Transaction-by-transaction	1	***
Contract	2	***
Set price list	2	***
Other	0	***
Responding firms	3	***

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

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.
Note: In FRC I, all three producers reported using transaction-by-transaction pricing methods. ***.

U.S. producers reported selling a *** of FRCs via annual contracts, but also more than *** on the spot market (table V-3). Importers reported selling a plurality of FRCs via long-term contracts, but also considerable portions under annual contracts and on the spot market. *** reported import sales were made via contracts, with *** percent made via long-term contracts, whereas ***.

[11] Multiple firms reported using more than one way to set prices.

[12] *** reported using the AAR Field Manual to obtain average rates for specific FRC components. FRC I staff report, p. V-4.

Table V-3
FRCs: U.S. producers' and importers' shares of commercial U.S. shipments by type of sale, 2021

Share in percent

Item	U.S. producers	Subject U.S. importers
Long-term contracts	***	***
Annual contract	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

Two U.S. producers (***) reported using annual contracts to set prices; *** allowed for price renegotiations, whereas *** did not. *** U.S. producers' annual contracts had a fixed price, but *** reported that annual contracts were indexed to raw material prices.[13] Two U.S. producers reported using long-term contracts, and *** reported an average length of three years. *** allowed for price negotiations, *** fixed the price, but *** indexed to raw material prices on long-term contracts.[14]

Four responding importers reported using short-term, annual, and/or long-term contracts. No importer reported price renegotiation for short-term or annual contracts, but two reported renegotiations for long-term contracts. Both responding importers only fix price for short-term contracts, and one each fixes price or both quantity and price in their annual and long-term contracts. Three of four responding importers indicated that prices are indexed to raw material prices for short-term and/or annual contracts, and one of two reported indexing to raw materials for long-term contracts. *** reported using long-term contracts averaging 5 years.[15] [16]

[13] Indexes reportedly used by *** include American Metal Market, Ryan's Notes, Platts, PJM, and Henry Hub.

[14] ***.

[15] In FRC I, importer ***.

[16] ***.

In FRC I, three purchasers reported that they purchased product daily, seven purchased weekly, and one purchased quarterly. Nine of 13 responding purchasers reported that their purchasing frequency had not changed since 2019. Of the four that did, purchaser *** reported ordering less often in 2020 due to the COVID-19 pandemic. Most (10 of 13) purchasers contact one to five suppliers before making a purchase. Twelve of 13 responding purchasers reported that their purchases of FRC usually involve negotiations with the supplier. Factors that firms generally negotiate are availability, billable rates, labor rates, lead time/delivery, payment terms, price, quality, quantity, raw material costs, shipping costs, and warranties. Seven purchasers reported not quoting competing prices during negotiations. Purchaser *** reported that purchases of FRC from a supplier may be combined with purchases of other non-FRC products, which can affect negotiations.[17]

Sales terms and discounts

U.S. producers and importers typically quote prices for FRCs on an f.o.b. basis. U.S. producers and importers offer quantity, total volume, and rail part package discounts. U.S. producer *** reported offering discounts to support long-term customer relationships but does not offer discounts on its *** spot sales. U.S. producer *** reported offering rebates on quarterly, annual, or contractual bases and that these discounts have increased due to Chinese competition in the market. Importer *** reported offering 1 to 2 percent cash discounts for early payments from certain customers.

A representative of importer Wabtec and importer/producer Amsted testified that they bundle freight car components for the undercarriage of railcars as packages in order to make it more efficient for purchasers to buy from fewer sources. Packages may comprise up to $30,000 of the cost of a $100,000 rail car for Amsted or $18,000 for Wabtec.[18]

Price leadership

In FRC I, most purchasers reported that there were no price leaders in the FRC market. Purchaser *** reported that there are very few certified suppliers of FRC but that among them, Amsted, M&T, and Wabtec were price leaders.[19]

[17] FRC I staff report, p. V-6.
[18] Conference transcript, pp. 177-179 (Morrell and Oesch).
[19] FRC I staff report, p. V-7.

Price data

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following FRCs products shipped to unrelated U.S. customers during January 2019-June 2022.

Product 1.--SE60, Grade E steel coupler (also known as an "assembly" or a "fit"), double shelves, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Product 2.--E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Product 3.--SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.[20]

Two U.S. producers (***) and three importers (***) provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[21] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments in terms of quantity of FRCs, *** percent of U.S. commercial shipments in terms of value of subject imports from China in 2021, and *** percent of U.S. commercial shipments in terms of value of subject imports from Mexico in 2021.[22] Price data for products 1-3 are presented in tables V-4 to V-6 and figures V-3 to V-5.[23] [24]

[20] Pricing product 1 is similar to pricing product 1 from the FRC I investigations, with slight modifications to the product description. Product 1 in FRC I was defined as a "complete coupler assembly." Pricing product 2 is equivalent to pricing product 3 from the FRC I investigations; and pricing product 3 is equivalent to pricing product 5 from the FRC I investigations. Although products 2 and 3 are parts of the assembly or fit that is described in product 1, data for product 1 do not include products 2 or 3 that were sold separately.

[21] 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.

[22] Pricing coverage is based on U.S. commercial shipments reported in questionnaires.

[23] ***.

[24] Pricing product data includes that reported by ***. Appendix H shows pricing data excluding *** as a domestic producer.

Table V-4
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 1: SE60, Grade E steel coupler (also known as an “assembly” or a “fit”), double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Table V-5
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 2: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Table V-6
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 3: SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-3
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by source and quarter

Price of product 1

* * * * * * *

Volume of product 1

* * * * * * *

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

Note: Product 1: SE60, Grade E steel coupler (also known as an “assembly” or a “fit”), double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-4
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by source and quarter

Price of product 2

* * * * * * *

Volume of product 2

* * * * * * *

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

Note: Product 2: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-5
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by source and quarter

Price of product 3

* * * * * * *

Volume of product 3

* * * * * * *

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

Note: Product 3: SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Price trends

Prices increased during January 2019-June 2022 for all countries and all products with the exception of product 1 from domestic producers. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price changes ranged from a decrease of *** percent to an increase of *** percent during January 2019-June 2022. Import price increases ranged from *** to *** percent during January 2019-June 2022.

Table V-7
FRCs: Summary of price data, by product and source, January 2019-June 2022

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, change in percent.

Product	Source	Number of quarters	Quantity	Low price	High price	First quarter price	Last quarter price	Change over period
Product 1	United States	14	***	***	***	***	***	***
Product 1	China	13	***	***	***	***	***	***
Product 1	Mexico	14	***	***	***	***	***	***
Product 2	United States	14	***	***	***	***	***	***
Product 2	China	14	***	***	***	***	***	***
Product 2	Mexico	14	***	***	***	***	***	***
Product 3	United States	14	***	***	***	***	***	***
Product 3	China	14	***	***	***	***	***	***
Product 3	Mexico	14	***	***	***	***	***	***

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

Note: Percent change column is percentage change from the first quarter 2019 to the last quarter for which data are available in 2022.

Price comparisons

As shown in table V-8, prices for product imported from China and Mexico were below those for U.S.-produced product in 63 of 83 instances (*** pounds); margins of underselling ranged from 0.3 to 32.2 percent. In the remaining 20 instances (*** pounds), prices for product from China and Mexico were between 1.0 and 24.6 percent above prices for the domestic product. All three domestic products were undersold in more quarters than those in which they were oversold. As shown in table V-9, underselling occurred more frequently among products imported from Mexico (37 of 42 quarters) than those imported from China (26 of 41 quarters), and for a higher percentage of product sold (97.3 percent for Mexico and 72.5 percent for China). Table V-10 presents data regarding the quantities and number of quarters of product underselling and overselling by year and country. There were greater quantities from both countries underselling domestic product than overselling domestic product in each of the periods (2019, 2020, 2021, and both quarters of 2022), except for product from China in 2022. The large majority of the product from Mexico overselling domestic product occurred in 2022 (*** of *** pounds).

Table V-8
FRCs: Instances of underselling and overselling and the range and average of margins, by product

Quantity in 1,000 pounds; margin in percent

Products	Type	Number of quarters	Quantity	Average margin	Minimum margin	Maximum margin
Product 1	Underselling	21	***	***	***	***
Product 2	Underselling	26	***	***	***	***
Product 3	Underselling	16	***	***	***	***
All products	Underselling	63	***	11.4	0.3	32.2
Product 1	Overselling	6	***	***	***	***
Product 2	Overselling	2	***	***	***	***
Product 3	Overselling	12	***	***	***	***
All products	Overselling	20	***	(9.5)	(1.0)	(24.6)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-9
FRCs: Instances of underselling and overselling and the range and average of margins, by country

Quantity in 1,000 pounds; margin in percent

Country	Type	Number of quarters	Quantity	Average margin	Minimum margin	Maximum margin
China	Underselling	26	***	***	***	***
Mexico	Underselling	37	***	***	***	***
All subject sources	Underselling	64	***	11.1	0.0	32.2
China	Overselling	15	***	***	***	***
Mexico	Overselling	5	***	***	***	***
All subject sources	Overselling	20	***	(9.5)	(1.0)	(24.6)

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-10
FRCs: Instances of underselling and overselling, by period and country

Quantity in 1,000 pounds

Period	Country	Number of quarters of underselling	Quantity undersold	Number of quarters of overselling	Quantity oversold
2019	China	8	***	4	***
2020	China	10	***	2	***
2021	China	6	***	6	***
2022	China	2	***	3	***
All years	China	26	***	13	***
2019	Mexico	11	***	1	***
2020	Mexico	10	***	2	***
2021	Mexico	12	***	0	0
2022	Mexico	4	***	2	***
All years	Mexico	37	***	5	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Lost sales and lost revenue

The Commission requested that U.S. producers of FRCs report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of FRCs from China and/or Mexico during January 2019-June 2022. Of the three responding U.S. producers, one reported that it had lost sales, one had lost revenue, and two had rolled back announced price increases. One U.S. producer submitted lost sales allegations and identified 14 firms at which it lost sales. The 31 alleged lost sales from these firms had an estimated value of $***.

Staff contacted 26 purchasers and received responses from 14 purchasers.[25] Responding purchasers reported purchasing or importing *** pounds of FRCs during January 2019-June 2022 (table V-11).

