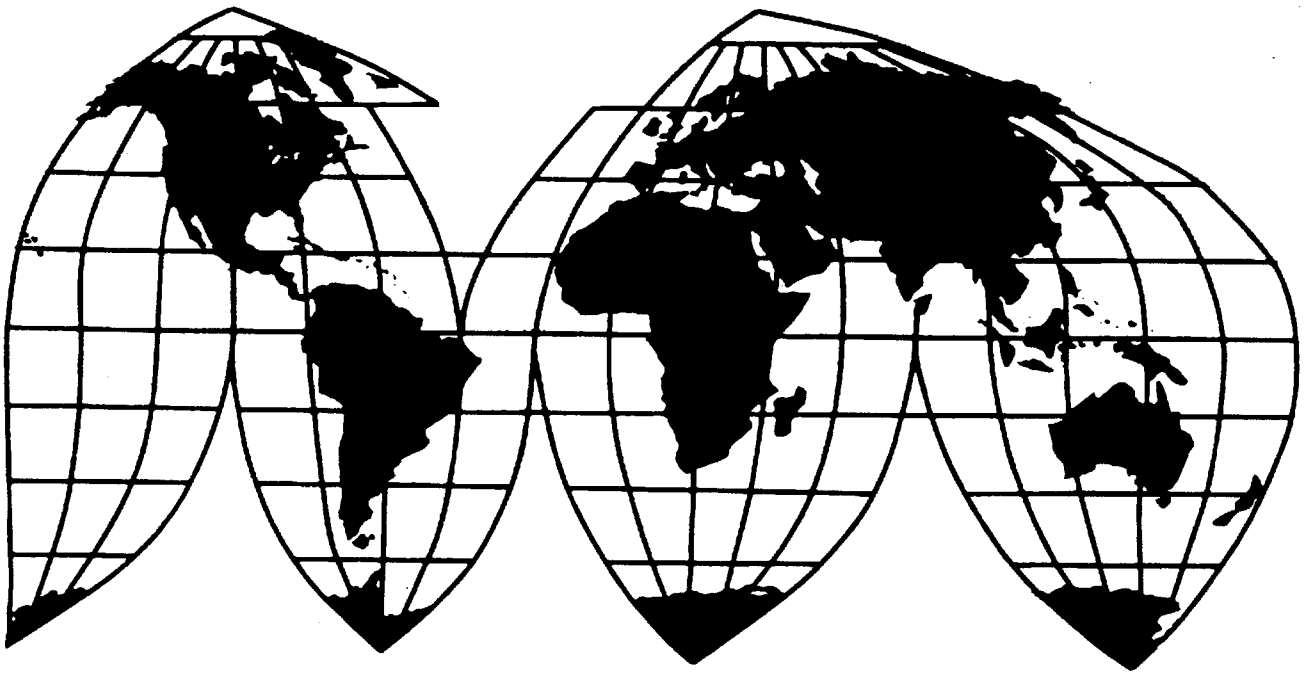
# Hand Trucks and Certain Parts Thereof From China

Investigation No. 731-TA-1059 (Final)

**Publication 3737** **November 2004**

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission


## COMMISSIONERS

**Stephen Koplan, Chairman**
**Deanna Tanner Okun, Vice Chairman**
**Marcia E. Miller**
**Jennifer A. Hillman**
**Charlotte R. Lane**
**Daniel R. Pearson**

---

Robert A. Rogowsky
***Director of Operations***

---


***Staff assigned***

Elizabeth Haines, *Investigator*
Peder Andersen, *Industry Analyst*
Clark Workman, *Economist*
David Boyland, *Accountant*
Karen Veninga Driscoll, *Attorney*
Steven Hudgens, *Statistician*
Douglas Corkran, *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*

# Hand Trucks and Certain Parts Thereof From China

Investigation No. 731-TA-1059 (Final)

**Publication 3737**

**November 2004**

## CONTENTS


| | Page |
|---|---|
| Determination | 1 |
| Views of the Commission | 3 |
| Part I: Introduction | I-1 |
| Background | I-1 |
| Organization of the report | I-2 |
| Summary data | I-2 |
| Previous and related investigations | I-2 |
| Major firms involved in the U.S. hand truck market | I-2 |
| The product | I-3 |
| The domestic like product | I-4 |
| Physical characteristics and uses | I-4 |
| Manufacturing processes, facilities, and employees | I-5 |
| Interchangeability and customer and producer perceptions | I-6 |
| Channels of distribution | I-6 |
| Part II: Conditions of competition in the U.S. market | II-1 |
| U.S. market segments/channels of distribution | II-1 |
| Supply and demand considerations | II-2 |
| U.S. supply | II-2 |
| Subject imports | II-2 |
| Demand characteristics | II-2 |
| Substitute products | II-4 |
| Substitutability issues | II-4 |
| Factors affecting purchasing decisions | II-4 |
| Comparisons of domestic products and subject imports | II-5 |
| Comparisons of domestic products and nonsubject imports | II-8 |
| Comparisons of subject imports and nonsubject imports | II-8 |
| Elasticity estimates | II-9 |
| U.S. supply elasticity | II-9 |
| U.S. demand elasticity | II-9 |
| Substitution elasticity | II-9 |
| Part III: U.S. producers' production, shipments, and employment | III-1 |
| U.S. producers | III-1 |
| U.S. capacity, production, and capacity utilization of hand trucks | III-1 |
| U.S. producers' U.S. shipments and export shipments of hand trucks | III-3 |
| U.S. producers' imports and purchases of imports of hand trucks | III-3 |
| U.S. producers' inventories of hand trucks | III-3 |
| U.S. employment, wages, and productivity of hand trucks | III-5 |
| U.S. capacity, production, and capacity utilization of parts | III-5 |
| U.S. producers' U.S. shipments and export shipments of parts | III-5 |
| U.S. producers' imports and purchases of imports of parts | III-5 |
| U.S. producers' inventories of parts | III-5 |
| U.S. employment, wages, and productivity of parts | III-5 |
| U.S. producers' U.S. shipments and export shipments of hand trucks and parts | III-5 |

## CONTENTS


| | Page |
|---|---|
| Part IV: U.S. imports, apparent U.S. consumption, and market shares | IV-1 |
| U.S. importers | IV-1 |
| U.S. imports of hand trucks | IV-1 |
| Apparent U.S. consumption of hand trucks | IV-1 |
| U.S. market shares of hand trucks | IV-2 |
| Ratio of subject imports to U.S. production of hand trucks | IV-2 |
| U.S. imports of parts | IV-3 |
| Apparent U.S. consumption of parts | IV-5 |
| U.S. market shares of parts | IV-5 |
| Ratio of subject imports to U.S. production of parts | IV-5 |
| Apparent U.S. consumption of hand trucks and parts | IV-5 |
| U.S. market shares of hand trucks and parts | IV-5 |
| Part V: Pricing and related information | V-1 |
| Factors affecting prices | V-1 |
| Raw material costs | V-1 |
| Transportation costs to the U.S. market | V-1 |
| U.S. inland transportation costs | V-1 |
| Exchange rates | V-1 |
| Pricing practices | V-1 |
| Price data | V-2 |
| Price trends | V-3 |
| Price comparisons | V-7 |
| Lost sales and lost revenues | V-7 |
| Part VI: Financial experience of U.S. producers | VI-1 |
| Background | VI-1 |
| Operations on hand trucks | VI-1 |
| Operations on certain hand truck parts | VI-5 |
| Combined operations on hand trucks and certain hand truck parts | VI-5 |
| Capital expenditures | VI-6 |
| Assets and return on investment | VI-6 |
| Capital and investment | VI-7 |
| Part VII: Threat considerations | VII-1 |
| The industry in China | VII-1 |
| U.S. importers' inventories | VII-3 |
| U.S. importers' current orders for hand trucks | VII-3 |
| Dumping in third-country markets | VII-3 |

## CONTENTS

*Page*

**Appendixes**


A. *Federal Register* notices ..... A-1
B. Hearing witnesses ..... B-1
C. Summary data ..... C-1
D. Weighted-average landed duty-paid values per unit for products 1, 2, 3, and 4, and quantities of imports by importers that sell directly to retail customers and other end-use customers ... D-1
E. Prices reported by individual producers, by product and by channel of distribution ..... E-1
F. Alleged effects of imports of hand trucks and certain parts thereof from China on U.S. producers' existing development and production efforts, growth, investment, and ability to raise capital ..... F-1


Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. 731-TA-1059 (Final)

HAND TRUCKS AND CERTAIN PARTS THEREOF FROM CHINA

## DETERMINATION

On the basis of the record[1] developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is threatened with material injury by reason of imports from China of hand trucks and certain parts thereof, provided for in subheadings 8716.80.50 and 8716.90.50 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce (Commerce) to be sold in the United States at less than fair value (LTFV). The Commission further determines that it would not have found material injury but for the suspension of liquidation.

## BACKGROUND

The Commission instituted this investigation effective November 13, 2003, following receipt of a petition filed with the Commission and Commerce by Gleason Industrial Products, Inc., Los Angeles, CA. The final phase of the investigation was scheduled by the Commission following notification of a preliminary determination by Commerce that imports of hand trucks and certain parts thereof from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 8, 2004 (69 F.R. 32042). The hearing was held in Washington, DC, on October 7, 2004, and all persons who requested the opportunity were permitted to appear in person or by counsel.

---

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

## VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is threatened with material injury by reason of less-than-fair-value (LTFV) imports of hand trucks and certain hand truck parts from China.

While we do not find that the domestic industry is currently materially injured by reason of the subject imports from China, recent volume trends and data indicate an imminent significant rate of increase in subject import volume, and that material injury by reason of subject imports would occur unless an order is issued. Indeed, significant purchasers have stated that they will switch from buying from the domestic industry to subject sources unless an antidumping duty is issued. Subject imports have significantly increased over the period, and significantly undersell the domestic like product. While this has not yet resulted in material injury to the industry by reason of the imports, declining indicators of the industry, particularly its declining financial condition, render it vulnerable to the effects of further dumped imports which we find are imminent. The record reflects that two of the largest U.S. purchasers of hand trucks, ***, changed or postponed their decision to source hand trucks from China rather than from domestic producers due to their concern that imports would be subject to significant antidumping duties. Accordingly, we determine that, absent issuance of an antidumping duty order, further subject imports are imminent and material injury by reason of subject imports will occur. We explain our findings below.

## I. BACKGROUND

A hand truck typically consists of a vertical frame with a handle (or handles) near the top; at least two wheels near the bottom; and a horizontal projecting edge (or edges), or toe plate, near the bottom which is perpendicular or angled to the vertical frame. The projecting edge or toe plate slides under a load for purposes of lifting and/or moving the load.[1]

Petitioners are Gleason Industrial Products, Inc., and its jointly-owned and operated affiliate, Precision Products, Inc. (collectively "Gleason").[2] Gleason is by far the largest U.S. producer of hand trucks. There are 21 firms believed to have produced hand trucks in 2003, 11 of which provided questionnaire responses to the Commission.[3] The firms have production facilities in Georgia, Illinois, Indiana, Kansas, Michigan, Minnesota, New Jersey, Ohio, Pennsylvania, and South Dakota.[4]

Apparent U.S. consumption of hand trucks grew steadily over the period examined. Domestic production accounted for more than one-half of the U.S. market for hand trucks during the 2001 to 2003 period, and accounted for slightly less than one-half in interim 2004. By far the next largest source of hand trucks was imports from China, which gained 17 percentage points of market share for finished hand trucks (measured in quantity) between 2001and 2003. Domestically produced hand trucks as well as subject imports from China are sold to home improvement, hardware, and warehouse

---

[1] Confidential Report ("CR") at I-4; Public Report ("PR") at I-3.

[2] CR/PR at I-1.

[3] CR/PR at III-1. Ten firms, believed to represent 90 percent of U.S. hand trucks production in 2003, provided usable trade data on their U.S. operations producing hand trucks and parts, and eight firms provided usable financial data. One producer responded, but did not provide usable data.

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

stores; catalog houses/industrial distributors; and to office supply stores, as well as directly to end users.[5] Also present in the market were modest levels of imports from nonsubject sources.[6]

## II. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[7] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[8] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation . . . ."[9]

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.[10] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[11] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[12] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that has been found to be subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[13]

---

[5] CR/PR at Table I-1.

[6] CR/PR at Table IV-1.

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[10] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp.2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case' "). The Commission generally considers a number of factors including: (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 Steel, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

[12] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-749; see also S. Rep. No. 96-249 at 90-91 (1979) (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.").

[13] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five

(continued...)

## B. Product Description

Commerce's final determinations defined the imported merchandise within the scope of these investigations as follows:

> The product covered consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.
>
> A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.
>
> That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.
>
> Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the Harmonized Tariff Schedule of the United States ("HTSUS"), although they may also be imported under heading 8716.80.50.90. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.50.60 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department [of Commerce]'s written description of the scope is dispositive.
>
> Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed

---

[13](...continued)
classes or kinds).

specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.[14]

The scope of this investigation includes both finished hand trucks and hand truck parts. In the discussion below, we first consider the appropriate like product treatment of domestically produced finished hand trucks. We then consider how to treat those domestically produced hand truck parts - the frame, the handling area, and the projecting edges or toe plate - that correspond to the hand truck parts within Commerce's scope of investigation.

### C. Domestic Like Product Issues

In the final phase of this investigation, we find a single domestic like product comprising finished hand trucks and certain hand truck parts corresponding to Commerce's scope of investigation, consistent with our domestic like product definition in the preliminary phase of this investigation. Petitioner Gleason supports that definition and none of the respondents have challenged it.[15]

Domestically produced finished hand trucks share common physical characteristics and uses, channels of distribution, production facilities, and production processes. Some finished hand trucks are designed for more specialized uses, and command higher prices. We do not find that these differences among some hand trucks outweigh the commonalities shared by all hand trucks.[16] We find, as we did in the preliminary phase of the investigation, that there is no clear dividing line between different types of finished hand trucks corresponding to Commerce's scope of investigation, and treat them as a single domestic like product.[17]

Domestically produced hand truck parts corresponding to Commerce's scope of investigation, which includes combinations of these parts, are almost exclusively dedicated for use in finished hand trucks, and these parts have no significant market other than in the production of finished hand trucks, or replacement of parts for finished hand trucks.[18] Hand trucks cannot serve their intended use without each of the three parts that are included in Commerce's scope of investigation. We include domestically produced hand truck parts corresponding to Commerce's scope within the same domestic like product as finished hand trucks, as we did in the preliminary phase of the investigation. None of the parties challenges this finding.

We consequently find that there is a single domestic like product in this investigation comprising those finished hand trucks and hand truck parts described in Commerce's scope of investigation.

---

[14] 69 Fed. Reg. 60980-01 (October 14, 2004).

[15] The respondents in this investigation are China Chamber of Commerce for Import & Export of Machinery & Electronics, Qingdao Huatian Hand Truck Co., Ltd., Qingdao Taifa Group Co. Ltd., Shandong Machinery Import & Export Group Corporation, and Jiaonan Tianhe Hand Truck Co., Ltd., Quigdao Zhenhua Industrial Group Co., Ltd, and Qingdao Xinghua Group Co. Ltd. (collectively "Chinese Respondents") and Liberty Diversified Industries, Inc. and its wholly owned subsidiary, Safco Products Co. (collectively "LDI").

[16] Hand Trucks and Certain Parts Thereof from China, Inv. No. 731-TA-1059 (Preliminary), USITC Pub. 3660 at 6 (January 2004) ("Preliminary Determination").

[17] Preliminary Determination at 6.

[18] CR at I-6 & n.16; PR at I-4-I-6 & n.16.

## D. Domestic Industry and Related Parties

### 1. In General

Section 771(4) of the Act defines the relevant industry as "the producers as a [w]hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes the major proportion of that product."[19] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[20] Based on our domestic like product determination, we find that there is a single domestic industry consisting of all U.S. producers of the domestic like product which, as stated above, consists of all finished hand trucks and hand truck parts corresponding to Commerce's scope of investigations.