[25] Lost Sale/Lost Revenue surveys were sent to the 14 purchasers named in lost sale allegations, as well as those which were sent Purchasers' questionnaires in FRC I.

Table V-11
FRCs: Purchasers' reported purchases and imports, by firm and source

Quantity in thousands of pounds, share in percent

Firm	Domestic quantity	Subject quantity	All other quantity	Change in domestic share	Change in subject share
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	53,426	148,103	21,443	(5.3)	2.8

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

Note: All other includes all other sources and unknown sources. Change is the percentage point change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

Of the 14 responding purchasers, 10 reported that, since 2019, they had purchased imported FRCs from China instead of U.S.-produced product (table V-12). Three of these purchasers reported that subject import prices were lower than U.S.-produced product, and two of these purchasers (***) reported that price was a primary reason for the decision to purchase imported product from at least one subject country rather than U.S.-produced product. Purchaser *** stated that price was not a primary reason for its purchase of imported FRCs from China, but it was for its imports of FRCs from Mexico.[26] Purchasers identified availability, customer requirements (***), domestic capacity, domestic supply instability, logistics, quality, and reliability as non-price reasons for purchasing imported rather than U.S.-produced product. Seven responding purchasers reported that U.S. producers had not

[26] Email from ***.

reduced prices in order to compete with lower-priced imports from China while the remaining seven reported that they did not know.

Table V-12
FRCs: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in thousands of pounds

Firm	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Narrative on reasons for purchasing imports
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***

Table continued.

Table V-12 Continued
FRCs: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in thousands of pounds

Firm	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Narrative on reasons for purchasing imports
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	Yes--10; No--4	Yes--3; No--7	Yes--2; No--8	***	NA

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

Part VI: Financial experience of U.S. producers

Background[1]

Three U.S. producers, Amsted, Huron, and M&T provided usable financial results on their FRCs operations.[2] *** responding U.S. producers reported financial data on the basis of GAAP and *** responding U.S. producers provided their financial data on a calendar year basis.[3]

*** produced coupler fits/assemblies, knuckles, and coupler bodies while *** did not produce any coupler fits/assemblies during the reporting period.[4]

Figure VI-1 presents each responding firm's share of the total reported net sales quantity in 2021. As depicted in figure VI-1 and the data tables that follow, ***.

[1] The following abbreviations may be used in the tables and/or text of this section: generally accepted accounting principles ("GAAP"), fiscal year ("FY"), net sales ("NS"), cost of goods sold ("COGS"), selling, general, and administrative expenses ("SG&A expenses"), average unit values ("AUVs"), research and development expenses ("R&D expenses"), and return on assets ("ROA").

[2] ***. Email from ***, October 19, 2022.

[3] ***.

[4] ***. Calculated from data in U.S. producers' questionnaire responses, section II-9.

Figure VI-1
FRCs: Share of net sales quantity, by firm, 2021

* * * * * * *

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

Operations on FRCs

Table VI-1 presents aggregated data on U.S. producers' operations in relation to FRCs, while table VI-2 presents corresponding changes in AUVs. Table VI-3 presents selected company-specific financial data. In Appendix J, tables J-1 and J-2 present financial results of U.S. producers' FRCs operations excluding ***.

Table VI-1
FRCs: Results of operations of U.S. producers, by item and period

Quantity in 1,000 pounds; value in 1,000 dollars; ratios in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Total net sales	Quantity	***	***	***	***	***
Total net sales	Value	***	***	***	***	***
COGS: Raw materials	Value	***	***	***	***	***
COGS: Direct labor	Value	***	***	***	***	***
COGS: Other factory	Value	***	***	***	***	***
COGS: Total	Value	***	***	***	***	***
Gross profit or (loss)	Value	***	***	***	***	***
SG&A expenses	Value	***	***	***	***	***
Operating income or (loss)	Value	***	***	***	***	***
Other expense / (income), net	Value	***	***	***	***	***
Net income or (loss)	Value	***	***	***	***	***
Depreciation/amortization	Value	***	***	***	***	***
Cash flow	Value	***	***	***	***	***
COGS: Raw materials	Ratio to NS	***	***	***	***	***
COGS: Direct labor	Ratio to NS	***	***	***	***	***
COGS: Other factory	Ratio to NS	***	***	***	***	***
COGS: Total	Ratio to NS	***	***	***	***	***
Gross profit	Ratio to NS	***	***	***	***	***
SG&A expense	Ratio to NS	***	***	***	***	***
Operating income or (loss)	Ratio to NS	***	***	***	***	***
Net income or (loss)	Ratio to NS	***	***	***	***	***

Table continued on next page.

Table VI-1 Continued
FRCs: Results of operations of U.S. producers, by item and period

Shares in percent; unit values in dollars per 1,000 pounds; count in number of firms reporting

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
COGS: Raw materials	Share	***	***	***	***	***
COGS: Direct labor	Share	***	***	***	***	***
COGS: Other factory	Share	***	***	***	***	***
COGS: Total	Share	***	***	***	***	***
Total net sales	Unit value	***	***	***	***	***
COGS: Raw materials	Unit value	***	***	***	***	***
COGS: Direct labor	Unit value	***	***	***	***	***
COGS: Other factory	Unit value	***	***	***	***	***
COGS: Total	Unit value	***	***	***	***	***
Gross profit or (loss)	Unit value	***	***	***	***	***
SG&A expenses	Unit value	***	***	***	***	***
Operating income or (loss)	Unit value	***	***	***	***	***
Net income or (loss)	Unit value	***	***	***	***	***
Operating losses	Count	***	***	***	***	***
Net losses	Count	***	***	***	***	***
Data	Count	***	***	***	***	***

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

Note: Shares represent the share of COGS. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table VI-2
FRCs: Changes in AUVs between comparison periods

Changes in percent

Item	2019-21	2019-20	2020-21	Jan-Jun 2021-22
Total net sales	***	***	***	***
COGS: Raw materials	***	***	***	***
COGS: Direct labor	***	***	***	***
COGS: Other factory	***	***	***	***
COGS: Total	***	***	***	***

Table continued.

Table VI-2 Continued
FRCs: Changes in AUVs between comparison periods

Changes in dollars per 1,000 pounds

Item	2019-21	2019-20	2020-21	Jan-Jun 2021-22
Total net sales	***	***	***	***
COGS: Raw materials	***	***	***	***
COGS: Direct labor	***	***	***	***
COGS: Other factory	***	***	***	***
COGS: Total	***	***	***	***
Gross profit or (loss)	***	***	***	***
SG&A expense	***	***	***	***
Operating income or (loss)	***	***	***	***
Net income or (loss)	***	***	***	***

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

Note: Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

Table VI-3
FRCs: Firm-by-firm total net sales quantity, by period

Net sales quantity

Quantity in 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm total net sales value, by period

Net sales value

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm COGS, by period

COGS

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm gross profit or (loss), by period

Gross profit or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3 Continued
FRCs: Firm-by-firm SG&A expenses, by period

SG&A expenses

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm operating income or (loss), by period

Operating income or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm net income or (loss), by period

Net income or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm ratio of COGS to net sales value, by period

COGS to net sales ratio

Ratios in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3 Continued
FRCs: Firm-by-firm ratio of gross profit or (loss) to net sales value, by period

Gross profit or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm ratio of SG&A expenses to net sales value, by period

SG&A expenses to net sales ratio

Ratios in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm ratio of operating income or (loss) to net sales value, by period

Operating income or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm ratio of net income or (loss) to net sales value, by period

Net income or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3 Continued
FRCs: Firm-by-firm unit net sales value, by period

Unit net sales value

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit raw material cost, by period

Unit raw material costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit direct labor cost, by period

Unit direct labor costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit other factory costs, by period

Unit other factory costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3 Continued
FRCs: Firm-by-firm unit COGS, by period

Unit COGS

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit gross profit or (loss), by period

Unit gross profit or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit SG&A expenses, by period

Unit SG&A expenses

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued.

Table VI-3 Continued
FRCs: Firm-by-firm unit operating income or (loss), by period

Unit operating income or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3 Continued
FRCs: Firm-by-firm unit net income or (loss), by period

Unit net income or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

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

Note: Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Net sales

Total net sales reflect commercial sales and exports of freight rail coupler fits/assemblies, knuckles, and coupler bodies. As shown in table VI-1, both total net sales quantity and value declined by *** percent from 2019 to 2021. *** U.S. producers reported a decline in sales quantities and values from 2019 to 2021. Total net sales quantity and value were higher in interim 2022 than in interim 2021. ***.[5] [6] [7] On an average per unit basis, net sales decreased from $*** in 2019 to $*** in 2020 before increasing to $*** in 2021, and it was higher in interim 2022 (at $***) than in interim 2021 (at $***). As shown in table VI-3, ***

[5] ***. Email from ***, October 21, 2022.
[6] ***. Email from ***, October 21, 2022.
[7] ***. Email from ***, October 19, 2022.

***.[8]

Cost of goods sold and gross profit or loss

Raw material costs, direct labor, and other factory costs accounted for *** percent of total COGS, respectively, in 2021.[9]

Raw material costs, which accounted for the *** component of COGS, declined irregularly from 2019 to 2021, but were higher in interim 2022 than in interim 2021. As a ratio to net sales and on a per unit basis, raw material costs increased irregularly from 2019 to 2021, and were higher in interim 2022 than in interim 2021. As seen in table VI-3, ***

[8] Email from ***, October 21, 2022.

[9] ***. Email from ***, October 21, 2022.