### 2. Related Parties

In defining the domestic industry, we must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[21] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[22]

Five domestic hand truck producers (***) either imported subject merchandise or are wholly owned by an importer, and thus are related parties under the statute.[23] Accordingly, we examine whether appropriate circumstances exist to exclude any of these firms from the domestic industry. No party has argued for exclusion of any domestic producer as a related party, although Gleason stated that *** qualify for exclusion. Chinese Respondents argue that no domestic producer should be excluded from the domestic industry because the domestic producers that qualify as related parties account for a very small percentage of domestic production of hand trucks.[24] For reasons discussed below, we find that appropriate circumstances do not exist to exclude any of these firms from the domestic industry.

---

[19] 19 U.S.C. § 1677(4)(A).

[20] See United States Steel Group v. United States, 873 F. Supp. 673, 681-684 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[21] 19 U.S.C. § 1677(4)(B).

[22] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (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, i.e., 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; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (February 1997) at 14 n.81.

[23] 19 U.S.C. § 1677(4)(B).

[24] Chinese Respondent Posthearing Brief, Exhibit 1 at 1.

*** accounted for only *** percent of the finished hand truck production reported by the ten responding domestic producers in 2003, and ***.[25] *** is a related party by virtue of having imported subject merchandise over the period examined.[26] It imports much more subject product than it produces domestic product,[27] but does not appear to have received a financial benefit from its importation. Its financial performance measured either in terms of operating income or operating margins ***.[28] Accordingly, we do not exclude this producer from the domestic industry.

*** accounted for *** percent of reported domestic production of finished hand trucks in 2003.[29] *** on the petition.[30] *** purchased subject imports of hand truck parts from importers ***. All of *** subject imports over the period examined were sold to ***.[31] Thus, we find that *** purchase of one hundred percent of *** subject imports qualifies it as a related party.[32] *** did not purchase subject hand truck parts in 2001. In 2002, the ratio of the value of its purchases of hand truck parts to the value of its net sales of finished hand trucks was *** percent, and in 2003, it was *** percent. This ratio was *** percent in interim 2004 as compared to *** percent in interim 2003. *** operating margins were *** the industry average. Its operating income did ***.[33] However, there is no indication that it derived a financial benefit from its purchases of subject imports, ***. Therefore, for all of these reasons, we do not exclude *** from the domestic industry.

Domestic producer *** is a related party because it imported subject merchandise. *** accounted for *** percent of reported 2003 domestic production of finished hand trucks. ***.[34] *** subject imports ranged from *** to *** percent of its domestic production during 2001 to 2003, and January to June 2004.[35] *** operating income increased between 2001 and 2003, which was not consistent with the trend for the overall domestic industry, but its operating income was lower in interim 2004 than in interim 2003. *** had *** throughout the period examined but, on average, these margins were only somewhat above the domestic industry average.[36] *** stated that it has imported hand trucks

---

[25] CR/PR at Table III-1, III-5.

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

[27] ***'s subject imports were *** percent of its domestic production in 2001, *** percent in 2002, *** percent in 2003 and *** percent of its domestic production in interim 2004. It did not import subject merchandise in interim 2003. CR/PR at Table III-5.

[28] CR/PR at Table VI-2. *** experienced *** throughout the period examined, which was not the case for the other domestic producers. Id.

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

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

[31] CR/PR at Table III-10, n.2.

[32] A domestic producer that does not itself import subject merchandise, or does not share a corporate affiliation with an importer, may nonetheless be deemed a related party if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial. See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; See also SAA at 858. ***. ***.

[33] Compare CR/PR at Table VI-2 with CR/PR at Table III-10.

[34] CR/PR at Table III-1, III-5.

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

[36] ***'margins were ***. CR/PR at Table VI-2. *** average operating margin for all periods surveyed except interim 2003 was *** percent. The average operating margin for the entire domestic industry, for the same period was *** percent. Calculated from CR/PR at Table VI-2 and Table VI-5.

from China ***.[37] *** imports are not as significant as its domestic production, and although it experienced increased operating income in the annual periods examined, it is not clear that this was due to any benefit from its importation of subject merchandise, which was significantly exceeded by its domestic production. Given these facts, we do not exclude *** from the domestic industry.

*** accounted for *** of the reported 2003 finished hand truck production. Valley Craft is a related party because it is wholly owned and controlled by LDI, an importer of subject merchandise.[38] Although Valley Craft ***, its parent LDI has filed briefs and testified in opposition to the petition.[39] Valley Craft does not appear to have received a financial benefit from its corporate relationship with an importer. In fact, its financial performance measured either in terms of operating income or operating margins ***.[40] Accordingly, we do not exclude this producer from the domestic industry.

*** accounted for *** of reported 2003 domestic production of finished hand trucks, and is a related party by virtue of having imported subject merchandise. *** supports the petition.[41] Its subject imports of finished hand trucks as a ratio to its domestic production increased from *** percent in 2001 to *** percent in 2003. This ratio was lower, *** percent, in interim 2004, as compared to *** percent in interim 2003.[42] *** stated that it imported finished hand trucks ***.[43] ***'s operating margins were *** the industry average.[44] Moreover, its operating income *** in the annual periods surveyed, *** in interim 2004 than in interim 2003.[45] Given the decrease in its operating income, and its *** operating margins, we do not exclude *** from the domestic industry even though its imports were substantial relative to its domestic production.

Accordingly, we define the domestic industry to include all U.S. producers of hand trucks and certain hand truck parts as defined in Commere's scope of investigation.

## III. CONDITIONS OF COMPETITION[46]

Several conditions of competition are pertinent to our analysis in the final phase of this investigation.

---

[37] CR/PR at Table III-5, n.2.

[38] CR/PR at Table III-1 & n.6.

[39] CR/PR at III-1, Table III-1.

[40] CR/PR at Table VI-2. *** experienced *** throughout the period examined, which was not the case for the other domestic producers. Id.

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

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

[43] CR/PR at Table III-5, n.4.

[44] CR/PR at Table VI-2. *** average operating margin for all periods surveyed except interim 2003 was *** percent. The average operating margin for the entire domestic industry, for the same period, was *** percent. Calculated from CR/PR at Table VI-2, Table VI-5.

[45] CR/PR at Table VI-2.

[46] We find that subject imports from China are not negligible. Subject imports from China were well above the three percent statutory negligibility threshold for the 12 months prior to filing of the petition in November 2003, because they constituted more than 87.7 percent of the quantity of all imports of finished hand trucks throughout 2002 and 2003, and were well above negligibility levels with respect to hand truck parts in those annual periods. CR/PR at Table IV-1, Table-IV-5.

## A. Demand Conditions

Apparent U.S. consumption of finished hand trucks measured in quantity terms increased by 31.9 percent from 2001 to 2003, and was 1.0 percent higher in interim 2004 as compared to interim 2003.[47] Apparent U.S. consumption of finished hand trucks and parts, measured by value, increased by *** percent from 2001 to 2003, and was *** percent higher in interim 2004 as compared to interim 2003.[48] The parties disagree as to the cause of the significant increase in demand for hand trucks.[49]

Demand for hand truck parts is derived from the demand for finished hand trucks, and accounted for a comparatively small amount of demand. Apparent U.S. consumption of hand truck parts, measured in value terms, was *** as compared to *** for finished hand trucks.[50]

Hand trucks are sold to residential, industrial and office/small business customers through a variety of channels of distribution: home improvement stores, club warehouses, hardware stores, catalog houses/industrial distributors, office supply stores and other firms.[51] Domestic producers' U.S. shipments of finished hand trucks were primarily sold through home improvement stores, which accounted for *** percent of domestic shipments, and club warehouses, which accounted for *** of domestic shipments, during the annual periods examined. Catalog houses/distributors were the next largest category, accounting for *** percent of domestic shipments in the annual periods surveyed.[52]

Importers' U.S. shipments of finished hand trucks were also primarily sold to home improvement stores, club warehouses, and catalog houses/distributors. However, for importer shipments, club warehouses rather than home improvement stores were the dominant channel of distribution. Importers' U.S. shipments of finished hand trucks to club warehouses accounted for *** percent to *** percent of shipments in the annual periods surveyed, catalog houses/distributors accounted for *** percent of shipments, and home improvement stores accounted for *** percent to *** percent of shipments. In 2003, *** percent of importer shipments of finished hand trucks went to other customers.[53]

Although domestic producer U.S. shipments of finished hand trucks were relatively stable over the period examined, importer shipments of Chinese finished hand trucks approximately doubled from

---

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

[48] CR/PR at Table C-3.

[49] *** stated that demand increased due to changes in the economy that have caused frequent relocations by companies, necessitating movement of property and goods. Harper Trucks argues that demand increased due to the increased availability of hand trucks to consumers at major retailers. CR at II-4; PR at II-3. In the preliminary phase of the investigation, one of the importers argued that imports from China at lower prices created a separate market for hand trucks. CR at II-5; PR at II-3. The Commission asked purchasers whether differences between subject imports from China and the domestic product affected demand for hand trucks or hand truck parts. None of the purchasers reported that differences between domestic product and subject imports had any impact on demand for hand trucks in the United States and none of the purchasers reported that there was a separate "lower-priced" consumer market for hand trucks from China. CR at II-5-6; PR at II-3.

[50] CR/PR at Table C-1, Table C-2.

[51] CR/PR at Table I-1.

[52] Calculated from CR/PR at Table I-1. Approximately *** percent of domestic producers' U.S. shipments went to home improvement stores over the period examined, with the exception of interim 2004 when this percentage dropped to *** percent. Domestic producers' U.S. shipments to club warehouses ranged from *** percent to *** percent from 2001 to 2003, before increasing to *** percent in interim 2004. Domestic producers' U.S. shipments to hardware stores ranged from *** percent to *** percent from 2001 to 2003, before increasing to *** percent in interim 2004. Domestic producers' U.S. shipments to office supply stores and other firms were relatively small over the period examined. CR/PR at Table I-1.

[53] CR/PR at Table I-1; CR at I-13 & n.36; PR at I-7 & n.36.

2001 to 2003, and continued to grow in interim 2004, with significant gains in all channels of distribution.[54]

Demand for finished hand trucks is fueled predominantly by the home improvement sector of the U.S. market, which encompasses home improvement stores and club warehouses, both of which are large scale retailers, (sometimes referred to as "big-box" retailers).[55] Home improvement stores (like Home Depot and Lowe's), and club warehouses (like Costco or Sam's), are generally national stores that purchase hand trucks in large volumes from a single or limited number of suppliers.[56] They generally buy a few models of general-use hand trucks in high volumes, due to limited shelf-space.[57] Due to the large volume of their purchases, home improvement stores can successfully negotiate low purchase prices for hand trucks.[58] Volume discounts are common,[59] and sales volume is critical to the hand truck industry.[60] Therefore, a domestic producers' loss of a home improvement account that accounts for a significant percentage of their annual sales can have a significant negative impact on its sales volume, and consequent profitability, revenue, shipments, capital expenditures and employment related to its hand truck operations. Most of the competition between domestic hand trucks and subject imports takes place in the home improvement sector of the U.S. hand truck market.[61]

Although Gleason and Respondent LDI view the market for hand trucks differently,[62] they both recognize the dominance of the home improvement sector of the market, the intense price competition within that sector, and the differences between that sector and the more specialized catalog/industrial sector of the market.[63] Gleason maintains that big-box retailers account for approximately *** percent of annual sales of hand trucks.[64] It emphasizes the importance of price in purchasing hand trucks, particularly with respect to big box retailers like Home Depot and Lowe's.[65] LDI states that residential customers buy the lowest-priced hand trucks in home improvement stores.[66]

*** is the largest single purchaser of hand trucks. *** alone purchased or imported directly *** units in 2003, equivalent to *** percent of apparent U.S. consumption in that year.[67] Other major known purchasers, several of which are big box retailers, include ***, as well as ***.[68]

The industrial sector of the U.S. hand truck market is a distant second to the home improvement sector in terms of demand for hand trucks. Industrial customers buy more specialized and expensive

---

[54] CR/PR at Table IV-2 and Table I-1.

[55] CR at I-13, n.32; PR at I-7, n.32. Our channel of distribution data provides separate data for the home improvement store channel of distribution and the club warehouse channel of distribution, but both channels serve primarily residential customers. CR/PR at Table I-1.

[56] Gleason Prehearing Brief at 11-12.

[57] CR at I-9; PR at I-6. Gleason Prehearing Brief at 11-13.

[58] CR at I-9; PR at I-6.

[59] CR/PR at V-2.

[60] Gleason Prehearing Brief, Appendix A, at 3 ***.

[61] LDI Prehearing Brief at 2.

[62] CR at I-8-I-9; PR at I-6. Gleason Final Comments at 3. LDI Posthearing Brief at 1-2.

[63] Gleason Final Comments at 3. CR at I-9; PR at I-6; Commission Hearing Transcript, October 7, 2004 ("Tr.") at 64-65 (David Rife, Vice President, Sales, Harper Trucks, Inc.; Howard Simon, Chief Operating Officer, Gleason Industrial Products, Inc.) and 72-76 (David Straw, President, Magline; Simon).

[64] Gleason Prehearing Brief at 13.

[65] Gleason Prehearing Brief at 7-9.

[66] LDI Prehearing Brief at 2.

[67] CR at I-3; PR at I-3.

[68] CR at I-3; PR at I-3.

hand trucks, typically in smaller volumes, than are purchased in the home improvement sector.[69] Catalog houses and industrial distributors purchase specialized hand trucks as well as general-task hand trucks. Prices tend to be higher in the catalog/industrial distributor sector than in the home improvement sector.[70] Industrial users from the healthcare, hospitality, and moving industries commonly purchase hand trucks through the catalog/industrial user channel of distribution. For example, catalog houses and industrial distributors sell hand trucks specifically designed to move cylinders, barrels and drums.[71]

Office supply customers are a relatively small sector of the market. These customers may buy hand trucks through national office supply stores, or through certain mail-order dealers.[72]

### B. Supply Conditions

Gleason is by far the largest domestic producer of hand trucks, accounting for *** percent of reported domestic production in 2003, followed by Angelus and Harper Trucks, Inc. ("Harper Trucks"), ***.[73] Together with Gleason, these firms accounted for *** percent of reported 2003 domestic production of finished hand trucks. There are also several much smaller domestic producers, and two producers of hand truck parts.[74]

Effective capacity to produce hand trucks can be increased relatively easily, sometimes simply by adding additional personnel to a production line.[75] Several domestic producers, and several of the responding Chinese producers, produce other products on the same equipment upon which they produce hand trucks.[76] However, the *** largest domestic producers produce few or no other products using the same production and related workers used to make hand trucks.[77]

The hand truck industry is characterized by a high level of variable costs relative to capital investment.[78] According to Gleason, this causes producers to cut production and attempt to retain existing profit margins, rather than produce at a loss, when faced with competitive prices.[79] Gleason argues that, due to the high variable costs, and the tendency of the industry to cut production rather than price in the face of price competition, the absolute level of profit earned in the hand truck industry is more probative than operating margins in reflecting the profitability of the domestic industry.[80] Gleason

---

[69] LDI Posthearing Brief at 2-3.

[70] Gleason Posthearing Brief, Exhibit 1 at 3-4. Gleason argues that in recent years, competition across channels of distribution has increased. Id. at 5-6. LDI Prehearing Brief at 2, 9.

[71] CR at I-9; PR at I-6.

[72] Tr. at 177 (Dan Zdon, General Manager, Safco).

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

[74] Calculated from CR/PR at Table III-1.

[75] Tr. at 56-58 (Straw).

[76] CR at II-3, PR at II-2; CR/PR at Table III-2 (domestic producers), Table VII-1 (Chinese producers).

[77] CR/PR at Table III-2.

[78] CR at VI-10; PR at VI-4. As an illustration of this point, at the Commission's hearing, the President of Gleason stated that Gleason had not considered what the performance of its company would be if it matched the lower competing prices offered to Home Depot for hand trucks from China, because he would reduce production rather than lower the prices to those levels, which were below his costs of production. Tr. at 85-86 (Simon).

[79] Gleason Prehearing Brief, Exhibit A at 2.