***.[10]

Table VI-4 presents details on specific raw material inputs as a share of total raw material costs in 2021. Scrap steel accounted for the largest share of raw material costs at *** percent. Other material inputs accounted for the remaining *** percent and included ***.[11]

Table VI-4
FRCs: Raw material costs in 2021

Value in 1,000 dollars; share of value in percent

Item	Value	Share of value
Scrap steel	***	***
Other material inputs	***	***
All raw materials	***	***

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

Direct labor costs, which accounted for the *** share of total COGS, declined from 2019 to 2021 but were higher in interim 2022 than in interim 2021. As a ratio to net sales and on a per unit basis, direct labor costs increased irregularly from 2019 to 2021, but were lower in interim 2022 than in interim 2021. *** U.S. producers reported an overall increase in their average per-unit labor costs from 2019 to 2021. ***.[12]

Other factory costs, which accounted for the *** component of COGS, decreased from 2019 to 2021 but were higher in interim 2022 than in interim 2021. As a ratio to net sales and on a per unit basis, other factory costs increased irregularly from 2019 to 2021 but were lower in interim 2022 than in interim 2021. As shown in table VI-3, *** U.S. producers reported an overall increase in their average per unit other factory costs from 2019 to 2021. ***

[10] ***. Email from ***, October 21, 2022.
[11] U.S. producers' questionnaire response, section III-9c.
[12] ***. Email from ***, October 21, 2022.

***.[13]

Total COGS declined from 2019 to 2021 but was higher in interim 2022 than in interim 2021. As a ratio to net sales and on a per unit basis, total COGS increased overall from 2019 to 2021, but was lower in interim 2022 than in interim 2021.[14]

As shown in table VI-1, the decline in net sales value along with the decline in sales volume from 2019 to 2021 exceeded the corresponding decline in COGS, thus the industry's gross profit declined from 2019 to a loss in 2020 and a lower loss in 2021, but was higher in January-June 2022 (gross profit) than in January-June 2021 (gross loss) as net sales increased more than COGS. As a ratio to net sales, gross profit declined from *** percent in 2019 to *** percent in 2020 then improved to *** percent in 2021, and was higher in interim 2022 (*** percent) than in interim 2021 (*** percent). On a firm-by-firm basis, ***.

SG&A expenses and operating income or loss

U.S. producers' SG&A expenses declined from 2019 to 2021 but were higher in interim 2022 than in interim 2021. The corresponding SG&A expense ratio (total SG&A expenses divided by total net sales value) increased from 2019 to 2021, but was lower in interim 2022 than in interim 2021.

Operating income decreased from 2019 to a loss in 2020 but improved to a lower loss in 2021, and was higher in January-June 2021 (operating income) than in January-June 2020 (operating loss). As a ratio to net sales, operating income declined from *** percent in 2019

[13] ***. Email from ***, October 21, 2022. ***. Email from ***, October 21, 2022.

[14] ***. M&T's postconference brief, exh. 1, p. 23.

to *** percent in 2020 then improved to *** percent in 2021, and was higher in interim 2022 (*** percent) than in interim 2021 (*** percent). On a firm-by-firm basis, ***.

All other expenses and net income or loss

Classified below the operating income level are interest expenses, other expenses, and other income. In table VI-1, these items are aggregated with the net amount shown. *** of the U.S. producers reported either interest expenses or other income. All other expenses, which were reported *** in 2020 and 2021 decreased during that same period.[15]

Net income decreased from 2019 to a loss in 2020 but improved to a lower loss in 2021, and was higher in January-June 2022 (net income) than in January-June 2021 (net loss). As a ratio to net sales, net income declined from *** percent in 2019 to *** percent in 2020 then improved to *** percent in 2021, and was higher in interim 2022 (*** percent) than in interim 2021 (*** percent). On a firm-by-firm basis, ***.[16]

[15] Other expenses reported by ***. Email from ***, October 21, 2022.

[16] Given the mix of coupler fits/assemblies and components and changes in product mix during the period, a variance analysis is not shown in this section of the report.

Table VI-5 presents the U.S. producers' narrative responses regarding the effects of the COVID-19 pandemic on their financial performance and table VI-6 presents the U.S. producers' narrative responses regarding the changes in their financial performance relating to application of provisional AD/CVD duties on FRCs as a result of the affirmative preliminary determinations in the FRC I investigations

Table VI-5
FRCs: Firms' narrative responses relating to COVID-19 pandemic effects on U.S. producers' financial performance

Firm	Narrative on COVID-19 impact
Amsted	***
Huron	***
M&T	***

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

Table VI-6
FRCs: Firms' narrative responses describing the impact of AD/CVD provisional duties on U.S. producers' financial performance

Firm	Narrative on COVID-19 impact
Amsted	***
Huron	***
M&T	***

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

Capital expenditures and research and development expenses

Table VI-7 presents capital expenditures, by firm, and table VI-9 presents R&D expenses, by firm. Tables VI-8 and VI-10 present the firms' narrative explanations of the nature, focus, and significance of their capital expenditures and R&D expenses, respectively. Capital expenditures declined from 2019 to 2021 and were lower in interim 2022 than in interim 2021. R&D expenses, reported by *** only, increased from 2019 to 2020 before declining in 2021 and remained unchanged in interim 2022 compared to interim 2021.

Table VI-7
FRCs: U.S. producers' capital expenditures, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Amsted	***	***	***	***	***
Huron	***	***	***	***	***
M&T	***	***	***	***	***
All firms	***	***	***	***	***

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

Table VI-8
FRCs: Narrative descriptions of U.S. producers' capital expenditures, by firm

Firm	Narrative on capital expenditures
Amsted	***
Huron	***
M&T	***

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

Table VI-9
FRCs: U.S. producers' R&D expenses, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
***	***	***	***	***	***
All firms	***	***	***	***	***

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

Table VI-10
FRCs: Narrative descriptions of U.S. producers' R&D expenses, by firm

Firm	Narrative on R&D expenses
***	***

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

Assets and return on assets

Table VI-11 presents data on the U.S. producers' total assets while table VI-12 presents their operating return on assets ("ROA").[17] Table VI-13 presents U.S. producers' narrative responses explaining their major asset categories and any significant changes in asset levels over time. Total assets declined from 2019 to 2021. The ROA also declined irregularly from a positive *** percent in 2019 to a negative *** percent in 2021.

Table VI-11
FRCs: U.S. producers' total net assets, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Table VI-12
FRCs: U.S. producers' ROA, by firm and period

Ratio in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Table VI-13
FRCs: Narrative descriptions of U.S. producers' total net assets, by firm

Firm	Narrative on assets
Amsted	***
Huron	***
M&T	***

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

[17] The operating 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 FRCs.

Capital and investment

The Commission requested U.S. producers of FRCs to describe any actual or potential negative effects of imports of FRCs from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-14 presents the number of firms reporting an impact in each category and table VI-15 provides the U.S. producers' narrative responses.

Table VI-14
FRCs: Count of firms indicating actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2019, by effect

Number of firms reporting

Effect	Category	Count
Cancellation, postponement, or rejection of expansion projects	Investment	1
Denial or rejection of investment proposal	Investment	0
Reduction in the size of capital investments	Investment	1
Return on specific investments negatively impacted	Investment	1
Other investment effects	Investment	0
Any negative effects on investment	Investment	1
Rejection of bank loans	Growth	0
Lowering of credit rating	Growth	0
Problem related to the issue of stocks or bonds	Growth	0
Ability to service debt	Growth	0
Other growth and development effects	Growth	1
Any negative effects on growth and development	Growth	1
Anticipated negative effects of imports	Future	1

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

Note: ***.

Table VI-15
FRCs: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2019

Item	Firm name and narrative on impact of imports
Cancellation, postponement, or rejection of expansion projects	***
Reduction in the size of capital investments	***
Return on specific investments negatively impacted	***
Other effects on growth and development	***
Anticipated effects of imports	***

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

The Commission issued foreign producers' or exporters' questionnaires to ten firms believed to produce and/or export FRCs from China.[3] Usable responses to the Commission's questionnaire were received from two firms: Qingdao Sanheshan Precision Casting Co., Ltd. ("Sanheshan"), and Tongyao.[4] [5] According to estimates requested of the responding producers in China, the production of FRCs in China reported in questionnaires accounts for approximately *** percent of overall production of FRCs in China. These firms' exports to the United States accounted for approximately *** percent of U.S. imports of FRCs from China in 2021.[6] [7]

Table VII-1 presents information on the FRCs operations of the responding producers and exporters in China.

[3] These firms were identified through a review of information submitted in the petition and presented in third-party sources.

[4] Baotou Shengyu Machinery Mfg. Co. LTD. ("Baotou") provided a response to the Commission's questionnaire in the final phase of the FRC 2021 investigations, but did not provide a response in this preliminary phase of these investigations. Based on information provided in the FRC 2021 staff report, in 2021 Baotou reported producing *** pounds of FRC (inclusive of in- and out-of-scope merchandise in these investigations) and exported *** to the United States. FRC I staff report, p. VII-4.

[5] *** submitted an incomplete response to the Commission's questionnaire and did not respond to follow-up communication from staff. Their data are not included in this section.

[6] Calculated based on data provided in U.S. importer questionnaire responses.

[7] *** noted in its questionnaire response that ***. ***'s foreign producer questionnaire response, question II-10.

Table VII-1
FRCs: Summary data for producers in China, 2021

Quantity in 1,000 pounds; share in percent

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)
Sanheshan	***	***	***	***	***	***
Tongyao	***	***	***	***	***	***
All firms	***	***	***	***	***	***

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

Changes in operations

Producers in China were asked to report any change in the character of their operations or organization relating to the production of FRCs since 2019. One producer indicated in its questionnaire that it had experienced such changes; its response is presented in table VII-2.

Table VII-2
FRCs: Reported changes in operations in China since January 1, 2019, by firm

Item	Firm name and accompanying narrative response
Prolonged shutdowns or curtailments	***

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

Operations on FRCs

Table VII-3 presents information on the FRCs operations of the responding producers and exporters in China.[8] In general, producers of FRCs in China experienced an overall decline in their operations during 2019-21, with the sharpest decrease occurring largely between 2019 and 2020. While some elements of reported FRCs operations increased between 2020 and 2021, on the whole, FRCs operations in China ended in 2021 below levels reported in 2019, even with modest increases.[9]

Reported FRCs capacity *** during 2019-21, but declined by *** percent between 2019 and 2020, then returning to 2019 levels in 2021. Capacity was *** percent higher in January-June 2022 than in January-June 2021. Production of FRCs declined by *** percent during 2019-21, from *** pounds in 2019, to *** pounds in 2021, and was *** percent lower in January-June 2022 than in January-June 2021.