[80] Gleason Prehearing Brief, Exhibit A, all pages. Chinese Respondents argued Gleason's analysis that the hand truck industry *** is not reflected in the capacity utilization rates of other domestic producers. However, they do not disagree that the industry has high variable costs. Chinese Respondents' Prehearing Brief at 5, n.25. Questionnaire

(continued...)

states that the hand truck industry is based on a mature manufacturing technology in which innovations can be quickly copied by competitors.[81]

Nonsubject imports hold only a small share of the U.S. market for finished hand trucks, ranging from *** percent to *** percent of apparent U.S. consumption measured by quantity over the period examined.[82] Measured by value, nonsubject finished hand trucks and nonsubject hand truck parts also had a small share of the U.S. market, ranging from *** percent to *** percent of apparent U.S. consumption.[83]

### C. Interchangeability Considerations

We find that there is a moderate to high level of interchangeability between the domestic product and subject imports. A majority of the producers, importers, and purchasers responding to the Commission's questionnaire reported that the domestic product and subject imports can always or frequently be used interchangeably, although a few market participants differed on this issue.[84]

We further find that the interchangeability between subject imports and the domestic product translates into direct competition for sales of general-use hand trucks at national home improvement stores, club warehouses and other major retailers. Gleason maintains that general-purpose commodity hand-trucks constitute about 95 percent of market sales in the U.S. market, and specialty hand trucks five percent. It argues that there is direct competition between the domestic product and subject imports for sales of the commodity hand trucks to the domestic industry's largest customers, namely the home improvement stores.[85] The record reflects that big box retailers tend to sell general-use hand trucks. Furthermore, Chinese suppliers have competed directly in line reviews and for sales to Home Depot and Lowe's.[86] Other major retailers have confirmed lost sales and revenues, further corroborating direct competition between domestic producers and Chinese suppliers of hand trucks.[87]

### D. Pricing Considerations

Gleason and Respondent LDI disagree as to the importance of price in this industry. Gleason argues that price is the driving factor in purchasing decisions in this industry, and that the lower prices demanded by the big box retailers affect prices throughout the market.[88] Respondent LDI argues that quality, not price, is the most important factor in purchasing hand trucks, and that some importers and

---

[80](...continued)
data reflect that ***, and as stated earlier, *** is by far the dominant domestic hand truck producer. CR at VI-10; PR at VI-4.

[81] Gleason Prehearing Brief at 16-17.

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

[83] CR/PR at Table IV-10.

[84] CR at II-8-9; PR at II-5-6 & Table II-3. Gleason maintains, consistent with our purchaser data, that market participants largely agree that domestically produced hand trucks and subject imports can be used in the same applications. Gleason Prehearing Brief at 14.

[85] Gleason Prehearing Brief at 10-15.

[86] Tr. at 33-34, 88. CR at V-27, n.17; PR at V-9, n.17. Chinese suppliers have also competed against domestic producers for sales to catalog/industrial distributor purchaser *** who sells ***.

[87] CR at V-23-29; PR at V-7-9.

[88] Gleason Prehearing Brief at 7-8, 13-14. Gleason cites to *** questionnaire response, in which *** reported that it *** its domestic purchases of hand trucks due to ***, and *** its purchases of subject imports due to ***. Gleason Posthearing Brief at 3.

purchasers, including *** have had quality problems with *** hand trucks, and that these quality problems were a significant factor in their decision to switch to Chinese sources of hand trucks.[89]

We find that price is important in purchasing hand trucks, because purchasers find domestic product and subject imports generally comparable with respect to other important purchasing factors. Purchasers ranked price, quality, and availability as the most important factors in purchasing hand trucks.[90] Purchasers ranked Chinese and domestic products as comparable in quality and availability, and the Chinese product superior (lower) in price.[91] A majority of both producers and importers familiar with the issue reported that non-price differences between hand trucks were never or only sometimes significant in their firm's sales of hand trucks.[92] Several purchasers viewed the U.S. product as superior in product consistency and quality, and none of the purchasers reported that the U.S. product was inferior to subject imports in those categories, refuting LDI's arguments that the quality of the domestic product was inferior to the Chinese product.[93] Moreover, ***[94] ***.[95]

## IV. THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

Because it is the basis of our affirmative determination, in this section of these views we discuss how the domestic industry is threatened with material injury by reason of subject imports. In doing so we analyze data pertaining to the period examined (January 2001 through June 2004) as well as what is likely to occur in the imminent future. We discuss our negative finding regarding present material injury in the subsequent section.

### A. General Legal Standards

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing 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."[96] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[97] In making our determination, we consider all statutory threat factors that are relevant to this investigation.[98]

---

[89] LDI Prehearing Brief at 3-4.

[90] Revised CR at Table II-1, OINV Memorandum INV-BB-149 (October 29, 2004).

[91] CR/PR at Table II-1. If a purchaser rates one product as superior to another with respect to lower price in these comparisons, that means he considers that product to generally have a lower price than the other one. CR/PR at Table II-1 & n.1.

[92] CR/PR at Table II-4.

[93] CR/PR at Table II-5.

[94] Chinese Respondents' Posthearing Brief, ***.

[95] CR at V-28; PR at V-9.

[96] 19 U.S.C. § 1677(7)(F)(ii).

[97] 19 U.S.C. § 1677(7)(F)(ii).

[98] 19 U.S.C. § 1677(7)(F)(i). These factors include: any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country; a significant rate of increase of the volume or

(continued...)

## B. Analysis of Statutory Threat Factors

We determine that the domestic industry producing hand trucks and parts thereof is threatened with material injury. We make this determination due to several factors. The volume of subject imports has already rapidly increased over the period examined and substantially increased subject imports are likely in the imminent future. Subject imports are entering the U.S. market at prices that undersell domestic prices to a significant degree, and that are likely to increase demand for subject imports in the future. Large purchasers of hand trucks accounting for a significant portion of domestic consumption purchase these goods based primarily on price, making it likely that the volume and market share of lower-priced subject imports will increase. ***.[99] Their prior purchasing patterns reflect that they will likely purchase subject imports in large quantities. There are no evident capacity constraints on the ability of Chinese producers to increase exports to the United States. The lower-priced subject imports are likely to prevent price increases by domestic producers even if costs continue to rise. Absent antidumping relief, imminent increases in subject import volume will accelerate the loss of operating income that has already been pronounced over the period examined, leading to adverse overall consequences for the condition of the domestic industry, and material injury. We find that the domestic industry producing hand trucks and parts thereof is vulnerable to the effects of further subject imports. We discuss these factors below.

### 1. Subject import volume and market penetration[100]

The volume and market penetration of subject imports increased at a high rate during the annual periods examined, and were stable or higher in interim 2004 as compared to interim 2003.[101] Moreover, the market penetration of subject imports increased at a higher rate at the end of the annual periods surveyed.

The volume of subject imports of finished hand trucks measured in quantity increased by 44.2 percent from 2001 to 2002, from 650,172 hand trucks in 2001, to 937,851 hand trucks in 2002. Volume increased by an additional 43.6 percent in 2003 to 1.3 million hand trucks. Overall, subject import volume increased by 107.1 percent from 2001 to 2003. Subject import volume was 0.4 percent higher in interim 2004 (678,309 hand trucks) than in interim 2003 (675,556 hand trucks).[102] As explained below,

---

[98](...continued)
market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on the domestic prices and are likely to increase demand for further imports; inventories of the subject merchandise; the potential for product-shifting; and the actual and potential negative effects on the existing development and production effects of the domestic industry. 19 U.S.C. § 1677(7)(F)(i). Statutory threat factor (I) is inapplicable, as no countervailable subsidies are involved, and statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved.

[99] Chinese Respondents' Posthearing Brief, ***; CR at V-27, n.17; PR at V-9, n.17. ***.

[100] 19 U.S.C. § 1677(7)(F)(i)(III).

[101] Due to differences in physical characteristics and values between finished hand trucks and the various types of hand truck parts within Commerce's scope of investigation, these subject imports cannot be analyzed in a meaningful way by directly aggregating them by quantity. Therefore, in our volume analysis, we have relied on (1) quantity-based volume and consumption data for finished hand trucks, which comprise the majority of subject imports, CR/PR at Table C-1; and (2) value-based volume data and consumption data for all subject imports (finished hand trucks and hand truck parts), CR/PR at Table C-3. We note that the trends in the two data sets are very similar.

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

continued rapid growth in subject import volume between the interim periods was curbed by the current antidumping proceedings.

The market penetration of subject imports of finished hand trucks measured in quantity increased from 29.8 percent in 2001 to 37.6 percent in 2002, and then to 46.8 percent, in 2003. Overall, subject import market share increased by 17.0 percentage points between 2001 to 2003. Subject import market share was stable, although lower, in interim 2004 (45.5 percent) as compared to interim 2003 (45.8 percent).[103] As with import volume, further gains in market share by subject imports between the interim periods were prevented by the current antidumping proceedings.

The growth in subject import market penetration came primarily at the expense of the domestic industry, particularly in the annual periods examined. U.S. producers' market share (by quantity) decreased steadily from 67.3 percent in 2001 to 57.1 percent in 2002, and further to 50.9 percent in 2003, an overall decrease of 16.3 percentage points. Domestic industry market share was lower in interim 2004 (48.3 percent) than in interim 2003 (51.7 percent).[104] The market share of nonsubject imports of finished hand trucks was generally stable in the annual periods examined.[105] Therefore, the domestic industry lost U.S. market share with respect to finished hand trucks primarily to subject imports over the period examined, and not nonsubject imports.

Measured by value, the volume and market penetration of subject imports (finished hand trucks and certain parts thereof) had similar trends. Subject import volume measured by value increased by *** percent from $*** in 2001 to $*** in 2002. The volume increased by an additional *** percent to $*** in 2003. Overall, subject import volume increased by *** from 2001 to 2003. Moreover, subject import volume measured by value was *** percent higher in interim 2004 ($***) than in interim 2003 ($***).[106] The market penetration of aggregate subject imports measured by value *** from 2001 to 2003. It increased from *** percent in 2001 to *** percent in 2002, then increased to *** percent in 2003. Overall, subject import market share increased by *** percentage points from 2001 to 2003. Moreover, the market share of aggregate subject imports measured by value was higher by *** percentage points in interim 2004 *** as compared to interim 2003 ***.[107]

---

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

[104] CR/PR at Table IV-3.

[105] Nonsubject import market share increased from 2.9 percent in 2001 to 5.3 percent in 2002, before decreasing to 2.3 percent, in 2003, an overall decrease of 0.6 percentage points from 2001 to 2003. The market share of nonsubject imports was higher (6.2 percent) in interim 2004 than in interim 2003 (2.5 percent). However, most of the loss in market share experienced by the domestic industry occurred in the annual periods surveyed rather than in interim 2004.

[106] CR/PR at Table C-3.

[107] CR/PR at Table C-3. Chinese producers argue that the increased levels of subject imports are not threatening the domestic industry because the industry, and in particular, Gleason, has insufficient capacity to supply increased domestic demand for hand trucks and hand truck parts. They maintain that Gleason's reported capacity figures, based on ***, are overstated. Chinese Respondents' Posthearing Brief at 5-7.

***. However, ***. Commission staff reduced Gleason's reported capacity by *** hand trucks, based on Gleason's actual production record, which did not include ***. Moreover, Gleason further revised the remaining capacity so that it is based on *** shifts per day. (We note that at one of its facilities, Gleason is currently operating three shifts per day. Tr. at 122-123). The domestic industry characterizes these data as a "conservative" estimate of its capacity. These revised data reflect that the domestic industry's capacity utilization was approximately *** percent in 2002 and 2003, and that it was lower in interim 2004 *** percent) than in interim 2003 *** percent). CR at III-3, n.7; PR at III-2, n.7. Therefore, the domestic industry has significant excess capacity with which to supply increased demand for hand trucks.

As with the quantity-based figures, higher subject import market share by value came at the expense of the domestic industry. The domestic industry's share of the market decreased by *** percentage points from 2001 to 2003 and was lower in interim 2004 than in interim 2003. Nonsubject imports' share of the market decreased from 2001 to 2003 and was lower in interim 2004 than in interim 2003.[108] Therefore, it was subject imports, not nonsubject imports, that gained significant market share measured by value previously held by the domestic industry over the period examined.[109]

The significant rate of increase in subject import volume and market penetration over the period examined, in particular over the annual periods, indicates the likelihood of substantially increased subject imports in the imminent future.[110]

Moreover, the record reflects that if no duties are imposed on subject imports, ***, will switch from purchasing domestic product to purchasing subject imports.[111] *** is the *** purchaser of hand trucks in the U.S. market. It purchased or imported directly *** in 2003, equivalent to *** percent of domestic consumption.[112] *** purchased *** hand trucks in 2003, equivalent to *** percent of apparent domestic consumption in that year. Both of these companies ***.

Gleason was Home Depot's exclusive supplier of hand trucks from ***. Home Depot began to phase out its purchases of Gleason's two highest-volume hand trucks, the d-handle and the convertible models, starting in September 2003.[113] Home Depot planned to discontinue purchasing these products from Gleason by April 2004.[114] *** estimated that the combined annual volume of these purchases would have been *** hand trucks, valued at more than $*** in 2004.[115] Gleason provided evidence of the decline in Home Depot's purchases of these products in 2003 and 2004,[116] and estimated that the combined annual volume of these potential lost sales would have been *** hand trucks valued at $***.[117] In the final phase of the investigation, *** reported that after preliminary margins went into effect

---

[108] CR/PR at Table C-3.

[109] The volume of subject imports of finished hand trucks measured in quantity was equivalent to 44.4 percent of U.S. production of finished hand trucks in 2001, 62.7 percent in 2002, and 90.0 percent in 2003. It was 92.1 percent in interim 2004 as compared to 82.7 percent in interim 2003. CR/PR at Table IV-4.

The ratio of subject imports of hand truck parts (components and unassembled kits) to domestic production of hand truck parts, was generally much lower than the ratio of finished hand trucks. CR/PR at Table IV-8. However, given that the overwhelming majority of subject imports are finished hand trucks, whether measured in quantity or value, we have primarily considered the ratio of subject imports of finished hand trucks to domestic production of finished hand trucks.

[110] In addition, our subject import volume data is derived from official statistics under the HTS reporting number for industrial hand trucks, 8716.80.5010. These data do not include imports of finished hand trucks under basket category 8716.80.5090 that cannot be accurately separated from other nonsubject imports in the basket category.

Therefore, our data do not include *** under this basket category that constitute subject merchandise. *** imported *** in 2003 and *** in interim 2004. CR/PR at IV-1, n.3. These items are within the scope of this investigation. They can be used as hand trucks, although they have other uses as well. Therefore, not only is the subject import volume significant and increasing in the latter part of the period examined, 2003 and interim 2004, it is understated.

[111] We note that the sourcing decisions of these two companies were discussed extensively at the Commission's public hearing. See, e.g., Tr. at 23-28; 33-34; 86-88; 161-162; 210; (Home Depot); and 26-28; 86-88; 126-129; 161-162 (Lowe's).

[112] CR/PR at I-3.

[113] Tr. at 22 (Simon).

[114] Tr. at 33-35 (Simon); Tr. at 86-88 (Kvasnicka). CR at V-25; PR at V-9.

[115] CR at V-25; PR at V-9.

[116] Gleason Prehearing Brief, Exhibit 11.

[117] CR at V-25; PR at V-9.

following Commerce's preliminary determinations in May 2004, it discontinued purchasing imports from China. ***. ***.[118] Lowe's announced that it had decided to switch to purchasing hand trucks from China, but put its importing plans on hold due to concerns regarding potential antidumping duties.[119] *** has indicated that it ***.[120] ***.[121] Lowe's conducted a line review of its hand truck purchases in July 2003.[122] As a result of that review, it decided to source its hand trucks primarily from China, and announced that decision in mid-September 2003.[123] ***.[124] As a result of the antidumping investigation, Lowe's postponed its decision to switch suppliers, and continued to purchase hand trucks from Gleason.[125] Lowe's has stated that if the duties are lifted, it would return to its announced decision to supply hand trucks primarily from China.[126]

As already discussed, home improvement stores tend to purchase a limited number of models of general-use hand trucks in large volumes from a single or small number of suppliers, and volume discounts are common. Given the historical purchasing practices of home improvement stores, we find that absent antidumping relief, *** will likely purchase a large percentage, if not all, of their hand truck requirements from China.[127] [128]

Seven purchasers, including ***, stated that the filing of the antidumping petition, the Commission's affirmative preliminary determination in January 2004, or Commerce's preliminary dumping determination in May 2004 caused them to cancel orders or reduce purchases of imports of subject merchandise from China.[129] *** stated that the preliminary antidumping duty had erased its profit margin, that it had significantly reduced its purchases of hand trucks from China, and that it intended to cease purchasing hand trucks from China completely by the end of this year.[130]

We find that unless an antidumping order is issued, it is likely that *** would switch primarily to purchases of subject imports, as they originally planned. Given the central market position of ***, it is

---

[118] CR at V-26 & n.15; PR at V-9 & n.15. ***. ***. However, at this time, provisional duties, which ***. He frankly acknowledges that *** and indicates that *** Chinese Respondents, Posthearing Brief, ***.