Reflecting the mostly steady capacity and the decline in production, capacity utilization decreased by *** percentage points during 2019-21. Capacity utilization was lower in January-June 2022 at *** percent than in January-June 2021 at *** percent.

End-of-period inventories similarly decreased during 2019-21 by *** percent, though were higher *** in January-June 2022 than in January-June 2021.

Total shipments decreased during 2019-21 by *** percent, and were *** percent lower in January-June 2022 than in January-June 2021. The decrease in total shipments can largely be attributed to the decline in home market shipments, which accounted for a majority of Chinese FRCs producers' total shipments in each year during 2019-21. Home market shipments decreased by *** percent during 2019-21, and were *** percent lower in January-June 2022 than in January-June 2021.

While home market shipments accounted for a majority of total shipments in each year, the share for which they accounted decreased during 2019-21 by *** percentage points, while the share of exports to the Unites States increased by *** percentage points during the same period. The shares of home market shipments and exports to the United States were lower, by *** percentage points and *** percentage points, respectively, in January-June 2022 than in January-June 2021. Exports to the United States decreased overall by *** percent during 2019-

[8] Information on the projection data of the responding FRCs producers in China is provided *** in Table VII-3. ***.

[9] These trends may reflect ***. *** foreign producer questionnaire response, question II-2.

21, and were *** percent lower in January-June 2022 than in January-June 2021 (possibly attributable to the application of provisional AD/CVD duties in the FRC I investigations).

Table VII-3
FRCs: Data on the industry in China, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Exports to the United States	***	***	***	***	***	***	***
Exports to all other markets	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued.

Table VII-3 Continued
FRCs: Data on the industry in China, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity utilization ratio	***	***	***	***	***	***	***
Inventory ratio to production	***	***	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***	***	***
Internal consumption share	***	***	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***	***	***
Home market shipments share	***	***	***	***	***	***	***
Exports to the United States share	***	***	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***	***	***
Export shipments share	***	***	***	***	***	***	***
Total shipments share	***	***	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Alternative products

As shown in table VII-4, responding firms in China produced other products on the same equipment and machinery used to produce FRCs. These products include *** with FRCs production accounting for about *** of total production during 2019-21. FRCs' share of total production on the same equipment decreased from *** percent in 2019 to *** percent in 2021, and was lower in January-June 2022 than in January-June 2021, accounting for *** percent and *** percent, respectively. Reported factors affecting the ability to switch production include ***.[10]

Table VII-4
FRCs: Producers' in China overall capacity and production on the same equipment as subject production, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Overall capacity	Quantity	***	***	***	***	***
FRCs production	Quantity	***	***	***	***	***
Other production	Quantity	***	***	***	***	***
Total production	Quantity	***	***	***	***	***
Overall capacity utilization	Ratio	***	***	***	***	***
FRCs production	Share	***	***	***	***	***
Other production	Share	***	***	***	***	***
Total production	Share	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

[10] *** reported that it would take at least one-half of a year to a year to reach its original capacity should it switch production.

Exports

According to GTA, the leading export markets for hooks and other coupling devices, buffers and parts thereof, for railway and tramway vehicles ("railway coupling/buffer devices") from China are the United States and Mexico (table VII-5). During 2021, the United States was the top export market for railway coupling/buffer devices from China, accounting for 47.6 percent of the quantity of exports from China, followed by Mexico, accounting for 17.4 percent of the quantity of exports from China.

Table VII-5
Hooks and other coupling devices, buffers and parts thereof, for railway and tramway vehicles: Exports from China, by period

Quantity in 1,000 pounds; value in 1,000 dollars

Destination market	Measure	2019	2020	2021
United States	Quantity	56,027	27,823	37,592
Mexico	Quantity	17,200	7,103	13,759
Australia	Quantity	8,995	9,834	7,690
Canada	Quantity	6,813	4,937	4,019
India	Quantity	2,714	2,243	2,845
Germany	Quantity	1,403	1,641	1,428
Indonesia	Quantity	124	29	1,423
Poland	Quantity	1,016	1,119	1,256
France	Quantity	823	797	1,035
All other destination markets	Quantity	12,703	11,762	7,869
All destination markets	Quantity	107,817	67,288	78,916
United States	Value	65,880	34,722	43,318
Mexico	Value	15,624	6,629	14,819
Australia	Value	22,842	30,085	23,160
Canada	Value	9,343	5,932	5,233
India	Value	9,253	7,544	11,734
Germany	Value	8,773	11,378	12,991
Indonesia	Value	735	131	3,189
Poland	Value	4,311	4,675	5,244
France	Value	5,309	5,438	6,594
All other destination markets	Value	42,029	87,832	38,718
All destination markets	Value	184,097	194,365	165,001

Table continued.

Table VII-5 Continued
Hooks and other coupling devices, buffers and parts thereof, for railway and tramway vehicles: Exports from China, by period

Unit value in dollars per 1,000 pounds; share in percent

Destination market	Measure	2019	2020	2021
United States	Unit value	1,176	1,248	1,152
Mexico	Unit value	908	933	1,077
Australia	Unit value	2,539	3,059	3,012
Canada	Unit value	1,371	1,201	1,302
India	Unit value	3,409	3,364	4,125
Germany	Unit value	6,252	6,934	9,096
Indonesia	Unit value	5,944	4,532	2,240
Poland	Unit value	4,244	4,176	4,174
France	Unit value	6,450	6,820	6,369
All other destination markets	Unit value	3,309	7,467	4,920
All destination markets	Unit value	1,707	2,889	2,091
United States	Share of quantity	52.0	41.3	47.6
Mexico	Share of quantity	16.0	10.6	17.4
Australia	Share of quantity	8.3	14.6	9.7
Canada	Share of quantity	6.3	7.3	5.1
India	Share of quantity	2.5	3.3	3.6
Germany	Share of quantity	1.3	2.4	1.8
Indonesia	Share of quantity	0.1	0.0	1.8
Poland	Share of quantity	0.9	1.7	1.6
France	Share of quantity	0.8	1.2	1.3
All other destination markets	Share of quantity	11.8	17.5	10.0
All destination markets	Share of quantity	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8607.30 as reported by China Customs in the Global Trade Atlas database, accessed October 7, 2022.

Note: United States is shown at the top. All remaining top export destinations are shown in descending order of 2021 data.

The industry in Mexico

The Commission received a questionnaire response from Amsted ASF-K, the only known producer of FRCs in Mexico.[11] Table VII-6 presents information on Amsted ASF-K's FRCs operations in Mexico.

Table VII-6
FRCs: Summary data for producers in Mexico, 2021

Quantity in 1,000 pounds; share in percent

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)
Amsted	***	***	***	***	***	***
All firms	***	***	***	***	***	***

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

Changes in operations

Amsted ASF-K *** since January 1, 2019.

Operations on FRCs

Table VII-7 presents information on Amsted ASF-K's FRCs operations. Like FRCs producers in China, Amsted ASF-K's production, home market shipments, and export shipments to the United States declined overall during 2019-21, with the sharpest decrease occurring between 2019 and 2020, and remained in 2021 at levels below reported operations in 2019, even with modest increases reported between 2020 and 2021.

Amsted ASF-K reported *** in its capacity during 2019-21. Capacity was slightly higher in January-June 2022 than in January-June 2021, and is projected to increase into 2023. Amsted ASF-K's production decreased overall by *** percent during 2019-21, and was lowest in 2020 at *** pounds, compared with *** pounds in 2019. Amsted ASF-K's production was *** percent

[11] Amsted ASF-K, Amsted Rail's Mexican affiliate, is a maquiladora located in Sahagun, Mexico and is wholly-owned by Amsted Rail. Conference transcript, p. 121 (Carter).

higher in January-June 2022 than in January-June 2021, and is projected to return to levels close to its reported production in 2019 by 2023.

Converse to its production, Amsted ASF-K's end-of-period inventories increased from *** pounds in 2019 to *** pounds in 2021, and were highest in 2020 at *** pounds. Amsted ASF-K's end-of-period inventories were *** percent lower in January-June 2022 than in January-June 2021, and are projected to decrease below 2019 levels by 2023.

Amsted's total shipments fell from *** pounds in 2019 to *** pounds in 2021, though were at their lowest in 2020 at *** pounds. Exports to the United States accounted for *** of Amsted's total shipments in each year during 2019-21 and in both interim periods, and are projected to continue to do so into 2023. During 2019-21, shares of exports to the United States and home market shipments decreased slightly overall as exports to all other markets increased relative to total shipments.

Table VII-7
FRCs: Data on the industry in Mexico, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Exports to the United States	***	***	***	***	***	***	***
Exports to all other markets	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued.

Table VII-7 Continued
FRCs: Data on the industry in Mexico, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity utilization ratio	***	***	***	***	***	***	***
Inventory ratio to production	***	***	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***	***	***
Internal consumption share	***	***	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***	***	***
Home market shipments share	***	***	***	***	***	***	***
Exports to the United States share	***	***	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***	***	***
Export shipments share	***	***	***	***	***	***	***
Total shipments share	***	***	***	***	***	***	***

Source: Compiled from data submitted in response to Commission questionnaires.
Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Alternative products

As shown in table VII-8, Amsted ASF-K produced other products on the same equipment and machinery used to produce FRCs. These products include ***. FRCs' share of total production *** during 2019-21, but generally accounted for approximately *** percent during 2019-21 and both interim periods. The firm reported that *** to switch production between FRCs and other products using the same machinery, citing *** affecting the ability to switch production.

Table VII-8
FRCs: Amsted ASF-K's overall capacity and production on the same equipment as subject production, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Overall capacity	Quantity	***	***	***	***	***
FRCs production	Quantity	***	***	***	***	***
Other production	Quantity	***	***	***	***	***
Total production	Quantity	***	***	***	***	***
Overall capacity utilization	Ratio	***	***	***	***	***
FRCs production	Share	***	***	***	***	***
Other production	Share	***	***	***	***	***
Total production	Share	***	***	***	***	***

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

Exports

As shown in table VII-9, according to GTA, the United States is the sole export market for railway coupling/buffer devices from Mexico.