[119] Tr. at 26, 28, 88 (Kvasnicka); CR at V-27 & n.17; PR at V-9 & n.17.

[120] CR at V-27, n.17; PR at V-9 , n.17.

[121] CR at V-26-27 & n.17; PR at V-9 & n.17.

[122] Tr. at 129 (Rife); CR at V-27 & n.17; PR at V-9 & n.17.

[123] Tr. at 129 (Rife).

[124] CR at V-26; PR at V-9.

[125] Tr. at 26, 28 (Kvasnicka); CR at V-27, n.17; PR at V-9, n.17.

[126] Tr. at 26, 28 (Kvasnicka).

[127] Contrary to Chinese Respondents' arguments, we are not basing our analysis of Home Depot's or Lowe's future actions on conjecture. Both companies canceled plans to switch or fully switch to sourcing subject imports from China due to the pendency of this investigation and the potential for an antidumping duty on subject imports, and both companies have stated that they will purchase subject imports if an antidumping order is not issued. Nothing has changed to indicate that they would reconsider their decision and continue to source hand trucks primarily from domestic sources if antidumping duties are not imposed.

[128] Home Depot states that ***. Chinese Respondents' Posthearing Brief, Home Depot Affidavit at 2. This is not persuasive that it will not switch to primarily sourcing their hand trucks through purchasing subject imports, as originally planned, absent antidumping relief. Subject imports rather than domestic product largely supplied increased demand over the period examined. The rate of increase in subject import volume measured either in quantity (finished hand trucks) or by value, far outpaced the increase in apparent consumption in the annual periods examined.

[129] Tr. at 86-88, 129, CR at II-6; PR at II-3-4.

[130] CR at II-6; PR at II-3-4.

likely that other purchasers would do so also. Evidence on the record indicates that purchasers can switch to subject imports rapidly. Home Depot and Lowe's had already reviewed subject imports for potential purchase either through a line review or other qualification review.[131] They provided Gleason with only a few months' advance notice of their plans, either to phase out certain products over a few months time, in the case of Home Depot, or discontinuing purchases in a few months time, with respect to Lowe's.[132] Purchases by Home Depot and Lowe's would likely involve large volumes of subject imports, which would increase subject import volume and market penetration in the imminent future. The actions by purchasers, as well as the increase and rate of increase in subject import volume and market penetration that has already taken place over the annual periods examined, provides further support for our conclusion that substantially increased subject imports are imminent if an antidumping duty order is not imposed.

### 2. Production capacity in China; product shifting[133]

We find that Chinese producers have sufficient capacity to substantially increase production and exports. There are no evident constraints on the ability of Chinese producers to increase their exports to the United States. The five responding Chinese producers increased exports to the United States significantly over the annual periods examined. They exported 687,594 hand trucks to the United States in 2001, 744,423 hand trucks in 2002, and 931,194 hand trucks in 2003, an increase of 35.4 percent from 2001 to 2003.[134] Exports of hand truck parts to the United States increased from zero in 2002 to *** hand truck parts in 2003.[135] Chinese producers had excess capacity to produce hand trucks in interim 2004 and projected excess capacity in full year 2004.[136] Over the period examined, Chinese producers shipped *** percent of their total exports of finished hand trucks to markets other than the United States.[137] Exports to these other markets declined in full year 2003, when exports to the United States increased, indicating that Chinese producers could direct exports of hand trucks to the United States instead of to these other markets.[138]

As stated earlier, the industry is characterized as having high levels of variable costs. Consistent with having low fixed costs, increasing effective capacity to produce hand trucks can be relatively easily increased. Production capacity can sometimes be increased simply by adding additional personnel to a production line.[139] Our data reflect that Chinese production levels for producing hand trucks or hand truck parts can be ramped up quickly. For example, the two responding Chinese producers of hand truck parts manufactured *** hand truck parts in 2002, but *** hand truck parts in 2003, all of which were

---

[131] CR at V-3, V-26 -27, n.17; PR at V-27, V-9, n.17.

[132] Tr. at 86-89 (Kvasnicka, Simon, Gleason) (Notice to Gleason in June 2003 for phase-out to begin in October 2003 (4th Quarter) for Home Depot; Notice in September 2003 for discontinuance of purchases after February 2004 for Lowe's).

[133] 19 U.S.C. § 1677(7)(F)(i)(II), (VI).

[134] The Chinese respondents projected reduced exports to the United States in 2004 and 2005. CR/PR at Table VII-2. Given the increase in exports over the annual periods examined, and reports of additional Chinese producers for which we have not received data, we have concluded that the reported lower export projections for *full* year 2005 and 2006, *** for the five responding Chinese producers, are not likely to be accurate for the Chinese industry as a whole.

[135] CR/PR at Table VII-3.

[136] CR/PR at Table VII-2

[137] CR/PR at Table VII-2.

[138] CR/PR a Table VII-2.

[139] Tr. at 97-98.

exported to the United States.[140] The five responding Chinese producers of hand trucks exported 744,423 hand trucks to the United States in 2002 and 931,194 in 2003, an increase of 25 percent in one year.

In addition, product-shifting is a potential source of additional Chinese capacity. Several of the Chinese producers have reported that they produce other products on the same production equipment they use to produce hand trucks.[141] Thus, although responding Chinese producers reported relatively high capacity utilization rates, we do not consider these rates to represent an impediment to significant increased exports of hand trucks from China to the United States.

The record reflects that there are several other Chinese producers of hand trucks that are not represented in our capacity data.[142] Commerce issued dumping margins for six Chinese producers. One of them, Future Tool, did not submit information to the Commission in response to our questionnaire.[143] Respondents reported that there are about 20 to 30 companies that export hand trucks to the United States.[144] Gleason argues that based on their questionnaire responses, the five responding Chinese producers of finished hand trucks accounted for under thirty percent of 2003 Chinese production of hand trucks.[145] Responding Chinese firms' share of total subject imports declined steadily over the period examined. Comparing the companies' reported exports of finished hand trucks to the United States to official Commerce Department import statistics of finished hand trucks, the five responding Chinese firms accounted for 105.8 percent of subject imports in 2001, 79.4 percent in 2002, 69.2 percent in 2003 and only *** percent in interim 2004.[146] This indicates that over the period examined a growing share of subject imports have been accounted for by Chinese producers that are not included in our data. Finally, there is no indication that Home Depot, Lowe's, or ***, who switched or decided to switch to sourcing substantial quantities of hand trucks from China, had any concerns over whether Chinese producers would be unable to meet their supply requirements.

Because of the Chinese industry's apparent ability to increase capacity relatively easily, the historical increase in exports to the United States over the period examined, the excess capacity in interim 2004 and projected 2004, and the fact that our data does not include several Chinese producers, we find that Chinese producers have sufficient available capacity to substantially increase exports to the United States.

---

[140] CR/PR at Table VII-3.

[141] CR/PR at Table VII-1. At the Commission hearing, Taifa's representative reported that although it could increase its capacity by 14 percent by switching production from other products to hand trucks, it is constrained by long-term contracts from doing so. He stated that Taifa could not produce "many more" hand trucks above current levels by product-shifting. Tr. at 169-170. We note, however, that there are several other Chinese producers that produce other products on the same equipment as they produce hand trucks, namely ***. CR/PR at Table VII-1 Taifa has acknowledged that it could shift production to hand trucks to at least some extent. We consider the possibility of product-shifting as providing additional support for our affirmative threat determination, but it is not central to our determination.

[142] ***, imported hand trucks from ***. Although it was issued a Commission questionnaire, ***. CR/PR at VII-1, n.1.

[143] Compare CR /PR at I-1, n.5 and CR/PR at VII-1.

[144] CR/PR at VII-1.

[145] Gleason Posthearing Brief at 12.

[146] Calculated from CR/PR at Table VII-2 and Table IV-1.

### 3. Inventories of the subject merchandise[147]

We find that inventories of subject imports held by importers in the United States support a conclusion that the domestic industry is threatened with material injury by reason of subject imports. End-of-period inventories of subject imports held by importers increased by 85.1 percent from 2001 to 2003, and were 181.5 percent higher in interim 2004 as compared to interim 2003. Importer end-of-period inventories were 120,735 hand trucks in 2001 and 115,821 hand trucks in 2002, before increasing to 223,477 hand trucks in 2003. In interim 2004, they were 418,740 hand trucks as compared to 148,779 hand trucks in interim 2003. The highest level of inventories in the period examined was in interim 2004.[148] Although these inventories are included in our market penetration data, their effect on the domestic industry will not be felt fully until they are sold into the market by the importers.

### 4. Prices of subject imports[149]

We have examined data on prices of hand trucks and have considered whether subject import prices are likely to increase demand for further imports, or are likely to have significant price suppressing or depressing effects.

As stated earlier, sales of hand trucks in the U.S. market are driven to a large extent by price competition. There is a moderate to high level of interchangeability between domestic product and subject imports. Price competition is particularly intense in the home improvement sector of the market. Prices in this sector tend to be lower than in the catalog/industrial distributor sector which sells more specialized and generally more expensive hand trucks in smaller volumes.[150] Volume discounts are common in this industry. In the face of intense price competition, which is concentrated in the home improvement sector of this industry, a domestic producer is more likely to produce and sell fewer hand trucks than to reduce its prices and sell them at a loss, due to the relatively high level of variable costs in this industry.

The Commission collected pricing data on four products, gathered separately for the home improvement, hardware and catalog/industrial distributor channels of distribution. Products 1 and 2 are general use hand trucks. Product 3 is a specialized appliance hand truck. Product 4 is an aluminum hand truck. Eight producers provided pricing data that accounted for approximately 54 percent of U.S. producers' shipments of hand trucks in 2003. Twenty-three importers provided pricing data that accounted for about 34 percent of total imports of hand trucks from China in that year.[151]

Underselling by subject imports of the domestic product has been widespread. Of the 122 possible quarterly price comparisons from January 2001 to June 2004, subject imports undersold domestic products in 114 quarters or in 93 percent of the possible comparisons.[152] Underselling margins ranged as high as 80 percent.

Purchaser data and confirmed lost sales and revenue allegations corroborate the widespread underselling reflected in the pricing data. A substantial majority of responding purchasers confirmed that

---

[147] 19 U.S.C. § 1677(7)(F)(i)(V).

[148] CR/PR at Table VII-4, Table C-1.

[149] 19 U.S.C. § 1677(7)(F)(i)(IV).

[150] CR at V-5; PR at V-3.

[151] CR at V-4; PR at V-3.

[152] CR at V-22; PR at V-7.

U.S. products were generally higher-priced than subject imports.[153] Gleason lost ***. ***. ***.[154] Commission staff confirmed other allegations of lost sales, and allegations of lost revenues.[155] As discussed in detail above, *** alleged lost sales involving *** that we found would have occurred or continued were it not for the pendency of this investigation and the potential for further antidumping duties.[156]

In light of the importance of price in purchasing decisions, the significant and increasing volume of subject imports from 2001 to 2004, consistent underselling often at high margins, and the fact that, absent issuance of an antidumping duty order, significant accounts would likely be lost by the domestic industry to subject imports, we find that low import prices are likely to generate demand for higher volumes of subject imports.

We have also considered movements in hand truck prices, both currently and in the likely imminent future, relying principally on the pricing data collected by the Commission on hand trucks Products 1-4.[157] The Commission's pricing data reflects stable or decreasing domestic prices with respect to high-volume Products 1 and 2 in the home improvement and hardware channels of distribution. Domestic prices in these channels tended to be at their lowest levels over the period surveyed in interim 2004. Subject import prices also decreased for those products in those channels, with the exception of Product 2 in the hardware channel of distribution.[158] In contrast, prices for domestic and imported Products 1 and 2 in the catalog/industrial distributor channel of distribution tended to either be stable or increase.[159] Prices for Product 3, a specialty hand truck, and Product 4, an aluminum hand truck, also

---

[153] Nine purchasers indicated that subject imports were lower priced, three reported that they were comparable in price, and none reported that U.S. products were lower-priced than subject imports. CR/PR at Table II-5.

[154] In the preliminary phase of the investigation, ***. However, Grainger acknowledged ***. CR at V-28-29 & n.19; CR at V-9 & n.9.

We note that our pricing data for Product 4 reflects a significant increase in direct imports by catalog firms at low landed duty-prices in interim 2004. These data reflect in large part ***. CR/PR at Table V-11. ***.

[155] *** hand trucks from Chinese sources rather than domestic sources in ***. *** and *** confirmed lost revenues totaling $***. CR at V-27-28 & Tables V-13 and V-14.

[156] Gleason Posthearing Brief, Exhibit 11; CR at V-25-26. The record reflects that these sales were almost lost, primarily, if not solely, due to lower prices for subject imports from China. ***, it did not report in ***. CR at V-25-26 & nn.12,15; PR at V-9 & nn.12,15. Moreover, in an affidavit filed in the final phase of the investigation, ***. Chinese Respondents' Posthearing Brief, ***. Emphasis added. Our data reflect that the landed duty-paid prices for *** direct imports are significantly lower than domestic prices. CR/PR at Tables V-1, V-4, and V-7.

When Commission staff asked *** what factors contributed to its change in suppliers, he directed staff to *** purchaser questionnaire which ranks price as the most important factor in purchasing decisions. CR at V-26 & n.15; PR at V-9 & n.15.

[157] CR/PR at Tables V-1-V-11.

[158] Product 1 is a high-volume general-use steel hand truck with a "d" or "p" shaped handle. Domestic producer prices of Product 1 to home improvement stores were stable throughout the period examined. Import prices decreased over the period examined, but were consistently lower than the domestic prices. CR/PR at Table V-1. Domestic producer prices for Product 1 sold to hardware stores decreased over the period examined, as did prices for subject imports.

Product 2 is a high-volume convertible steel hand truck. Domestic prices for Product 2 sold to home improvement stores decreased over the period examined. Prices for subject imports stayed at the same level until the last quarter of 2003 when they began to decrease. CR/PR at Table V-4. Domestic prices for Product 2 sold to hardware stores declined irregularly over the period examined, while prices for subject imports fluctuated but increased slightly. CR/PR at Table V-5.

[159] Domestic producer prices for Product 1 sold to catalog houses/industrial distributors increased irregularly

(continued...)

tended to either be stable or increase, with the exception of import prices for Product 4 sold to catalog houses which fluctuated over a wide range.[160]

We find pricing movements have varied with no clear trend. In the higher-volume products 1 and 2, domestic prices have been generally stable with fluctuations within narrow ranges. Domestic prices for product 3 have also been generally stable, with broader fluctuations in sales to hardware stores, while prices for product 4 generally increased.[161] We do not find current evidence that subject imports are depressing domestic prices, and we do not find it likely that such price depression will occur in the imminent future.[162]

We do find that subject imports are likely to have significant price-suppressing effects on domestic prices, absent antidumping relief. The domestic industry's cost of goods sold ("COGS") as a share of net sales increased from *** percent in 2001 to *** percent in 2002 and then jumped to *** percent in 2003.[163] It was *** percent in interim 2004 as compared to *** percent in interim 2003. Thus the data already show some price suppressing effects of subject imports.

These negative price effects were most pronounced towards the end of the period examined, when *** switched suppliers, and Home Depot began to phase out its purchases of domestic product. In interim 2004, domestic sales and shipments were lower than in interim 2003.[164] ***.[165] We find that the negative price-suppressing effects late in the period examined foreshadow much larger potential price-suppressing effects of subject imports on domestic prices if the domestic industry permanently loses Home Depot and Lowe's as customers. In such a case, the industry would have to spread its fixed costs over fewer sales. In a market environment without antidumping relief, the industry could not raise prices on its remaining sales to compensate for the reduced volume. Thus the loss of sales volume would, in effect, also translate into significant price suppression.

To summarize with respect to prices, we find that subject imports are entering at prices that are likely to increase demand for further subject imports, which increase will, in turn, have significant price suppressing effects on domestic prices.

---

[159](...continued)
over the period examined, as did prices for subject imports. CR/PR at Table V-3. Domestic prices for Product 2 sold to catalog houses/ industrial distributors increased, while subject import prices generally increased with some fluctuations. CR/PR at Table V-6.

[160] Product 3 is a specialized, steel appliance hand truck. Domestic prices for Product 3 sold to home improvement stores were stable, with small variations. Import prices were limited but also reflected stable prices. CR/PR at Table V-7. Domestic prices for Product 3 sold to hardware stores increased, while subject import prices decreased. CR/PR at Table V-8. Domestic prices for Product 3 sold to catalog/industrial distributors were stable. CR/PR at Table V-9.

Product 4 is an aluminum hand truck. Domestic prices for Product 4 sold to hardware stores increased. Data on prices for subject imports were only available for two quarters, and therefore too limited for meaningful price trend analysis. CR/PR at Table V-10. Domestic prices for Product 4 sold to catalog/industrial distributors increased over the period surveyed, while import prices varied within a wide range. CR/PR at Table V-11.

[161] CR/PR at Tables V-1-V-11; Figures V-1-V-11.

[162] As mentioned above, producers in the hand truck industry are more likely to curtail production than to reduce prices below profitable levels.

[163] CR/PR at Table VI-5, Table C-3.

[164] ***. CR at V-29; PR at V-9; Gleason Prehearing Brief, Exhibit 11.

[165] CR at F-4, n.1; PR at F-3, n.1.

### 5. Industry condition and vulnerability

In considering whether the domestic industry is threatened with material injury, we have also examined the condition of the industry over the period examined. Key trade indicators were stable from 2001 to 2003, but generally lower in interim 2004 as compared to interim 2003. The domestic industry's production, capacity and capacity utilization with respect to production of finished hand trucks were generally stable from 2001 to 2003.[166] However, in interim 2004 these indicators generally declined.[167] Domestic industry shipments of finished hand trucks and parts measured by value were generally stable throughout the period examined, but they were lower by *** percent in interim 2004 as compared to interim 2003.[168] Sales measured by value followed similar trends.[169] The domestic industry continued to lose market share (by value) in interim 2004. In that period the industry's market share was *** percentage points lower than in interim 2003. The domestic industry held *** percent of the U.S. market for hand trucks and hand truck parts in 2001, but only *** percent of the market in interim 2004.[170] The industry's employment indicators were steady to somewhat positive over the period examined.[171]

The domestic industry's operating profitability declined steadily over the period examined, although the industry remained profitable. Operating income declined from $*** in 2001 to $*** in 2002, and further declined to $*** in 2003. Operating income decreased by *** percent between 2002

---

[166] Domestic production capacity for producing finished hand trucks was 2.40 million hand trucks in 2001, 2.40 million hand trucks in 2002 and 2.41 million hand trucks in 2003. Domestic production of finished hand trucks was 1.46 million hand trucks in 2001, and 1.50 million in 2002 and 2003. Domestic capacity utilization increased irregularly from 60.9 percent in 2001, to 62.3 percent in 2002 before decreasing to 61.9 percent in 2003. CR/PR at Table III-3. Domestic production of hand truck parts is relatively small in quantity compared to finished hand trucks. In 2003, the domestic industry produced *** components, *** kits, and 1.5 million finished hand trucks. CR/PR at Tables III-6 and III-8. Therefore, although we recognize that production of components and unassembled kits increased over the period examined, while capacity was stable, and capacity utilization increased, we focus our analysis on the trade data for finished hand trucks which are many times larger than the trade data for hand truck parts. CR/PR at Table III-8. None of the parties has argued to the contrary.

[167] Domestic production of finished hand trucks was 9.8 percent lower in interim 2004 than in interim 2003. It was 736,204 hand trucks in interim 2004 as compared to 816,444 hand trucks in interim 2003. Although the domestic industry's capacity to produce finished hand trucks was 9.3 percent higher in interim 2004 as compared to interim 2003, its capacity utilization was 11.8 percentage points lower. Domestic industry capacity was 1.3 million hand trucks in interim 2004, as compared to 1.2 million hand trucks in interim 2003. The domestic industry's capacity utilization rate was 55.7 percent in interim 2004 as compared to 67.6 percent in interim 2003. CR at III-3-4; PR at III-1-2 & CR/PR at Table III-3.

[168] Domestic producer shipments of hand trucks and hand truck parts measured by value were $*** in 2001, $*** in 2002 and $*** in 2003. Domestic producer shipments of the domestic product were $*** in interim 2004 as compared to $*** in interim 2003. CR/PR at Table III-12, Table C-3.

We note that the value of domestic producers' finished hand truck shipments is many times larger than comparable data for hand truck parts. In 2003, the value of domestic shipments of finished hand trucks was $53.4 million whereas the value of finished hand truck parts (components and kits combined) was $***.

[169] Net sales by value were $*** in 2001, and $*** in 2002 and 2003. They were $*** in interim 2004 as compared to $*** in interim 2003. CR/PR at Table C-3.

[170] CR/PR at Table C-3.

[171] The number of production workers, the hours worked, and the wages paid with respect to finished hand trucks all increased from 2001 to 2003. The number of production workers was lower in interim 2004 than in interim 2003, but hours worked and wages paid were higher. Worker productivity with respect to finished hand truck production was steady from 2001 to 2003, then declined between interim periods. CR/PR at Table III-7.

and 2003, and by *** percent overall.[172] This downward trend continued in interim 2004. Operating income was *** percent lower in interim 2004 than in interim 2003: $*** in interim 2004 as compared to $*** in interim 2003. The domestic industry's operating margin followed similar trends: *** percent in 2001, *** percent in 2002, and *** percent in 2003. Again, this downward trend continued into interim 2004. The domestic industry's operating margin was *** percent in interim 2004 as compared to *** percent in interim 2003.[173] The domestic industry's return on investment (the ratio of operating income to total assets) was positive and stable from 2001 to 2002 before declining *** in 2003.[174] Capital expenditures were at similar levels in 2001 and 2003, but were *** lower in interim 2004 compared to interim 2003.[175]

Based on this information, we find that the domestic industry producing hand trucks and parts thereof is in a weakened condition such that it is vulnerable to the effects of further subject imports. Over the period examined, the domestic industry's operating income has been ***, and its operating margins have dropped ***. Even after these decreases in the annual periods examined, the domestic industry's operating income and operating margins were lower in interim 2004 than in interim 2003. Although the industry's production and capacity utilization with respect to finished hand trucks, and its sales and shipments of hand trucks and parts, were generally stable from 2001 to 2003, they were lower in interim 2004 than in interim 2003.

Absent antidumping relief, imminent increases in subject import volume will accelerate the loss of operating income that has already been pronounced over the period examined. Six out of ten domestic producers reported anticipated negative effects on their production efforts, including *** that accounted for *** percent of domestic production in 2003.[176] *** provided evidence regarding the magnitude of the negative potential effects on its operating income and sales if its Home Depot and Lowe's accounts were lost to Chinese competitors.[177] ***.[178]

If the domestic industry loses the major Home Depot and Lowe's accounts to its Chinese competitors, as we expect, it is unlikely to replace these sales from other sources, given the size of the accounts involved.[179] The loss of these accounts will lead to sharp reductions in the industry's

---

[172] We note that the domestic industry argues that operating income, rather than operating margins, are the most probative indicator of this industry's profitability given its high variable costs.

[173] CR/PR at Table C-3.

[174] CR/PR at Table VI-7.

[175] Capital expenditures increased from $*** in 2001 to $*** before decreasing to $*** in 2003. Capital expenditures were *** level of expenditure. CR/PR at Table VI-6.

[176] CR/PR at Appendix F, Table III-1. None of the domestic producers commented on negative actual or anticipated effects on development efforts. We note that Gleason considers hand truck production technology to be "mature." Gleason Prehearing Brief at 16-17.

[177] CR at F-4, n.1; PR at F-3, n.1.

[178] CR/PR at Table at F-3. Chinese Respondents argue that the Commission must consider the fact that only *** out of ten responding domestic producers support the petition, and that it is not reasonable to conclude that the domestic industry is threatened when the majority of the domestic producers opposes or does not support that finding. Chinese Respondents' Prehearing Brief at 2. Although several smaller domestic producers oppose or take no position regarding the petition, *** largest domestic producers of finished hand trucks, ***, support the petition and alone accounted in the aggregate for *** percent of U.S. production of finished hand trucks in 2003. CR/PR at Table III-1. *** also support the petition. Id. We note that the position of the industry is not determinative. Allegheny Ludlum Corp. v. United States, 287 F. 3d 1365, 1375-76 (Fed. Cir. 2002).

[179] As noted above, Home Depot and Lowe's accounted collectively for *** percent of U.S. apparent consumption in 2003. LDI argues that the domestic industry is competitive in other channels of distribution, such as the catalog/industrial distributor sector. We find that given the dominance of the home improvement channel of

(continued...)

production, shipments, sales, and capacity utilization. These losses, in turn, will force the domestic industry to significantly cut back on its employment. The financial condition of the domestic industry, which is already vulnerable, will quickly deteriorate until the industry is materially injured by reason of subject imports. Subject import volume will increase significantly, and the domestic industry will experience significant price suppressing effects as fewer sales are spread over its fixed costs. The domestic industry will lose additional market share. The domestic industry's sales volume, which is critical to this industry, will be severely diminished, and its profitability will fall in tandem with its sales. Accordingly, we determine that, absent issuance of an antidumping order, further subject imports are imminent and material injury by reason of subject imports will occur.

## V. NO MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

In the final phase of antidumping duty and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[180] In making this determination, the Commission must consider the volume of 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.[181] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[182] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[183] 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."[184]

The data relevant to our determination of material injury has been discussed above in the section on threat of material injury. In this section we summarize the basis of our determination that the domestic industry producing hand trucks and certain hand truck parts is not materially injured by reason of subject imports from China.[185]

---

[179](...continued)
distribution, (accounting for approximately *** percent of the U.S. market over the period examined), and the size of the accounts, it is unlikely that the domestic industry can regain sales lost from that channel, from other, smaller channels of distribution.

[180] 19 U.S.C. §§ 1671d(b) and 1673d(b).

[181] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[182] 19 U.S.C. § 1677(7)(A).

[183] 19 U.S.C. § 1677(7)(C)(iii).

[184] 19 U.S.C. § 1677(7)(C)(iii).

[185] None of the parties has made any arguments with respect to the application of 19 U.S.C. § 1677(7)(I) to this case. As required by that statutory provision, we have considered whether any change in the volume, price effects or impact of subject imports since the filing of the petition on November 13, 2003, is related to the pendency of the investigation.

The pendency of the investigation clearly affected the behavior of certain important purchasers of both the subject merchandise and domestic product, but the effect was largely to stabilize, rather than reverse, the effects of the subject merchandise. Thus, we do not find a basis to give less weight to interim 2004 data. However, the record indicates that unless an order is issued, material injury by reason of subject imports would occur, in part in light of the decision of those purchasers to postpone increased importations or purchases of the subject merchandise
(continued...)

With respect to volume, section 771(7)(C)(i) of the 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." As discussed above, we find that the volume of subject imports, and the increase in that volume, in absolute terms and relative to domestic consumption and production, is significant.

With respect to prices, section 771(7)(C)(ii) of the Act provides that 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.[186]

We find that subject imports have significantly undersold the domestic product. We do not find evidence of significant price depression by subject imports, for the reasons set forth in our threat of material injury determination.[187] We find that subject imports have suppressed domestic prices to some degree.[188] We do not find that these price effects have currently been significant.[189]

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[190] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor

---

[185](...continued)
following suspension of liquidation. Gleason Prehearing Brief at 27.

[186] 19 U.S.C. § 1677(7)(C)(ii).

[187] Gleason argues that the domestic industry is currently experiencing price-depressing effects from subject imports because average unit values for Product 1 have declined since 1996. Petitioners' Prehearing Brief at 23-25, Exhibit 9. We base our present material injury pricing analysis on the pricing data gathered during the period examined.

[188] The domestic industry's cost of goods sold ("COGS") as a share of net sales increased from *** percent in 2001 to *** percent in 2002 and then jumped to *** percent in 2003. It was *** percent in interim 2004 as compared to *** percent in interim 2003. CR/PR at Table C-3.

[189] We note that the domestic industry argues that it has added features to its hand trucks without raising its prices, due to price competition from subject imports, and that therefore, subject imports have had a price-suppressing effect. Gleason Posthearing Brief, Exhibit 1, at 1-3. We find that although price competition from subject imports may be having this effect, there is inconclusive evidence on the record that subject import prices have caused the domestic industry to engage in these marketing practices.

[190] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885.).

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."[191] [192]

We conclude that subject imports have had some negative impact on the domestic industry, but that the impact has not yet risen to the level of material injury. The lost accounts, sales, and revenues that have occurred due to subject imports have diminished the profitability of the domestic industry, but its operating income remains relatively healthy.[193] The decline in profitability renders the industry vulnerable to the effects of increased subject imports in the imminent future. Similarly, domestic production and capacity utilization with respect to production of finished hand trucks, and sales and shipments of hand trucks and parts were stable over the annual periods examined, but then at lower levels in interim 2004 as compared to interim 2003, with negative implications for the imminent future. The Commission has considered the other indicia specified by the statute, including capital investment and employment indicators, and nothing in this information is contrary to the Commission's finding.

We further determine, pursuant to 19 U.S.C. § 1673d (b) (4) (B), that we would not have made a material injury determination but for Commerce's suspension of liquidation of subject imports in May 2004. Our record contains data from January to June 2004, and we do not have sufficient data on the record to determine whether the suspension of liquidation prevented the domestic industry from experiencing material injury between the end of May 2004 and our vote.[194]

## CONCLUSION

For the foregoing reasons, we determine that the domestic industry producing hand trucks and parts thereof is threatened with material injury by reason of subject imports from China sold at less than fair value.

---

[191] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (February 1999) at 25, n.148.

[192] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). Commerce issued final dumping margins for six named Chinese producer/exporters ranging from 24.90 to 386.75 percent. Commerce found dumping margins of 24.90 percent for True Potential, 27.00 percent for Taifa, 30.56 percent for Future Tool, 30.56 percent for Shandong, 45.04 percent for Huatian, 386.75 percent for Xinghua and 386.75 percent for all others. 69 Fed Reg. 60980, 60984 (October 14, 2004).

[193] The domestic industry's return on investment (the ratio of operating income to total assets) was also positive and stable from 2001 to 2002 before declining significantly in 2003. CR/PR at Table VI-7.

[194] Moreover, we note that *** prior to the suspension of liquidation, and that *** due to the suspension of liquidation. ***. Gleason Prehearing Brief at 27. ***.

# PART I: INTRODUCTION

## BACKGROUND

This investigation results from a petition filed on November 13, 2003, by Gleason Industrial Products, Inc. ("Gleason") of Los Angeles, CA, 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 hand trucks and certain parts thereof from China.[1] On December 1, 2003, Gleason filed an amendment to the petition to include Precision Products, Inc., Lincoln, IL, as a co-petitioner.[2] Information relating to the background of this investigation is provided below.[3]

| *Effective Date* | *Action* |
|---|---|
| November 13, 2003 . | Petition filed with Commerce and the Commission; institution of Commission investigation |
| December 9, 2003 .. | Commerce's notice of initiation |
| December 29, 2003 . | Commission's preliminary determination |
| May 24, 2004 ..... | Commerce's preliminary determination; scheduling of final phase of Commission investigation (69 F.R. 32042, June 8, 2004) |
| October 7, 2004 .... | Commission's hearing[4] |
| October 14, 2004 ... | Commerce's final determination (69 F.R. 60980, October 14, 2004)[5] |
| November 10, 2004 . | Commission's vote |
| November 23, 2004 . | Commission determination transmitted to Commerce |

---

[1] A complete description of the imported products subject to this investigation is presented in *The Product* section of this part of the report. The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States (HTSUS) in subheading 8716.80.50 and imported under statistical reporting number 8716.80.5010 ("industrial hand trucks"), although it also may be imported under statistical reporting number 8716.80.5090. In addition, hand truck parts typically are imported under statistical reporting number 8716.90.5060. The normal trade relations tariff rate imposed on this product is 3.2 percent *ad valorem*, applicable to imports from China; this rate was not reduced as a result of the Uruguay Round of Trade Negotiations.