Table VII-9
Hooks and other coupling devices, buffers and parts thereof, for railway and tramway vehicles: Exports from Mexico, by period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds; share in percent

Destination market	Measure	2019	2020	2021
United States	Quantity	20,109	18,013	23,230
All destination markets	Quantity	20,109	18,013	23,230
United States	Value	18,373	17,405	20,673
All destination markets	Value	18,373	17,405	20,673
United States	Unit value	914	966	890
All destination markets	Unit value	914	966	890
United States	Share of quantity	100.0	100.0	100.0
All destination markets	Share of quantity	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8607.30 as reported by INEGI in the Global Trade Atlas database, accessed October 7, 2022.

Subject countries combined

Table VII-10 presents summary data on FRCs operations of the reporting subject producers in the subject countries.

Table VII-10
FRCs: Data on the industry in subject countries, by period

Quantity in 1,000 pounds

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Home market shipments	***	***	***	***	***	***	***
Exports to the United States	***	***	***	***	***	***	***
Exports to all other markets	***	***	***	***	***	***	***
Export shipments	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued.

Table VII-10 Continued
FRCs: Data on the industry in subject countries, by period

Shares and ratios in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022	Projection 2022	Projection 2023
Capacity utilization ratio	***	***	***	***	***	***	***
Inventory ratio to production	***	***	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***	***	***
Internal consumption share	***	***	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***	***	***
Home market shipments share	***	***	***	***	***	***	***
Exports to the United States share	***	***	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***	***	***
Export shipments share	***	***	***	***	***	***	***
Total shipments share	***	***	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

U.S. inventories of imported merchandise

Table VII-11 presents data on U.S. importers' reported inventories of FRCs. End-of-period inventories of imports from subject sources decreased by *** percent during 2019-21, and were substantially lower in January-June 2022 than in January-June 2021 as ***. The ratios of end-of-period inventories to imports, U.S. shipments of imports, and total shipments of imports increased during 2019-21, though were generally at their highest in 2020. Commensurate with the differences in end-of-period inventories between the interim periods, the ratios of end-of-period inventories to imports, U.S. shipments of imports, and total shipments of imports were *** percent lower on average in January-June 2022 than in January-June 2021.

Table VII-11
FRCs: U.S. importers' inventories and their ratio to select items, by source and period

Quantity in 1,000 pounds; ratio in percent

Measure	Source	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Inventories quantity	China	***	***	***	***	***
Ratio to imports	China	***	***	***	***	***
Ratio to U.S. shipments of imports	China	***	***	***	***	***
Ratio to total shipments of imports	China	***	***	***	***	***
Inventories quantity	Mexico	***	***	***	***	***
Ratio to imports	Mexico	***	***	***	***	***
Ratio to U.S. shipments of imports	Mexico	***	***	***	***	***
Ratio to total shipments of imports	Mexico	***	***	***	***	***
Inventories quantity	Subject	***	***	***	***	***
Ratio to imports	Subject	***	***	***	***	***
Ratio to U.S. shipments of imports	Subject	***	***	***	***	***
Ratio to total shipments of imports	Subject	***	***	***	***	***
Inventories quantity	Nonsubject	***	***	***	***	***
Ratio to imports	Nonsubject	***	***	***	***	***
Ratio to U.S. shipments of imports	Nonsubject	***	***	***	***	***
Ratio to total shipments of imports	Nonsubject	***	***	***	***	***
Inventories quantity	All	***	***	***	***	***
Ratio to imports	All	***	***	***	***	***
Ratio to U.S. shipments of imports	All	***	***	***	***	***
Ratio to total shipments of imports	All	***	***	***	***	***

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 FRCs from China and Mexico after June 30, 2022. Their reported data is presented in table VII-12. Arranged imports from each subject source were reported, as well as arranged imports from nonsubject sources.

Table VII-12
FRCs: U.S. importers' arranged imports, by source and period

Quantity in 1,000 pounds

Source	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023	Total
China	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Third-country trade actions

There are no known antidumping or countervailing duty orders on FRC in third-country markets.

Information on nonsubject countries

Global exports for China, Mexico, and the largest nonsubject countries are presented in table VII-13. There are no AAR certified manufacturing plants for knuckles or coupler bodies outside of the United States, China, and Mexico.

Table VII-13
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: Global exports, by reporting country and by period

Value in 1,000 dollars, shares in percent

Exporter	Measure	2019	2020	2021
United States	Value	173,140	95,724	114,745
China	Value	184,097	194,365	165,001
Mexico	Value	18,373	17,405	20,673
All subject exporters	Value	202,469	211,771	185,674
Germany	Value	151,104	141,756	150,554
Poland	Value	96,742	95,686	118,159
Czech Republic	Value	34,349	45,694	43,349
Sweden	Value	66,045	56,557	41,762
United Kingdom	Value	30,873	27,924	31,666
Russia	Value	27,754	19,807	21,356
Japan	Value	15,769	12,558	11,653
France	Value	10,481	11,375	10,956
Hong Kong	Value	23,137	72,129	2,809
All other exporters	Value	60,355	50,003	66,566
All reporting exporters	Value	892,218	840,984	799,249
United States	Share of value	19.4	11.4	14.4
China	Share of value	20.6	23.1	20.6
Mexico	Share of value	2.1	2.1	2.6
All subject exporters	Share of value	22.7	25.2	23.2
Germany	Share of value	16.9	16.9	18.8
Poland	Share of value	10.8	11.4	14.8
Hong Kong	Share of value	3.8	5.4	5.4
Sweden	Share of value	7.4	6.7	5.2
Czech Republic	Share of value	3.5	3.3	4.0
United Kingdom	Share of value	3.1	2.4	2.7
Russia	Share of value	1.8	1.5	1.5
Japan	Share of value	1.2	1.4	1.4
France	Share of value	2.6	8.6	0.4
All other exporters	Share of value	6.8	5.9	8.3
All reporting exporters	Share of value	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8607.30 as reported by various national statistical authorities in the Global Trade Atlas database, accessed October 7, 2022.

Note: United States is show at the top followed by the countries under investigation, all remaining top exporting countries in descending order of 2019 data.

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
87 FR 60413, October 5, 2022	*Certain Freight Rail Couplers and Parts Thereof From China and Mexico; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2022-10-05/pdf/2022-21576.pdf
87 FR 64440, October 25, 2022	*Certain Freight Rail Couplers and Parts Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2022-10-25/pdf/2022-23135.pdf
87 FR 64447, October 25, 2022	*Certain Freight Rail Couplers and Parts Thereof From the People's Republic of China and Mexico: Initiation of Less-Than-Fair-Value Investigations*	https://www.govinfo.gov/content/pkg/FR-2022-10-25/pdf/2022-23136.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared in the United States International Trade Commission's preliminary conference via videoconference:

Subject: Certain Freight Rail Couplers and Parts Thereof from China and Mexico

Inv. Nos.: 701-TA-682 and 731-TA-1592-1593 (Preliminary)

Date and Time: October 19, 2022 - 9:30 a.m.

OPENING REMARKS:

In Support of Imposition (**Daniel B. Pickard**, Buchanan Ingersoll & Rooney PC)
In Opposition to Imposition (**Douglas J. Heffner**, Faegre Drinker Biddle & Reath LLP)

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

Buchanan Ingersoll & Rooney PC
Washington, DC
on behalf of

Coalition of Freight Coupler Producers

Scott Mautino, Executive Vice President, McConway & Torley, LLC

Chris LeFevre, Director of Sales, McConway & Torley, LLC

Daniel B. Pickard)
) – OF COUNSEL
Amanda Lee Wetzel)

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

Faegre Drinker Biddle & Reath LLP
Washington, DC
on behalf of

Amsted Rail Company, Inc.

Michael Carter, President, Amsted Rail Company, Inc.

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

Robert Oesch, Vice President Global Marketing & Customer Service,
Amsted Rail Company, Inc.

Douglas J. Heffner)
Brian Perryman)
) – OF COUNSEL
Richard P. Ferrin)
Carrie B. Connolly)

Jones Day
Washington, DC
on behalf of

Wabtec Corporation ("Wabtec")

David M. Morrell)
) – OF COUNSEL
Joshua T. Hoyt)

Covington & Burling LLP
Washington, DC
on behalf of

TTX Company ("TTX")

Maureen Werner, Assistant Vice President,
Engineering and Research, TTX

James M. Smith) – OF COUNSEL

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, DC
on behalf of

Strato Inc. ("Strato")

Brian Cunkelman, President, Strato Inc.

Dan Foxx, CIO, Strato Inc.

Ned H. Marshak)
) – OF COUNSEL
Andrew T. Schutz)

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Daniel B. Pickard**, Buchanan Ingersoll & Rooney PC)
In Opposition to Imposition (**James M. Smith**, Covington & Burling LLP)

-END-

APPENDIX C

SUMMARY DATA

All producers

Table C-1
FRCs: Summary data concerning the U.S. market, by item and period
Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 pounds; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Jun		Comparison years			Jan-Jun
Item	2019	2020	2021	2021	2022	2019-21	2019-20	2020-21	2021-22
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▲***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico	***	***	***	***	***	▲***	▲***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▲***
Producers' share (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▼***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▲***	▼***
Mexico:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Subject sources:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
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	***	***	***	***	***	▼***	▼***	▼***	▼***
Production quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
U.S. shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Export shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▲***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Inventories/total shipments (fn1)	***	***	***	***	***	▲***	▲***	▼***	▼***

Table continued.

Table C-1 Continued
FRCs: Summary data concerning the U.S. market, by item and period
Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 pounds; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Jun		Comparison years			Jan-Jun
Item	2019	2020	2021	2021	2022	2019-21	2019-20	2020-21	2021-22
U.S. producers': Continued									
Production workers	***	***	***	***	***	▼***	▼***	▼***	▲***
Hours worked (1,000s)	***	***	***	***	***	▼***	▼***	▼***	▲***
Wages paid ($1,000)	***	***	***	***	***	▼***	▼***	▼***	▲***
Hourly wages (dollars per hour)	***	***	***	***	***	▲***	▲***	▲***	▲***
Productivity (pounds per hour)	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit labor costs	***	***	***	***	***	▲***	▲***	▲***	▼***
Net sales:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▲***	▼***	▲***	▲***
Cost of goods sold (COGS)	***	***	***	***	***	▼***	▼***	▼***	▲***
Gross profit or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
SG&A expenses	***	***	***	***	***	▼***	▼***	▼***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit COGS	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit SG&A expenses	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
COGS/sales (fn1)	***	***	***	***	***	▲***	▲***	▼***	▼***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Capital expenditures	***	***	***	***	***	▼***	▼***	▼***	▼***
Research and development expenses	***	***	***	***	***	▲***	▲***	▼***	***
Net assets	***	***	***	***	***	▼***	▼***	▼***	***

Source: Compiled from data submitted in response to Commission questionnaires. 508-compliant tables containing these data are contained in parts III, IV, VI, and VII of this report.

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.

Related party exclusion

Table C-2

FRCs: Summary data concerning the U.S. market excluding one U.S. producer *, by item and period**

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 pounds; Period changes=percent--exceptions noted

Item	Reported data: Calendar year 2019	2020	2021	Jan-Jun 2021	2022	Period changes: Comparison years 2019-21	2019-20	2020-21	Jan-Jun 2021-22
U.S. consumption quantity:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▲***
Producers' share (fn1):									
Included producers	***	***	***	***	***	▼***	▼***	▲***	▲***
Excluded producers	***	***	***	***	***	▼***	▲***	▼***	▼***
All producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico	***	***	***	***	***	▲***	▲***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. consumption value:									
Amount	***	***	***	***	***	▼***	▼***	▼***	▲***
Producers' share (fn1):									
Included producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Excluded producers	***	***	***	***	***	▼***	▲***	▼***	▲***
All producers	***	***	***	***	***	▼***	▼***	▼***	▲***
Importers' share (fn1):									
China	***	***	***	***	***	▲***	▲***	▲***	▼***
Mexico	***	***	***	***	***	▲***	▼***	▲***	▲***
Subject sources	***	***	***	***	***	▲***	▲***	▲***	▼***
Nonsubject sources	***	***	***	***	***	***	***	***	***
All import sources	***	***	***	***	***	▲***	▲***	▲***	▼***
U.S. importers' U.S. shipments of imports from:									
China:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▼***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▲***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▲***	▼***
Mexico:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Subject sources:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Nonsubject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity	***	***	***	***	***	▼***	▼***	▲***	▲***
Value	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▲***	▲***
Ending inventory quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Included U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	▼***
Production quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Capacity utilization (fn1)	***	***	***	***	***	▼***	▼***	▼***	▲***
U.S. shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▼***	▲***
Export shipments:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▼***
Value	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity	***	***	***	***	***	▼***	▲***	▼***	▼***
Inventories/total shipments (fn1)	***	***	***	***	***	▲***	▲***	▼***	▼***

Table continued.

Table C-2 Continued

FRCs: Summary data concerning the U.S. market excluding one U.S. producer *, by item and period**

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 pounds; Period changes=percent--exceptions noted

	Reported data					Period changes			
	Calendar year			Jan-Jun		Comparison years			Jan-Jun
Item	2019	2020	2021	2021	2022	2019-21	2019-20	2020-21	2021-22
Included U.S. producers': Continued									
Production workers	***	***	***	***	***	▼***	▼***	▼***	▲***
Hours worked (1,000s)	***	***	***	***	***	▼***	▼***	▼***	▲***
Wages paid ($1,000)	***	***	***	***	***	▼***	▼***	▼***	▲***
Hourly wages (dollars per hour)	***	***	***	***	***	▲***	▲***	▲***	▲***
Productivity (pounds per hour)	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit labor costs	***	***	***	***	***	▲***	▲***	▲***	▼***
Net sales:									
Quantity	***	***	***	***	***	▼***	▼***	▼***	▲***
Value	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value	***	***	***	***	***	▼***	▼***	▼***	▲***
Cost of goods sold (COGS)	***	***	***	***	***	▼***	▼***	▼***	▲***
Gross profit or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
SG&A expenses	***	***	***	***	***	▼***	▼***	▼***	▲***
Operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit COGS	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit SG&A expenses	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit operating income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
Unit net income or (loss) (fn2)	***	***	***	***	***	▼***	▼***	▲***	▲***
COGS/sales (fn1)	***	***	***	***	***	▲***	▲***	▼***	▼***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Net income or (loss)/sales (fn1)	***	***	***	***	***	▼***	▼***	▲***	▲***
Capital expenditures	***	***	***	***	***	▼***	▼***	▼***	▼***
Research and development expenses	***	***	***	***	***	▲***	▲***	▼***	***
Net assets	***	***	***	***	***	▼***	▼***	▼***	***

Source: Compiled from data submitted in response to Commission questionnaires. 508-compliant tables containing these data are contained in parts III, IV, VI, and VII of this report.

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.

APPENDIX D

U.S. PRODUCERS' AND IMPORTERS' NARRATIVE RESPONSES TO THE COMPARABILITY OF IN-SCOPE AND OUT-OF-SCOPE FREIGHT RAIL COUPLER SYSTEM COMPONENTS

Table D-1
FRCs: U.S. producers' narrative responses on the comparability of in-scope and out-of-scope freight rail coupler system components

Factor	Producer name and narrative
Physical characteristics	***
Physical characteristics	***
Interchangeability	***
Interchangeability	***
Channels	***
Channels	***
Manufacturing	***
Manufacturing	***
Perceptions	***
Perceptions	***
Price	***
Price	***

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

Note: Responses have been edited for spelling, grammar, and punctuation. Where applicable, unusable responses such as "N/A", or instances in which a firm indicated that they had no familiarity with the product have been removed.

Table D-2
FRCs: U.S. importers' narrative responses on the comparability of in-scope and out-of-scope freight rail coupler system components

Factor	Importer name and narrative
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Physical characteristics	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Interchangeability	***
Channels	***
Channels	***
Channels	***
Manufacturing	***
Manufacturing	***
Manufacturing	***
Perceptions	***
Perceptions	***
Perceptions	***
Perceptions	***
Price	***
Price	***
Price	***
Price	***

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

Note: Responses have been edited for spelling, grammar, and punctuation. Where applicable, responses such as "N/A", references to prior narratives, or instances in which a firm indicated that they had no familiarity with the product have been removed.

Table D-3
FRCs: U.S. producers' and importer's narratives regarding the expansion of the domestic like product

Firm	Firm type	Narratives on expansion of domestic like product
***	Producer	***
***	Producer	***
***	Importer	***
***	Importer	***
***	Importer	***

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

Note: Responses have been edited for spelling, grammar, and punctuation. Where applicable, unusable responses such as “N/A”, or instances in which a firm indicated that they had no familiarity with the product have been removed.

APPENDIX E

U.S. PRODUCERS' AND IMPORTERS' NARRATIVE RESPONSES REGARDING THE SEMI-FINISHED LIKE PRODUCT ANALYSIS

Table E-1
FRCs: U.S. producers' narrative responses regarding the semi-finished like product analysis

Item	Producer name and narrative
Other uses	***
Separate market	***

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

Note: Responses have been edited for spelling, grammar, and punctuation. Where applicable, unusable responses such as "N/A", or instances in which a firm indicated that they had no familiarity with the product have been removed.

Table E-2
FRCs: U.S. importers' narrative responses regarding the semi-finished like product analysis

Factor	Importer name and narrative
Other uses	***
Separate market	***
Separate market	***
Separate market	***
Differences in cost	***
Differences in cost	***
Differences in cost	***
Transformation intensive	***

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

Note: Responses have been edited for spelling, grammar, and punctuation. Where applicable, unusable responses such as "N/A", or instances in which a firm indicated that they had no familiarity with the product have been removed.
.

APPENDIX F

U.S. MARKET FOR COUPLER FIT/ASSEMBLY AND COUPLER FIT COMPONENTS

Table F-1
FRCs: U.S. producers' U.S. shipments, by type and period

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Product type	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Coupler fit / assembly	Quantity	***	***	***	***	***
Knuckles	Quantity	***	***	***	***	***
Coupler bodies	Quantity	***	***	***	***	***
All coupler fit components	Quantity	***	***	***	***	***
All product types	Quantity	***	***	***	***	***
Coupler fit / assembly	Value	***	***	***	***	***
Knuckles	Value	***	***	***	***	***
Coupler bodies	Value	***	***	***	***	***
All coupler fit components	Value	***	***	***	***	***
All product types	Value	***	***	***	***	***
Coupler fit / assembly	Unit value	***	***	***	***	***
Knuckles	Unit value	***	***	***	***	***
Coupler bodies	Unit value	***	***	***	***	***
All coupler fit components	Unit value	***	***	***	***	***
All product types	Unit value	***	***	***	***	***
Coupler fit / assembly	Share of quantity	***	***	***	***	***
Knuckles	Share of quantity	***	***	***	***	***
Coupler bodies	Share of quantity	***	***	***	***	***
All coupler fit components	Share of quantity	***	***	***	***	***
All product types	Share of quantity	***	***	***	***	***
Coupler fit / assembly	Share of value	***	***	***	***	***
Knuckles	Share of value	***	***	***	***	***
Coupler bodies	Share of value	***	***	***	***	***
All coupler fit components	Share of value	***	***	***	***	***
All product types	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-2
FRCs: U.S. importers' U.S. shipments of imports from China, by type and period

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Product type	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Coupler fit / assembly	Quantity	***	***	***	***	***
Knuckles	Quantity	***	***	***	***	***
Coupler bodies	Quantity	***	***	***	***	***
All coupler fit components	Quantity	***	***	***	***	***
All product types	Quantity	***	***	***	***	***
Coupler fit / assembly	Value	***	***	***	***	***
Knuckles	Value	***	***	***	***	***
Coupler bodies	Value	***	***	***	***	***
All coupler fit components	Value	***	***	***	***	***
All product types	Value	***	***	***	***	***
Coupler fit / assembly	Unit value	***	***	***	***	***
Knuckles	Unit value	***	***	***	***	***
Coupler bodies	Unit value	***	***	***	***	***
All coupler fit components	Unit value	***	***	***	***	***
All product types	Unit value	***	***	***	***	***
Coupler fit / assembly	Share of quantity	***	***	***	***	***
Knuckles	Share of quantity	***	***	***	***	***
Coupler bodies	Share of quantity	***	***	***	***	***
All coupler fit components	Share of quantity	***	***	***	***	***
All product types	Share of quantity	***	***	***	***	***
Coupler fit / assembly	Share of value	***	***	***	***	***
Knuckles	Share of value	***	***	***	***	***
Coupler bodies	Share of value	***	***	***	***	***
All coupler fit components	Share of value	***	***	***	***	***
All product types	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-3
FRCs: U.S. importers' U.S. shipments of imports from Mexico, by type and period