[2] Gleason and Precision Products are both members of the Gleason Group of companies. Gleason manufactures and sells hand trucks. Precision Products also manufactures hand trucks, but sells all of its hand trucks through Gleason.

[3] *Federal Register* notices cited in the tabulation are presented in app. A.

[4] A list of witnesses appearing at the hearing is presented in app. B.

[5] On October 13, 2004, Commerce notified the Commission of its final affirmative determination and final LTFV margins:

True Potential, 24.90 percent;
Taifa, 27.00 percent;
Future Tool, 30.56 percent;
Shandong, 30.56 percent;
Huatian, 45.04 percent;
Xinghua, 386.75 percent; and
all others, 386.75 percent.

## ORGANIZATION OF THE REPORT

Information on the subject merchandise, Commerce's dumping margins, and the domestic like product is presented in Part I. Information on conditions of competition and other economic factors is presented in Part II. Information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment, is presented in Part III. Information on the volume of imports of the subject merchandise, apparent U.S. consumption, and market shares is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial experience of U.S. producers. Information on the subject country foreign producers and U.S. importers' inventories is presented in Part VII.

## SUMMARY DATA

A summary of data collected in this investigation for the U.S. hand truck market is presented in appendix C. U.S. industry data are based on questionnaire responses of ten firms that accounted for approximately 90 percent of U.S. production during January 2001-June 2004. U.S. import data were compiled using official statistics of the U.S. Department of Commerce and supplemented with data on hand truck parts from questionnaire responses.

## PREVIOUS AND RELATED INVESTIGATIONS

Hand trucks have not been the subject of prior antidumping or countervailing duty investigations in the United States.

## MAJOR FIRMS INVOLVED IN THE U.S. HAND TRUCK MARKET

There are 21 companies believed to produce finished hand trucks and/or hand truck parts in the United States. The three largest producers are the petitioning firm Gleason, followed by Angelus Manufacturing ("Angelus"), Montclair, CA, and Harper Trucks, Inc. ("Harper"), Wichita, KS.[6] Gleason accounted for *** percent of reported U.S. production in 2003, followed by Angelus (*** percent) and Harper (*** percent). Two companies, Magline and B&P, reported manufacturing and selling hand truck parts in the United States.

China has been the largest source of U.S. imports of hand trucks throughout the period for which data were collected in this investigation (January 2001 through June 2004). The largest reporting producer and exporter of hand trucks from China is ***. In 2003, the largest importer of finished hand trucks from China was ***.[7] Other major U.S. importers of finished hand trucks were: ***.[8] The largest

---

[6] Other U.S. producers include: American Power Pull Corp. ("American Power"), Wauseon, OH; Anthony Welded Products, Inc. ("Anthony'), Delano, CA; B&P Manufacturing ("B&P"), Cadillac, MI; Clarin, a Division of Greenwich Industries ("Clarin"), Lake Bluff, IL; Durable USA ("Durable"), Grand Prairie, TX; Dutro Company, Emeryville, CA; Elkay Products Company, Inc. ("Elkay"), Springfield, NJ; Faultless-Nutting ("Faultless"), Watertown, SD; Frederick Tool Corp. ("Frederick"), Goshen, IN; Honeyman Aluminum ("Honeyman"), Beaverton, OR; Lockwood Manufacturing ("Lockwood"), Livonia, MI; Magline, Inc., Pinconning MI; Olympia Inc., City of Industry, CA; RWM, Gastonia, NC; The Fairbanks Company ("Fairbanks"), Rome, GA; Wesco Industrial Products, Inc. ("Wesco"), Landsdale, PA; Valley Craft, Lake City, MN; and Yeats Appliance Dolly Manufacturing Company ("Yeats"), Fullerton, CA.

[7] ***.

[8] Of these firms, *** are parties to the investigation.

importer of hand truck parts from China is ***.[9] *** is the largest single purchaser of hand trucks. *** alone purchased or imported directly *** units in 2003, equivalent to *** percent of apparent U.S. consumption in that year. Other major known purchasers include ***.

## THE PRODUCT

Commerce has defined the scope of this investigation as follows:

> The product covers hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.
>
> A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.
>
> That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of this petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.
>
> Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.5010 of the Harmonized Tariff Schedule of the United States ("HTSUS"), although they may also be imported under heading 8716.80.5090. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.5060 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope is dispositive.
>
> Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less then 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.[10]

---

[9] ***.

[10] 69 F.R. 60980, October 14, 2004.

## The Domestic Like Product

The Commission's determination regarding the appropriate domestic product that is "like" the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price.[11] Information on customer and producer perceptions can be found in Part II. Data on the prices of hand trucks during the period for which data were collected can be found in Part V. Information regarding the physical characteristics and uses of hand trucks as well as manufacturing facilities and production employees, interchangeability, and channels of distribution of domestic and imported hand trucks is set forth below.

## Physical Characteristics and Uses

Hand trucks exhibit four general physical characteristics: (1) a frame; (2) a handling area; (3) two or more wheels; and (4) a projecting edge or edges perpendicular, or at an angle, to the frame.[12] The frame is made primarily from steel, aluminum, or nylon, although it is possible to manufacture the frame from other raw materials. The handling area and projecting edges are normally but not always made from the same material as the frame, although in certain configurations all or portions of the handling area may be covered by hand protector grips manufactured from plastic, vinyl, foam, or other material.[13] The large majority of hand trucks sold in the United States are produced from steel components.[14]

Hand trucks are used for tasks related to material handling when there is a need to move objects generally not exceeding 1,000 pounds over short distances. Hand trucks can be employed for indoor or outdoor use, under a great variety of working conditions, rolling over different types of surfaces, and carrying every type of load. The majority of hand trucks sold are designed for general use, but certain hand trucks are designed for specific tasks, including the transport of appliances, cylinders, barrels, bags, trees, or plants. Newer designs and technology allow certain hand trucks to be folded or collapsed.[15] Hand truck parts are used almost exclusively for the production of finished hand trucks; only one out of the ten responding U.S. producers reported using the components it produces for finished hand trucks in

---

[11] Petitioners contend that the Commission should "define a single like product in this investigation that includes finished hand trucks and hand truck parts as described in the U.S. Department of Commerce's scope definition." Gleason prehearing brief, p. 1. The respondents have not raised any domestic like product issues during the final phase of this investigation, nor did they submit any comments on the draft final questionnaires in the final phase of the investigation.

[12] Every hand truck frame includes vertical side rails normally connected by laterally extending braces. The upper portion or rear portion of the vertically disposed frame incorporates a handling area for maneuvering the hand truck. This handling area can be a part of the frame, but it also can be attached to the upper portion of the frame and appear as a distinct appendage. A load support nose member (which is also known as a base or toe plate) is connected to the lower front portion of the frame. At least two wheels are connected to the lower rear portion of the vertically disposed frame. The wheels, unless they are casters, are normally connected by an axle. Petition, pp. 6-8; petition supplement, pp. 1-4.

[13] Petition, pp. 6-8; petition supplement, pp. 1-4. The composition of the wheels used is not critical to the actual operation of the hand truck, although composition and size could affect a hand truck's maneuverability on different surfaces. *Id.*

[14] Hearing testimony indicated that aluminum hand trucks account for 10-20 percent of the U.S. market, nylon hand trucks for three percent, and steel hand trucks for the remainder of the market. Hearing transcript, p. 84 (Straw, Kvasnicka).

[15] Hearing transcript, p. 156 (LaFontaine); letter from Alton Industries, Inc., October 21, 2004.

other finished articles.[16] All of the limited amount of U.S.-produced hand truck parts that are sold in the United States are aluminum.

## Manufacturing Processes, Facilities, and Employees

Three of the four component parts of a hand truck – the frame, handling area, and projecting edges – normally are manufactured during a continuous production process. For a basic two-wheel steel hand truck, the production process is as follows: (1) steel sheet is cut to form the projecting edge or base plate; (2) steel tubing is then cut and formed into the exterior portion of the frame; (3) crossbars that formed the interior portion of the frame are stamped and pressed; and (4) the axle and axle brace are manufactured from round bar.[17] The component parts are then welded together to create an article that looks like a hand truck minus wheels. The final product is then cleaned and painted, and ready for the addition of wheels. Different styles of hand trucks generally are manufactured using the same production processes.[18]

The wheels or casters used on the hand truck generally are manufactured by a separate production process.[19] They can be manufactured in the same plant as the hand truck assembly, but it is just as likely that they are manufactured in a separate plant dedicated to the production of wheels and casters. For a basic two-wheel steel hand truck, the wheels are manufactured using the following components: tires, bearings, steel tubing, and wheel hubs. The finished wheels are then assembled on the axle of the hand truck. The finished hand truck is then hand tagged and packed for delivery.

Six U.S. producers accounting for virtually all reported domestic hand truck production produce both steel and aluminum hand trucks. Welded steel and aluminum hand trucks generally are manufactured in the same production facilities using similar product processes.[20] Riveted aluminum hand trucks can also be manufactured in the same production facilities as welded hand trucks, but some of the processes used to rivet the frame, handling area, and toe plate differ from the processes used to weld these component parts into the final product. In addition, to reduce volume and freight expenses, aluminum hand trucks can be sold unassembled in kits which contain all or some of the parts necessary to assemble a finished hand truck.[21] Such kits generally are assembled by the purchasers in the channel through which they are distributed.[22]

Nylon hand trucks are produced in facilities that produce steel and aluminum hand trucks, but require distinctive injection-molded equipment to produce lighter-weight, durable frames that do not rust. However, while nylon hand trucks have injection molded side frames and cross members, they also have steel toe plates and handles that are produced on shared manufacturing equipment.[23]

---

[16] *** reported that in 2003 it used the following percentage of the components it manufactured for products outside the scope: frames (*** percent), handling areas (*** percent), and projecting edges (*** percent).

[17] Petition, p. 11.

[18] Gleason postconference brief, p. 9.

[19] Petition, p. 12.

[20] Ibid.

[21] Hearing transcript, p. 119 (Straw).

[22] ***.

[23] Hearing transcript, p. 89 (Rife).

## Interchangeability and Customer and Producer Perceptions

According to the petitioner, all hand trucks are generally interchangeable, although hand trucks designed for general tasks work less efficiently on specialized tasks than the hand trucks designed for specialized tasks, and vice versa. The petitioner also maintains there are no practical dividing lines between hand trucks manufactured from different raw materials; for example, hand trucks manufactured from steel, aluminum, or nylon are completely interchangeable for general tasks.

Respondents contend that there is little direct competition between imports of hand trucks from China and the domestic like product. Hand trucks from China are generally low-priced models sold primarily to individuals whereas domestically produced hand trucks are more expensive and sold primarily to businesses and industrial users.[24] Respondents also argue that they have redesigned their hand trucks to include better ergonomics, new wheel design and technology, folding and collapsible features, small and lighter weight designs, anti-skid decks, and color choices that enhance safety standards.[25] In contrast, they assert, the largest domestic producer has not modified its product or its sales practices to meet the needs of the market.[26]

## Channels of Distribution

The petitioner reported that hand trucks cannot be differentiated by channels of distribution. Hand trucks are sold primarily to national home improvement stores, hardware stores, catalog houses and industrial supply distributors, and other customers. However, the home improvement channel, comprised mostly of big box retailers selling primarily to do-it-yourself customers, has the most impact on the industry.[27] National home improvement stores and hardware stores generally purchase certain models of general-task hand trucks and convertible hand trucks in high volumes. Catalog houses and industrial distributors similarly purchase not only general-task hand trucks and convertible hand trucks, but also hand trucks built for specialized purposes (for example, cylinder hand trucks, barrel hand trucks, and drum hand trucks), often in smaller volumes.[28]

Respondents have identified three main types of customers -- residential, industrial, and office/small business.[29] The residential channel would include so-called "big box" home improvement stores as well as wholesale club stores. Because of their size and national presence, these stores have the buying power to purchase hand trucks at the lowest prices. The industrial sector sells hand trucks to factories and industry professionals such as those in the healthcare, hospitality, and other commercial industries. The office supply/small business channel would include national office supply stores as well as certain mail-order dealers that market almost exclusively to offices and small businesses.[30] Respondents describe the special requirements for this channel as electronic order processing, fill rates, precise processing and delivery schedules, special packaging, and pallet requirements.[31]

---

[24] Conference transcript, pp. 88-89 (Murphy).

[25] Hearing transcript, p. 156 (LaFontaine); letter from Alton Industries, Inc., October 21, 2004.

[26] Liberty Diversified prehearing brief, p. 4. Representatives of Gleason, Harper, and Magline disputed this characterization. Hearing transcript, pp. 40-49 (Kvasnicka, Rife, and Straw).

[27] Gleason prehearing brief, p. 9; hearing transcript, pp. 20-12 (Simon).

[28] Hearing transcript, pp. 64-65 (Rife, Simon) and p. 74 (Simon).

[29] Liberty Diversified prehearing brief, pp. 1-2.

[30] Hearing transcript, pp.153-154 (LaFontaine).

[31] Hearing transcript, p. 155 (LaFontaine).

Tables I-1, I-2, and I-3 present questionnaire data on the most common groupings of customers identified in the petition or by the respondents at the hearing. Based on the channel structure identified by petitioners, *** percent of U.S. shipments of finished hand trucks by the domestic industry in 2003 were to home improvement customers; 11.6 percent were to catalog houses/industrial suppliers; *** percent were to hardware customers; and *** percent were to other customers.[32] Shipments of components and unassembled hand trucks (kits) were exclusively to catalog houses/industrial suppliers. By comparison, *** percent of U.S. shipments of finished hand trucks imported from China in 2003 were to home improvement customers; 14.3 percent were to catalog houses/industrial suppliers; 3.1 percent were to hardware customers; and *** percent were to other customers. Shipments of components were to catalog houses/industrial suppliers (*** percent) and to other customers (*** percent), while shipments of kits were to other customers.[33]

Based on the channel structure identified by respondents, 86.6 percent of U.S. shipments of finished hand trucks by the domestic industry in 2003 were to residential customers; 11.6 percent were to industrial customers; *** percent were to office/small business customers; and *** percent were to other customers.[34] Shipments of components and unassembled hand trucks (kits) were exclusively to industrial customers.[35] By comparison, 42.8 percent of U.S. shipments of finished hand trucks imported from China in 2003 were to residential customers; 14.3 percent were to industrial customers; *** percent were to office/small business customers; and *** percent were to other customers.[36] Shipments of components were to industrial customers (*** percent) and to other customers (*** percent), while shipments of kits were to office supply stores.

---

[32] Home improvement customers include both so-called "big box" stores and club warehouses and other large-scale retail stores, while office supply stores are considered "other customers." *See* hearing transcript, p. 130 (Kvasnicka – "Well, we see that (office supply stores) as really just another channel of distribution, certainly one that we've got a close eye and one we would like to penetrate, but at this point we haven't been able to get very far just because of pricing issues.")

[33] The majority of the "other customers" for components from China were U.S. hand truck producers, while office supply stores were the "other customers" for kits from China. For finished hand trucks, "other customers" were primarily individual consumers attracted by direct response campaigns on behalf of ***. This approach differs from that employed by petitioner Gleason. Hearing transcript, p. 135 (Kvasnicka – "We do not do direct sales over the internet because in that case we would be competing with our customers directly, allowing consumers to buy from us.")

[34] Residential customers are retail outlets for the homeowner, including big box home improvement stores, national hardware cooperatives, and wholesale club stores. Liberty Diversified posthearing brief, pp. 1-2.

[35] Respondents note that the residential, industrial, and office/small business channels all employ catalogs. Liberty Diversified posthearing brief, p. 2. Most questionnaire respondents that reported sales as catalog houses/industrial supply distributers viewed themselves as industrial suppliers.

[36] As noted above, most of the "other customer" shipments were to individual consumers believed to correspond most closely to residential customers.