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Product type	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Coupler fit / assembly	Quantity	***	***	***	***	***
Knuckles	Quantity	***	***	***	***	***
Coupler bodies	Quantity	***	***	***	***	***
All coupler fit components	Quantity	***	***	***	***	***
All product types	Quantity	***	***	***	***	***
Coupler fit / assembly	Value	***	***	***	***	***
Knuckles	Value	***	***	***	***	***
Coupler bodies	Value	***	***	***	***	***
All coupler fit components	Value	***	***	***	***	***
All product types	Value	***	***	***	***	***
Coupler fit / assembly	Unit value	***	***	***	***	***
Knuckles	Unit value	***	***	***	***	***
Coupler bodies	Unit value	***	***	***	***	***
All coupler fit components	Unit value	***	***	***	***	***
All product types	Unit value	***	***	***	***	***
Coupler fit / assembly	Share of quantity	***	***	***	***	***
Knuckles	Share of quantity	***	***	***	***	***
Coupler bodies	Share of quantity	***	***	***	***	***
All coupler fit components	Share of quantity	***	***	***	***	***
All product types	Share of quantity	***	***	***	***	***
Coupler fit / assembly	Share of value	***	***	***	***	***
Knuckles	Share of value	***	***	***	***	***
Coupler bodies	Share of value	***	***	***	***	***
All coupler fit components	Share of value	***	***	***	***	***
All product types	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-4
FRCs: U.S. importers' U.S. shipments of imports from subject sources, by type and period

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Product type	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Coupler fit / assembly	Quantity	***	***	***	***	***
Knuckles	Quantity	***	***	***	***	***
Coupler bodies	Quantity	***	***	***	***	***
All coupler fit components	Quantity	***	***	***	***	***
All product types	Quantity	***	***	***	***	***
Coupler fit / assembly	Value	***	***	***	***	***
Knuckles	Value	***	***	***	***	***
Coupler bodies	Value	***	***	***	***	***
All coupler fit components	Value	***	***	***	***	***
All product types	Value	***	***	***	***	***
Coupler fit / assembly	Unit value	***	***	***	***	***
Knuckles	Unit value	***	***	***	***	***
Coupler bodies	Unit value	***	***	***	***	***
All coupler fit components	Unit value	***	***	***	***	***
All product types	Unit value	***	***	***	***	***
Coupler fit / assembly	Share of quantity	***	***	***	***	***
Knuckles	Share of quantity	***	***	***	***	***
Coupler bodies	Share of quantity	***	***	***	***	***
All coupler fit components	Share of quantity	***	***	***	***	***
All product types	Share of quantity	***	***	***	***	***
Coupler fit / assembly	Share of value	***	***	***	***	***
Knuckles	Share of value	***	***	***	***	***
Coupler bodies	Share of value	***	***	***	***	***
All coupler fit components	Share of value	***	***	***	***	***
All product types	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-5
FRCs: U.S. importers' U.S. shipments of imports from all import sources, by type and period

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Product type	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Coupler fit / assembly	Quantity	***	***	***	***	***
Knuckles	Quantity	***	***	***	***	***
Coupler bodies	Quantity	***	***	***	***	***
All coupler fit components	Quantity	***	***	***	***	***
All product types	Quantity	***	***	***	***	***
Coupler fit / assembly	Value	***	***	***	***	***
Knuckles	Value	***	***	***	***	***
Coupler bodies	Value	***	***	***	***	***
All coupler fit components	Value	***	***	***	***	***
All product types	Value	***	***	***	***	***
Coupler fit / assembly	Unit value	***	***	***	***	***
Knuckles	Unit value	***	***	***	***	***
Coupler bodies	Unit value	***	***	***	***	***
All coupler fit components	Unit value	***	***	***	***	***
All product types	Unit value	***	***	***	***	***
Coupler fit / assembly	Share of quantity	***	***	***	***	***
Knuckles	Share of quantity	***	***	***	***	***
Coupler bodies	Share of quantity	***	***	***	***	***
All coupler fit components	Share of quantity	***	***	***	***	***
All product types	Share of quantity	***	***	***	***	***
Coupler fit / assembly	Share of value	***	***	***	***	***
Knuckles	Share of value	***	***	***	***	***
Coupler bodies	Share of value	***	***	***	***	***
All coupler fit components	Share of value	***	***	***	***	***
All product types	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-6
FRCs: Market for coupler fit/assembly, by source and period

Quantity in 1,000 pounds; Shares and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Mexico	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-7
FRCs: Market for knuckles, by source and period

Quantity in 1,000 pounds; Shares and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Mexico	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-8
FRCs: Market for coupler bodies, by source and period

Quantity in 1,000 pounds; Shares and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Mexico	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table F-9
FRCs: Market for all coupler fit components (knuckles and coupler bodies), by source and period

Quantity in 1,000 pounds; Shares and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***
U.S. producers	Ratio	***	***	***	***	***
China	Ratio	***	***	***	***	***
Mexico	Ratio	***	***	***	***	***
Subject sources	Ratio	***	***	***	***	***
Nonsubject sources	Ratio	***	***	***	***	***
All import sources	Ratio	***	***	***	***	***
All sources	Ratio	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

APPENDIX G

RAW MATERIAL PRICES

Table G-1
Raw materials: Monthly U.S. ferrous scrap prices, January 2019-September 2022

Prices in dollars per short ton

Year	Month	No. 1 busheling	No. 1 heavy melt	Shredded auto scrap
2019	January	***	***	***
2019	February	***	***	***
2019	March	***	***	***
2019	April	***	***	***
2019	May	***	***	***
2019	June	***	***	***
2019	July	***	***	***
2019	August	***	***	***
2019	September	***	***	***
2019	October	***	***	***
2019	November	***	***	***
2019	December	***	***	***
2020	January	***	***	***
2020	February	***	***	***
2020	March	***	***	***
2020	April	***	***	***
2020	May	***	***	***
2020	June	***	***	***
2020	July	***	***	***
2020	August	***	***	***
2020	September	***	***	***
2020	October	***	***	***
2020	November	***	***	***
2020	December	***	***	***

Table continued.

Table G-1 Continued
Raw mpaterials: Monthly U.S. ferrous scrap prices, January 2019-September 2022

Prices in dollars per short ton

Year	Month	No. 1 busheling	No. 1 heavy melt	Shredded auto scrap
2021	January	***	***	***
2021	February	***	***	***
2021	March	***	***	***
2021	April	***	***	***
2021	May	***	***	***
2021	June	***	***	***
2021	July	***	***	***
2021	August	***	***	***
2021	September	***	***	***
2021	October	***	***	***
2021	November	***	***	***
2021	December	***	***	***
2022	January	***	***	***
2022	February	***	***	***
2022	March	***	***	***
2022	April	***	***	***
2022	May	***	***	***
2022	June	***	***	***
2022	July	***	***	***
2022	August	***	***	***
2022	September	***	***	***

Source: American Metal Market LLC, accessed October 20, 2022.

Table G-2
Energy: Monthly U.S. industrial electricity and commercial natural gas prices, January 2019-July 2022

Electricity prices in cents per kilowatt-hour; natural gas prices in dollars per thousand cubic feet

Year	Month	Industrial electricity price	Commercial natural gas price
2019	January	6.58	7.67
2019	February	6.69	7.54
2019	March	6.73	7.40
2019	April	6.51	7.72
2019	May	6.69	8.06
2019	June	6.87	8.29
2019	July	7.14	8.47
2019	August	7.40	8.41
2019	September	7.06	8.34
2019	October	6.84	7.63
2019	November	6.72	6.98
2019	December	6.38	7.19
2020	January	6.37	7.24
2020	February	6.44	7.03
2020	March	6.39	7.29
2020	April	6.39	7.24
2020	May	6.54	7.73
2020	June	6.94	8.24
2020	July	7.16	8.49
2020	August	7.07	8.48
2020	September	7.00	8.45
2020	October	6.72	7.59
2020	November	6.49	7.64
2020	December	6.41	7.40

Table continued.

Table G-2 Continued
Energy: Monthly U.S. industrial electricity and commercial natural gas prices, January 2019-July 2022

Electricity prices in cents per kilowatt-hour; natural gas prices in dollars per thousand cubic feet

Year	Month	Industrial electricity price	Commercial natural gas price
2021	January	6.39	7.36
2021	February	7.90	8.00
2021	March	7.05	8.41
2021	April	6.76	8.99
2021	May	6.71	9.58
2021	June	7.28	9.93
2021	July	7.52	10.21
2021	August	7.64	10.30
2021	September	7.69	10.47
2021	October	7.53	10.05
2021	November	7.46	10.36
2021	December	7.16	9.81
2022	January	7.30	10.04
2022	February	7.46	10.23
2022	March	7.50	10.63
2022	April	7.83	12.11
2022	May	8.35	13.50
2022	June	8.96	13.49
2022	July	9.43	13.49

Source: U.S. Energy Information Administration, https://www.eia.gov/dnav/ng/hist/n3020us3m.htm and https://www.eia.gov/electricity/data/browser/#/topic/7?agg=0,1&linechart=ELEC.PRICE.US-COM.M&freq=M&start=201901&end=202207, accessed October 20, 2022.