**Table I-1**
**Finished hand trucks: U.S. producers' and importers' commercial U.S. shipments, by channels of distribution, 2001-03, January-June 2003, and January-June 2004**

| Item | 2001 | 2002 | 2003 | January-June 2003 | January-June 2004 |
|---|---|---|---|---|---|
| | Quantity (units) | | | | |
| U.S. producers' U.S. shipments to: | | | | | |
| Catalog houses/distributors | 238,399 | 178,423 | 170,119 | 79,646 | 112,496 |
| Home improvement stores | *** | *** | *** | *** | *** |
| Hardware stores | *** | *** | *** | *** | *** |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 1,468,849 | 1,425,093 | 1,467,009 | 763,018 | 720,296 |
| U.S. shipments of imports from China: | | | | | |
| Catalog houses/distributors | 149,224 | 147,919 | 165,018 | 91,308 | 97,352 |
| Home improvement stores | 143,706 | 85,205 | 146,140 | 74,868 | *** |
| Hardware stores | 19,221 | 29,818 | 36,033 | 14,586 | 16,888 |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 522,874 | 600,040 | 1,153,825 | 399,768 | 820,011 |
| U.S. shipments of imports from other: | | | | | |
| Catalog houses/distributors | *** | *** | *** | *** | *** |
| Home improvement stores | *** | *** | *** | *** | *** |
| Hardware stores | *** | *** | *** | *** | *** |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 53,428 | 72,921 | 76,348 | 43,205 | 47,793 |
| | Share of quantity (percent) | | | | |
| U.S. producers' U.S. shipments to: | | | | | |
| Catalog houses/distributors | 16.2 | 12.5 | 11.6 | 10.4 | 15.6 |
| Home improvement stores | *** | *** | *** | *** | *** |
| Hardware stores | *** | *** | *** | *** | *** |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| U.S. shipments of imports from China: | | | | | |
| Catalog houses/distributors | 28.5 | 24.7 | 14.3 | 22.8 | 11.9 |
| Home improvement stores | 27.5 | 14.2 | 12.7 | 18.7 | *** |
| Hardware stores | 3.7 | 5.0 | 3.1 | 3.6 | 2.1 |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| U.S. shipments of imports from other: | | | | | |
| Catalog houses/distributors | *** | *** | *** | *** | *** |
| Home improvement stores | *** | *** | *** | *** | *** |
| Hardware stores | *** | *** | *** | *** | *** |
| Club warehouses | *** | *** | *** | *** | *** |
| Office supply stores | *** | *** | *** | *** | *** |
| All other firms | *** | *** | *** | *** | *** |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

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

**Table I-2**
**Hand truck parts: U.S. producers' and importers' commercial U.S. shipments, by channels of distribution, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table I-3**
**Unassembled hand trucks (kits): U.S. producers' and importers' commercial U.S. shipments, by channels of distribution, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

# PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

## U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Hand trucks are used for material handling tasks when there is a need to move objects generally not exceeding 1,000 pounds over short distances. Hand trucks can be used indoors or outdoors under a variety of working conditions. According to the petitioner, companies that sell a broad spectrum of hand trucks advertise different styles of hand trucks as a continuous line of products designed for the purpose of handling material over short distances.[1]

Hand trucks are sold through a variety of channels of distribution.[2] U.S. producers sell hand trucks to home improvement stores, hardware stores, catalog houses/industrial supply distributors, club warehouses and large scale retailers, and in some cases to end-use customers, such as trucking companies.[3] Similarly, hand trucks from China typically are sold through home improvement stores, hardware stores, and catalog houses/industrial supply distributors, and club warehouses, as well as to office supply stores and to individual consumers through direct response campaigns (e.g. televised marketing).[4] A detailed presentation of customer groupings and channels of distribution appears in Part I of this report.

U.S.-produced hand trucks and imports from China are sold throughout the United States. When asked to indicate the geographic areas for the hand trucks that they sell, *** responding U.S. producers and the majority of importers of hand trucks from China reported that they sell nationally. However, some importers reported that their sales are limited to specific regions such as the Northeast, the Middle Atlantic area, the Southeast, the Midwest, and the Southwest. One importer reported that its sales are limited to California.

Producers and importers were asked to report the percentage of their sales that were made from inventory and also the percentage that occurred as a result of special orders. The largest producer, Gleason, reported that *** percent of its sales are from inventory. For the other responding producers, sales from inventories accounted for between 5 and 100 percent of total sales. Among the 21 responding importers selling hand trucks and parts at the same level of trade as U.S. producers, 12 reported that they sell exclusively from inventories, eight reported that all of their sales consist of items produced to order, and one firm indicated that 70 percent of sales are from inventory and 30 percent are of items produced to order.[5]

Producers and importers also were asked to report delivery lead times for hand trucks sold from inventories and hand trucks sold as a result of a special order. For producers, lead times for items sold from inventory ranged from one to five days, and lead times for special order items ranged from five to

---

[1]Gleason postconference brief, p. 5.

[2] Information on markets for parts was limited. Only three companies reported purchases of parts in their questionnaires during January 2001 through June 2004. One catalog house/industrial distributor reported purchases of U.S.-produced frames, handling areas, and edges and purchases of imported frames and edges from nonsubject sources. Another purchaser, an end user, reported purchases of parts, including frames, handling areas, edges, and unassembled kits produced in the United States and imported from nonsubject sources, and frames, handling areas, and edges imported from China. A third purchaser, a hardware store, reported that it purchased U.S.-produced parts, but did not specify the parts.

[3] Conference transcript, pp. 23, 55 (Kvasnicka).

[4] Hand trucks from China are also imported directly by home improvement stores and catalog houses.

[5] These responses are by importers that sell at the same level of trade as U.S. producers. They do not include responses by importers that sell directly to retail customers or to end users.

12 days. For importers, lead times for items sold from inventory ranged from one to 15 days in most cases, while lead times for special order items ranged from seven days to as much as 120 days.

U.S. inland shipping distances for U.S.-produced hand trucks were compared with those for hand trucks from China sold by U.S. importers at the same level of trade as U.S. producers. For U.S. producers, 22 percent of their U.S. sales occur within 100 miles of their storage or production facility, 40 percent are within distances of 101 to 1,000 miles, and 38 percent occur at distances of more than 1,000 miles from their facilities. For imports from China, an average of nearly 3 percent of sales occur within 100 miles of importers' storage facilities, about 70 percent are within 101 to 1,000 miles, and 28 percent involve distances of more than 1,000 miles.

## SUPPLY AND DEMAND CONSIDERATIONS

### U.S. Supply

The sensitivity of the domestic supply of hand trucks to changes in price depends on such factors as the level of excess capacity, the availability of alternate markets for U.S.-produced hand trucks, inventory levels, and the ability to shift to the manufacture of other products. The overall evidence indicates that the industry has a high degree of flexibility in expanding output and U.S. shipments in response to an increase in price, chiefly due to the low industry capacity utilization rates. The capacity utilization rate was between 61 and 62 percent during 2001-03; during January-June 2004 it was 56 percent. Exports amounted to between *** and *** percent of total shipments by U.S. producers during 2001-03. During January-June 2004, they accounted for *** percent of shipments. The ratio of end-of-period inventories to total shipments ranged between *** and *** percent during 2001-03.

When asked whether other products can be produced on the same production equipment and machinery used to produce hand trucks, Gleason reported that the equipment and machinery ***. However, it reported that ***. Seven of the other nine responding producers reported producing one or more products on the machinery and equipment used to produce hand trucks. The products included castors, cargo restraints, and pallet jacks.

### Subject Imports

The supply response of Chinese producers to changes in price in the U.S. market is likely to depend upon such factors as capacity utilization rates in China, the availability of home markets for Chinese producers, and the availability of other export markets besides the United States. Chinese producers reported a capacity utilization rate of 95 percent in 2003, suggesting that they have virtually no capability of expanding production for export. The United States market accounted for about 49 percent of Chinese industry shipments in 2003, while exports to other sources accounted for about 48 percent of the total. China's home market shipments accounted for only *** percent of its total shipments in 2003. In view of the large export market for China's hand trucks outside of the United States, Chinese suppliers may have the potential to shift sales from these markets to the United States.

### Demand Characteristics

The overall demand for finished hand trucks is determined by the needs of final consumers and business customers for stacking and moving loads, while the demand for hand truck parts is a derived demand that depends upon the demand for the final product (i.e. hand trucks). The overall demand for finished hand trucks as measured by apparent U.S. consumption increased from 2.2 million units in 2001 to 2.9 million units in 2003. During January-June 2004, apparent U.S. consumption was 1.49 million units as compared to 1.48 million in the same period in 2003. The overall demand for hand truck parts

(including kits) as measured by apparent U.S. consumption increased from *** units in 2001 to *** units in 2003. During January-June 2004, apparent U.S. consumption was *** units as compared to *** in the same period in 2003.

Producers and importers were asked whether demand for hand trucks had increased, decreased, or remained the same since January 1, 2001, and were also asked what factors affect changes in demand. Among the 10 producers that responded to the question, four said that demand had increased, one said that demand had remained the same, and five stated that it had decreased. Among producers reporting an increase in overall demand, one firm, ***, said that it has been due to changes in the economy that have resulted in frequent relocations by individuals and businesses. Another firm, Harper Trucks, said that it has been due to the increased availability of hand trucks to consumers as the result of the growth of major retailers.[6] Three of the firms reporting a decrease in demand attributed the decline to the weak U.S. economy. Among the 29 importers that responded to this question, nine said that demand had increased, five said that it had decreased, and 15 said that it was unchanged. Two of the importers reporting increases in demand cited increases in demand in the primary markets where they sell rather than in the overall market for hand trucks. One firm experiencing an increase in demand said that it sells exclusively to the self-storage industry, and the other cited increasing demand on the part of homeowners and do-it-yourself customers. Another importer that sells only aluminum hand trucks attributed the growth in demand to ergonomic/safety concerns of end use customers.

At the conference and in its postconference brief, U.S. importer Central Purchasing asserted that imports from China have created a new market demand among homeowners willing to purchase hand trucks at low prices; it also contended that if not for the low prices, these customers would not have otherwise purchased hand trucks at all.[7] In response to this issue and related questions raised during the preliminary phase of the investigation,[8] purchasers were asked to discuss the differences, if any, in the physical characteristics, conditions of sale, and price levels of U.S.-produced and Chinese-produced finished hand trucks and/or hand truck parts sold in the United States. They were also asked to note the impact, if any, of such differences on demand for finished hand trucks and/or hand truck parts in the United States. Of the 12 firms that compared the U.S.-produced and Chinese-produced products, three firms reported that the products were comparable or that there were no differences between the products. Another said that there are negligible differences between the products. Two other firms reported that both products met requirements, but that the Chinese-produced product is less expensive. One firm reported that the Chinese product has good quality and a low price. Two firms stated that the Chinese imports are less expensive, but the quality is inferior. Another firm said that imports from China are either too brittle or too soft and tend to bend. Another purchaser said that imports from China require more frequent quality checks than U.S.- produced hand trucks. One firm said that imports from China were a good value as compared to imports from other countries. None of the purchasers reported that differences between U.S.-produced and Chinese-produced hand trucks had any impact on demand for hand trucks in the United States and none of the purchasers reported that there is a separate "lower-priced" consumer market for hand trucks from China.

When purchasers were asked whether the filing of the antidumping petition, the Commission's affirmative preliminary determination in January 2004, or the Department of Commerce's preliminary dumping determination in May 2004 caused them to cancel orders and/or reduce purchases of imports of

---

[6] At the hearing, Mr. David Rife, the vice president of sales at Harper Trucks, testified that demand for hand trucks had increased because of the increased availability of hand trucks at large retailers such as Home Depot, Lowe's, Sam's Club, and Costco (Hearing Transcript, p. 136 (Rife)).

[7] Conference transcript, p. 89 and Central Purchasing postconference brief, p. 6.

[8] See "Views of the Commission " in *Hand Trucks and Parts Thereof from China, Investigation No. 731-TA-1059 (Preliminary)*, Publication No. 3660, January 2004, p. 10 n. 56 and p. 14 n. 88 (Commissioner Pearson).

the subject merchandise from China, seven purchasers answered yes. These purchasers included ***. *** reported that purchase orders of certain Chinese-produced hand trucks had been cancelled. *** stated that it has reduced purchases of hand trucks from China dramatically. It also reported that the preliminary antidumping duty has erased its profit margin. It intends to cease purchasing hand trucks from China completely by the end of the year.

### Substitute Products

When asked what products serve as substitutes for hand trucks, the majority of questionnaire respondents stated that no substitutes exist. However, a few firms did list potential substitutes, including wheel barrows, carts, dollies, fork lifts, pallet jacks, and platform trucks.

## SUBSTITUTABILITY ISSUES

The extent of substitutability between domestic hand trucks and subject and nonsubject imports, between subject imports from different sources, and between subject and nonsubject imports is examined in this section. The discussion of substitutability issues is based upon the results of questionnaire responses from producers, importers, and purchasers.

A total of 24 purchasers submitted questionnaires. The respondents included home improvement stores, hardware stores, catalogue houses, two warehouse clubs,[9] a supermarket chain, and various retailers and end users. Of these purchasers, five have purchased U.S.- produced products but not subject imports since January 2001, six have purchased only Chinese-produced hand trucks, and 13 have bought both U.S.-produced and Chinese-produced hand trucks. Four firms also reported purchases of hand trucks from other import sources including Canada, Germany, and Taiwan. The combined value of the purchases of hand trucks by these 24 firms was about $42 million in 2003. Purchases of imports from China amounted to approximately 12 percent of the total in that year. Three of the 24 firms also reported purchases of hand truck parts since 2001. All three firms bought these parts from U.S. producers; one also bought parts from nonsubject import sources and one purchased parts from China.

### Factors Affecting Purchasing Decisions

When asked to rank the three most important factors involved in purchasing decisions, price and quality were most commonly chosen, followed by availability. Of the 23 purchasers that responded, 21 ranked price among the top three factors, 16 ranked quality among the top three, and eight ranked availability among the top three (table II-1).

[9] The Commission received questionnaires from *** and *** which both purchase ***.

**Table II-1**
**Hand trucks: Ranking of factors used in purchasing decisions as reported by U.S. purchasers**

| Factor | Number of firms reporting | | |
|---|---|---|---|
| | Number one factor | Number two factor | Number three factor |
| Quality | 11 | 4 | 1 |
| Price | 8 | 10 | 3 |
| Availability | 2 | 2 | 4 |
| Other[1] | 2 | 7 | 15 |

[1] Other factors include delivery time, extension of credit, freight terms, product consistency, reliability of supply, and traditional supplier.

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

Purchasers were also asked to rank the factors (shown in table II-2) in terms of importance in purchasing decisions. Each purchaser was asked to indicate whether a factor was very important, somewhat important, or not important. Averaging results indicates that the most important factors were price, availability, reliability of supply, and product consistency.

**Table II-2**
**Hand trucks: Importance of purchasing factors**

| Factor | Average importance score[1] | Factor | Average importance score[1] |
|---|---|---|---|
| Price | 2.9 | Discounts offered | 2.3 |
| Availability | 2.9 | U.S. transportation costs | 2.2 |
| Reliability of supply | 2.9 | Product quality exceeds industry standards | 2.2 |
| Product consistency | 2.8 | Packaging | 2.1 |
| Product quality meets industry standards | 2.7 | Minimum quantity requirements | 2.1 |
| Delivery time | 2.6 | Technical support/service | 1.9 |
| Delivery terms | 2.5 | Product range | 1.9 |
| | | Extension of credit | 1.8 |

[1] 3 = very important, 2 = somewhat important, 1 = not important.