APPENDIX H

PRICE DATA EXCLUDING ***

Table H-1
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 1: SE60, Grade E steel coupler (also known as an “assembly” or a “fit”), double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Table H-2
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 2: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Table H-3
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by source and quarter

Price in dollars per 1,000 pounds, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	China price	China quantity	China margin	Mexico price	Mexico quantity	Mexico margin
2019 Q1	***	***	***	***	***	***	***	***
2019 Q2	***	***	***	***	***	***	***	***
2019 Q3	***	***	***	***	***	***	***	***
2019 Q4	***	***	***	***	***	***	***	***
2020 Q1	***	***	***	***	***	***	***	***
2020 Q2	***	***	***	***	***	***	***	***
2020 Q3	***	***	***	***	***	***	***	***
2020 Q4	***	***	***	***	***	***	***	***
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***

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

Note: Product 3: SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Figure H-1
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by source and quarter

Price of product 1

* * * * * * *

Volume of product 1

* * * * * * *

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

Note: Product 1: SE60, Grade E steel coupler (also known as an “assembly” or a “fit”), double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure H-2
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by source and quarter

Price of product 2

* * * * * * *

Volume of product 2

* * * * * * *

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

Note: Product 2: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Figure H-3
FRCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by source and quarter

Price of product 3

* * * * * * *

Volume of product 3

* * * * * * *

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

Note: Product 3: SBE60 coupler body, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Table H-6
FRCs: Summary of price data, by product and source, January 2019-June 2022

Quantity in 1,000 pounds; price in dollars per 1,000 pounds; change in percent

Product	Source	Number of quarters	Quantity	Low price	High price	First quarter price	Last quarter price	Change over period
Product 1	United States	14	***	***	***	***	***	***
Product 1	China	13	***	***	***	***	***	***
Product 1	Mexico	14	***	***	***	***	***	***
Product 2	United States	14	***	***	***	***	***	***
Product 2	China	14	***	***	***	***	***	***
Product 2	Mexico	14	***	***	***	***	***	***
Product 3	United States	14	***	***	***	***	***	***
Product 3	China	14	***	***	***	***	***	***
Product 3	Mexico	14	***	***	***	***	***	***

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

Note: Percent change column is percentage change from the first quarter 2019 to the last quarter for which data are available in 2022.

Table H-7
FRCs: Instances of underselling and overselling and the range and average of margins, by product

Quantity in 1,000 pounds; margin in percent

Products	Type	Number of quarters	Quantity	Average margin	Minimum margin	Maximum margin
Product 1	Underselling	21	***	***	***	***
Product 2	Underselling	26	***	***	***	***
Product 3	Underselling	24	***	***	***	***
All products	Underselling	71	***	***	***	***
Product 1	Overselling	6	***	***	***	***
Product 2	Overselling	2	***	***	***	***
Product 3	Overselling	4	***	***	***	***
All products	Overselling	12	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table H-8
FRCs: Instances of underselling and overselling and the range and average of margins, by country

Quantity in 1,000 pounds; margin in percent

Country	Type	Number of quarters	Quantity	Average margin	Minimum margin	Maximum margin
China	Underselling	32	***	***	***	***
Mexico	Underselling	39	***	***	***	***
All subject sources	Underselling	71	***	***	***	***
China	Overselling	9	***	***	***	***
Mexico	Overselling	3	***	***	***	***
All subject sources	Overselling	12	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

APPENDIX J

FINANCIAL DATA EXCLUDING ***

Table J-1
FRCs: Results of operations of U.S. producers excluding one U.S. producer *, by item and period**

Quantity in 1,000 pounds; value in 1,000 dollars; ratios in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Total net sales	Quantity	***	***	***	***	***
Total net sales	Value	***	***	***	***	***
COGS: Raw materials	Value	***	***	***	***	***
COGS: Direct labor	Value	***	***	***	***	***
COGS: Other factory	Value	***	***	***	***	***
COGS: Total	Value	***	***	***	***	***
Gross profit or (loss)	Value	***	***	***	***	***
SG&A expenses	Value	***	***	***	***	***
Operating income or (loss)	Value	***	***	***	***	***
Other expense / (income), net	Value	***	***	***	***	***
Net income or (loss)	Value	***	***	***	***	***
Depreciation/amortization	Value	***	***	***	***	***
Cash flow	Value	***	***	***	***	***
COGS: Raw materials	Ratio to NS	***	***	***	***	***
COGS: Direct labor	Ratio to NS	***	***	***	***	***
COGS: Other factory	Ratio to NS	***	***	***	***	***
COGS: Total	Ratio to NS	***	***	***	***	***
Gross profit	Ratio to NS	***	***	***	***	***
SG&A expense	Ratio to NS	***	***	***	***	***
Operating income or (loss)	Ratio to NS	***	***	***	***	***
Net income or (loss)	Ratio to NS	***	***	***	***	***

Table continued.

Table J-1 Continued
FRCs: Results of operations of U.S. producers excluding one U.S. producer *, by item and period**

Shares in percent; unit values in dollars per 1,000 pounds; count in number of firms reporting

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
COGS: Raw materials	Share	***	***	***	***	***
COGS: Direct labor	Share	***	***	***	***	***
COGS: Other factory	Share	***	***	***	***	***
COGS: Total	Share	***	***	***	***	***
Total net sales	Unit value	***	***	***	***	***
COGS: Raw materials	Unit value	***	***	***	***	***
COGS: Direct labor	Unit value	***	***	***	***	***
COGS: Other factory	Unit value	***	***	***	***	***
COGS: Total	Unit value	***	***	***	***	***
Gross profit or (loss)	Unit value	***	***	***	***	***
SG&A expenses	Unit value	***	***	***	***	***
Operating income or (loss)	Unit value	***	***	***	***	***
Net income or (loss)	Unit value	***	***	***	***	***
Operating losses	Count	***	***	***	***	***
Net losses	Count	***	***	***	***	***
Data	Count	***	***	***	***	***

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

Note: Shares represent the share of COGS. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table J-2
FRCs: Changes in average unit values between comparison periods excluding one U.S. producer ***

Changes in percent

Item	2019-21	2019-20	2020-21	Jan-Jun 2021-22
Total net sales	***	***	***	***
COGS: Raw materials	***	***	***	***
COGS: Direct labor	***	***	***	***
COGS: Other factory	***	***	***	***
COGS: Total	***	***	***	***

Table continued.

Table J-2 Continued
FRCs: Changes in average unit values between comparison periods excluding one U.S. producer ***

Changes in dollars per 1,000 pounds

Item	2019-21	2019-20	2020-21	Jan-Jun 2021-22
Total net sales	***	***	***	***
COGS: Raw materials	***	***	***	***
COGS: Direct labor	***	***	***	***
COGS: Other factory	***	***	***	***
COGS: Total	***	***	***	***
Gross profit or (loss)	***	***	***	***
SG&A expense	***	***	***	***
Operating income or (loss)	***	***	***	***
Net income or (loss)	***	***	***	***

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

Note: Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

APPENDIX K

U.S. PRODUCER TRADE DATA EXCLUDING ***

Table K-1

FRCs: U.S. producers' capacity, production and capacity utilization excluding one U.S. producer *, by period**

Quantity in 1,000 pounds; Ratio in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Capacity	Quantity	***	***	***	***	***
Production	Quantity	***	***	***	***	***
Capacity utilization	Ratio	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table K-2
FRCs: U.S. producers' total shipments excluding one U.S. producer *, by destination and period**

Quantity in 1,000 pounds; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds; Share in percent

Item	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
U.S. shipments	Quantity	***	***	***	***	***
Export shipments	Quantity	***	***	***	***	***
Total shipments	Quantity	***	***	***	***	***
U.S. shipments	Value	***	***	***	***	***
Export shipments	Value	***	***	***	***	***
Total shipments	Value	***	***	***	***	***
U.S. shipments	Unit value	***	***	***	***	***
Export shipments	Unit value	***	***	***	***	***
Total shipments	Unit value	***	***	***	***	***
U.S. shipments	Share of quantity	***	***	***	***	***
Export shipments	Share of quantity	***	***	***	***	***
Total shipments	Share of quantity	***	***	***	***	***
U.S. shipments	Share of value	***	***	***	***	***
Export shipments	Share of value	***	***	***	***	***
Total shipments	Share of value	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table K-3
FRCs: U.S. producers' inventories and their ratio to select items excluding one U.S. producer *, by period**

Quantity in 1,000 pounds; Ratios in percent

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
End-of-period inventory quantity	***	***	***	***	***
Inventory ratio to U.S. production	***	***	***	***	***
Inventory ratio to U.S. shipments	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table K-4
FRCs: U.S. producers' employment related information excluding one U.S. producer *, by item and period**

Item	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW (hours)	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***
Unit labor costs (dollars per 1,000 pounds)	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table K-5
FRCs: Apparent U.S. consumption and market shares based on quantity data excluding one U.S. producer *, by source and period**

Quantity in 1,000 pounds; Share in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Included U.S. producers	Quantity	***	***	***	***	***
Excluded U.S. producers	Quantity	***	***	***	***	***
All U.S. producers	Quantity	***	***	***	***	***
China	Quantity	***	***	***	***	***
Mexico	Quantity	***	***	***	***	***
Subject sources	Quantity	***	***	***	***	***
Nonsubject sources	Quantity	***	***	***	***	***
All import sources	Quantity	***	***	***	***	***
All sources	Quantity	***	***	***	***	***
Included U.S. producers	Share	***	***	***	***	***
Excluded U.S. producers	Share	***	***	***	***	***
All U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.

Table K-6
FRCs: Apparent U.S. consumption and market shares based on value data excluding one U.S. producer *, by source and period**

Value in 1,000 dollars; Shares and ratio in percent

Source	Measure	2019	2020	2021	Jan-Jun 2021	Jan-Jun 2022
Included U.S. producers	Value	***	***	***	***	***
Excluded U.S. producers	Value	***	***	***	***	***
All U.S. producers	Value	***	***	***	***	***
China	Value	***	***	***	***	***
Mexico	Value	***	***	***	***	***
Subject sources	Value	***	***	***	***	***
Nonsubject sources	Value	***	***	***	***	***
All import sources	Value	***	***	***	***	***
All sources	Value	***	***	***	***	***
Included U.S. producers	Share	***	***	***	***	***
Excluded U.S. producers	Share	***	***	***	***	***
All U.S. producers	Share	***	***	***	***	***
China	Share	***	***	***	***	***
Mexico	Share	***	***	***	***	***
Subject sources	Share	***	***	***	***	***
Nonsubject sources	Share	***	***	***	***	***
All import sources	Share	***	***	***	***	***
All sources	Share	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“.