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

## Comparisons of Domestic Products and Subject Imports

To determine whether U.S.-produced hand trucks can be used in the same applications as imports from China, producers and importers were asked whether the product can "always," "frequently," "sometimes," or "never" be used interchangeably. A majority of the producers, importers, and purchasers responding to the question reported that the products can always or frequently be used interchangeably (table II-3). In addition to assessing the degree of interchangeability, some firms also provided additional comments concerning interchangeability. One U.S. producer stated that the wheels for hand trucks from China cannot be used interchangeably with wheels for hand trucks produced in the United States. Another producer stated that in most cases the wheels are interchangeable, but that the

**Table II-3**
**Hand trucks: Interchangeability of product from different sources[1]**

| Country comparison | U.S. producers | | | | | U.S. importers | | | | | Purchasers | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | 0 | A | F | S | N | 0 | A | F | S | N | 0 |
| U.S. vs. China | 3 | 2 | 3 | 1 | 1 | 8 | 8 | 9 | 2 | 10 | 6 | 4 | 1 | 0 | 13 |
| U.S. vs. Nonsubject | 2 | 1 | 1 | 0 | 6 | 3 | 4 | 4 | 0 | 26 | 2 | 0 | 1 | 0 | 21 |
| China vs. Nonsubject | 2 | 1 | 0 | 0 | 7 | 2 | 5 | 3 | 0 | 27 | 2 | 0 | 1 | 0 | 21 |

[1] Producers, importers, and purchasers were asked if hand trucks produced in the United States and in other countries are used interchangeably.

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

frame, handles, and toe plates often require some fastener holes to be relocated for proper assembly. Among importers, two firms stated that the Chinese-produced hand trucks are made primarily for consumers, while the U.S.-produced products tend to be heavier, more durable, or more expensive, and are made primarily for commercial or industrial use. However, another importer stated that imports from China are of better quality, and are more durable. Another importer stated that it offers a product with multiple conversion capabilities that is not available from any U.S. producer. One purchaser stated that the quality of the Chinese-produced hand trucks is not always as good as that of U.S.-produced products.

In addition to questions concerning interchangeability, producers and importers also were asked to compare U.S.-produced products with imports from China in terms of product differences such as quality, availability, product range, and other factors that affect sales. Again, firms were asked whether these product differences are always, frequently, sometimes, or never significant. A majority of both producers and importers reported that the differences are never or sometimes significant (table II-4).[10] [11] *** reported that U.S. producers, including itself, carry certain styles of hand trucks that are not available from Chinese producers. *** stated the its product quality, reputation, and service to customers has often given it an advantage over competitors.[12] Among importers, one firm stated that it occupies a market niche for households that have occasional need of a hand truck, cart, stepladder, or stand. It reported that its product is a proprietary design that is not made by any other manufacturer. Another importer reported that its offers a lighter weight product that is often less expensive than the heavier U.S.-produced hand truck. One importer that used to purchase U.S.-produced hand trucks reported that it often experienced delivery delays with domestic producers, but that it has not had that problem with imports. One importer reported that it switched from purchases from Gleason mainly because of quality

[10] One importer, ***, stated in its import questionnaire that the quality of the Chinese product is superior. However, in its purchaser questionnaire, it ranked the Chinese and U.S. products comparable.

[11] ***, an importer that sells folding hand trucks, reported that factors that have affected its past hand truck sales have been product quality, reliability, and availability.

[12] Elsewhere in its questionnaire, *** reported that the Chinese products are marketed as equal to those of ***, but the product quality of these imports is inferior.

**Table II-4**
**Hand trucks: Differences other than price between products from different sources[1]**

| Country comparison | U.S. producers | | | | | U.S. importers | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | F | S | N | 0 | A | F | S | N | 0 |
| U.S. vs. China | 0 | 3 | 3 | 2 | 2 | 4 | 3 | 13 | 4 | 13 |
| U.S. vs. Nonsubject | 0 | 2 | 3 | 1 | 4 | 2 | 3 | 5 | 2 | 25 |
| China vs. Nonsubject | 0 | 2 | 3 | 1 | 4 | 2 | 1 | 5 | 1 | 28 |

[1] Producers and importers were asked if differences other than price between hand trucks produced in the United States and in other countries are a significant factor in their firms' sales of hand trucks .

Note: "A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

problems including weld splatter, scratches and poor paint jobs.[13] That importer reported that the quality of hand trucks from China has been better.

Purchasers also were asked to compare U.S.-produced hand trucks with imported hand trucks from China in 15 selected characteristics shown in table II-5, noting whether the domestic product was superior, comparable, or inferior to the imports. Twelve purchasers provided comparisons for the selected categories. The U.S. product was rated superior by a majority of purchasers in terms of delivery time and technical support/service, and the Chinese product was rated superior by a majority of purchasers in terms of price (i.e., lower price). In all other categories, a majority of purchasers considered the U.S. and Chinese products comparable, although an appreciable minority of purchasers viewed the U.S. product as superior in terms of reliability of supply, product consistency, and quality exceeding industry standards.

[13] ***, an important ***, cited these problems with *** products in its importer questionnaire, *** stated in its purchaser questionnaire that U.S.-produced hand trucks and imports from China are comparable in quality.

**Table II-5**
**Hand trucks: Comparisons between U.S.-produced and subject Chinese-produced products as reported by U.S. purchasers**

| Factor | Number of firms reporting | | |
|---|---|---|---|
| | U.S. superior | Comparable | U.S. inferior |
| Availability | 3 | 9 | 0 |
| Delivery terms | 3 | 9 | 0 |
| Delivery time | 7 | 5 | 0 |
| Discounts offered | 1 | 9 | 1 |
| Extension of credit | 1 | 11 | 0 |
| Lower price[1] | 0 | 3 | 9 |
| Minimum quantity requirements | 3 | 8 | 1 |
| Packaging | 1 | 11 | 0 |
| Product consistency | 5 | 7 | 0 |
| Quality meets industry standards | 2 | 10 | 0 |
| Quality exceeds industry standards | 5 | 7 | 0 |
| Product range | 3 | 9 | 0 |
| Reliability of supply | 5 | 7 | 0 |
| Technical support/service | 7 | 5 | 0 |
| Lower U.S. transportation costs | 3 | 8 | 1 |
| Other | 0 | 0 | 0 |

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the China price.

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

## Comparisons of Domestic Products and Nonsubject Imports

Producers, importers, and purchasers also were asked to compare U.S.-produced hand trucks with imports from nonsubject countries in terms of interchangeability and product differences using the same criteria discussed. The very limited response to these questions presented in tables II-3 and II-4 indicates that a majority of the questionnaire respondents were not able to compare U.S.-produced hand trucks with nonsubject imports.

## Comparisons of Subject Imports and Nonsubject Imports

Questionnaire respondents were also asked to compare imports from China with nonsubject imports. The very limited responses presented in tables II-3 and II-4 are similar to comparisons between U.S.-produced hand trucks and nonsubject imports.

## ELASTICITY ESTIMATES

This section discusses elasticity estimates for hand trucks. Parties were encouraged to comment on these estimates as an attachment to their prehearing briefs. Among the estimates discussed below, the petitioners limited their comments to the elasticity of substitution, while the respondents did not comment on any of the estimates.

### U.S. Supply Elasticity[14]

The domestic supply elasticity for hand trucks measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of hand trucks. As noted earlier, this elasticity depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced hand trucks. Because of the low rates of capacity utilization in the industry, it is likely that the supply elasticity is high. An estimate in the range of 5 to 10 appears to be reasonable.

### U.S. Demand Elasticity

The U.S. demand elasticity for hand trucks measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of this product. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products. Because of a lack of close substitutes the aggregate demand for hand trucks is likely to be fairly inelastic; a range of -0.5 to -1.0 is suggested.

### Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[15] Product differentiation depends upon such factors as product quality and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced hand trucks and imported hand trucks is likely to be in the range of 3 to 5.

The petitioners stated in their prehearing brief that a substitution elasticity of 5 to 10 would be more appropriate, since domestic products and imports from China are most commonly viewed as always or frequently interchangeable by questionnaire respondents.[16] The petitioners further added that there are almost never any non-price differences between the U.S.-produced and Chinese-produced products. However, the discussion earlier in this section indicates that some differences in quality and other characteristics between the products were cited by questionnaire respondents. Therefore, an elasticity in the range of 3 to 5 still appears to be correct. The respondents did not comment on this elasticity.

---

[14] A supply function is not defined in the case of a non-competitive market.

[15] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

[16] Gleason prehearing brief, p. 16.

# 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 margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

## U.S. PRODUCERS

The Commission sent producer questionnaires to 21 firms. Ten firms provided responses to the Commission's producer questionnaire and are believed to have accounted for approximately 90 percent of U.S. production of hand trucks and parts during the period for which data were collected.[1] [2]

Presented in table III-1 is a list of the domestic firms that produce hand trucks that responded to the Commission's producer questionnaire. Also presented is information concerning each company's position on the petition, production location(s), product line, and its share of reported 2003 domestic production of hand trucks and parts. One company, Valley Craft, is wholly owned by a U.S. importer, Liberty Diversified. Valley Craft manufactures specialty hand trucks that are specifically designed for items such as oil drums.[3] B&P and Magline are the only U.S. producers to report production of parts of hand trucks. B&P and Magline produce and sell frames, handling areas, projecting edges (toe plates), and in the case of Magline, unassembled hand trucks (partial or complete kits).

*** purchased ***.[4] In contrast, *** reported that due to the threat of termination of relations with *** it is strategizing about future changes in its operations, including ***. *** reported that its plant was forced to work reduced hours based on lost business in ***, and that there were several workforce reductions in ***. *** reported that *** it completed ***.

Table III-2 presents U.S. producers' production of other products on equipment and machinery used in the production of hand trucks and parts, shares of hand trucks and parts production on the same equipment, production of other products using the same production and related workers employed to produce hand trucks and parts, and shares of hand trucks and parts production using the same workers. The U.S. hand truck industry is evenly divided between those companies that produce the domestic like product with dedicated or near-dedicated equipment and workers and those that do not. The vast majority of domestic production, however, is accounted for by companies that fall into the former category.

## U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION OF HAND TRUCKS

Data on U.S. producers' capacity, production, and capacity utilization for finished hand trucks are presented in table III-3. Total U.S. capacity decreased by 0.1 percent from 2001 to 2002, then increased by 0.5 percent from 2002 to 2003, and was 9.3 percent higher in January-June 2004 than in

---

[1] Based on questionnaire data and information provided in the petition, exh. 4.

[2] *** provided a limited, incomplete response to the Commission questionnaire. The other 10 firms declined to respond despite requests by Staff.

[3] Hearing transcript, p. 185 (LaFontaine).

[4] ***.

**Table III-1**
**Hand trucks and parts: U.S. producers, positions on the petition, U.S. production locations, product produced, and shares of reported 2003 production**

| Firm | Position | Production location(s) | Product produced[1] | Shares of reported 2003 production *(percent)* | |
|---|---|---|---|---|---|
| | | | | Finished | Parts[2] |
| American Power Pull | *** | Ohio | S | *** | --- |
| Angelus | *** | California | S, A[3] | *** | --- |
| Anthony | *** | California | S | *** | --- |
| B&P | Support | Michigan | A | *** | *** |
| Fairbanks | *** | Georgia | S, A | *** | --- |
| Faultless | *** | South Dakota | S | ([4]) | -- |
| Gleason | Petitioner | Illinois, Indiana[5] | S, A, N | *** | --- |
| Harper | Support | Kansas | S, A, N | *** | --- |
| Magline | Support | Michigan | A | *** | *** |
| Valley Craft[6] | *** | Minnesota | S, A | *** | --- |
| Wesco | Support | Pennsylvania | S, A[7] | *** | --- |
| Total | | | | 100.0 | 100.0 |

[1] S = steel, A = aluminum, and N = nylon.
[2] Includes frames, handling areas, projecting edges (toe plates), and unassembled kits.
[3] Angelus also produces an aluminum-steel hand truck.
[4] ***.
[5] The United Food and Commercial Workers International Union (UFCW), which represents Gleason's manufacturing workers in Indiana, filed a letter in support of the petition on December 1, 2003, and the Laborer's International Union of North America, which represents Precision Products' manufacturing workers, in Illinois filed a letter in support of the petition on December 9, 2003.
[6] Valley Craft is 100-percent owned by Liberty Diversified, Inc., an importer of finished hand trucks and unassembled hand truck kits located in Minnesota.
[7] Wesco also produces a magnesium hand truck.

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

January-June 2003.[5] Total U.S. production of hand trucks increased by 2.2 percent from 2001 to 2002, remained stable in 2003, but was 9.8 percent lower in January-June 2004 than in January-June 2003.[6] Capacity utilization increased by 1.4 percentage points from 2001 to 2002, then decreased by 0.3 percentage point in 2003, and was 11.8 percentage points lower in January-June 2004 than in January-June 2003.[7] U.S. producers reported the following constraints on their production: material availability,

[5] The recent increase in reported capacity in the United States reflects ***.

[6] ***.

[7] *** of the unused capacity was reported by Gleason. Gleason initially calculated its capacity ***. In addition, ***. Gleason's work stations are *** dedicated to hand trucks and its production workers are *** dedicated to hand trucks. Staff reduced Gleason's reported capacity by *** units, the capacity of ***, and Gleason subsequently

(continued...)

**Table III-2**
**Hand trucks and parts: U.S. producers, production of other products on equipment and machinery used in the production of hand trucks and parts, shares of hand trucks and parts production on the same equipment, production of other products using the same production and related workers employed to produce hand trucks, and shares of hand trucks and parts production using the same workers, 2003**

* * * * * * *

**Table III-3**
**Finished hand trucks: Reported U.S. production capacity, production, and capacity utilization, 2001-03, January-June 2003, and January-June 2004**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| Capacity (*units*)[1] | 2,403,689 | 2,401,915 | 2,413,768 | 1,208,406 | 1,320,557 |
| Production (*units*) | 1,463,692 | 1,495,514 | 1,495,311 | 816,444 | 736,204 |
| Capacity utilization (*percent*) | 60.9 | 62.3 | 61.9 | 67.6 | 55.7 |

[1] *** did not report capacity, therefore staff conservatively estimated their capacity at their highest level of production.

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

equipment, raw material supply and cost, sales volume, availability of qualified skilled laborers, machine capacity, and number of orders received.

## U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF HAND TRUCKS

Data on domestic producers' shipments of finished hand trucks are presented in table III-4. Commercial shipments accounted for 100 percent of U.S. shipments of finished hand trucks. The quantity of commercial shipments decreased by 3.0 percent from 2001 to 2002, then increased by 2.9 percent in 2003, and was 5.6 percent lower in January-June 2004 than in January-June 2003. The unit value of U.S. shipments increased by 1.5 percent from 2001 to 2002, decreased by 2.4 percent in 2003, and was 0.7 percent higher in January-June 2004 than in January-June 2003. *** were the only U.S. producers to report export shipments, which were made to ***.

## U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF HAND TRUCKS

Table III-5 presents the U.S. producers' direct imports and purchases of finished hand trucks. Three U.S. producers, ***, reported that they imported hand trucks, and *** reported that it purchased imports of hand trucks.

## U.S. PRODUCERS' INVENTORIES OF HAND TRUCKS

Data on end-of-period inventories of finished hand trucks are presented in table III-6. Five producers reported inventories, ***. ***, in contrast, indicated that it only produces to order.

---

[7] (...continued)
revised the remaining capacity to reflect ***. Staff views these revisions as reasonable, given Gleason's actual production record, but notes that Gleason believes its original calculations to be conservative. Gleason posthearing brief, exh. 10.

**Table III-4**
**Finished hand trucks: U.S. producers' shipments, by type, 2001-03, January-June 2003, and January-June 2004**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | Quantity (*units*) | | |
| Commercial shipments | 1,468,849 | 1,425,093 | 1,467,009 | 763,374 | 720,296 |
| Internal consumption | 0 | 0 | 0 | 0 | 0 |
| Transfers to related firms | 0 | 0 | 0 | 0 | 0 |
| U.S. shipments | 1,468,849 | 1,425,093 | 1,467,009 | 763,374 | 720,296 |
| Export shipments | *** | *** | *** | *** | *** |
| Total | *** | *** | *** | *** | *** |
| | | | Value (*1,000 dollars*) | | |
| Commercial shipments | 53,989 | 53,146 | 53,407 | 27,737 | 26,345 |
| Internal consumption | 0 | 0 | 0 | 0 | 0 |
| Transfers to related firms | 0 | 0 | 0 | 0 | 0 |
| U.S. shipments | 53,989 | 53,146 | 53,407 | 27,737 | 26,345 |
| Export shipments | *** | *** | *** | *** | *** |
| Total | *** | *** | *** | *** | *** |
| | | | Unit value (*per unit*) | | |
| Commercial shipments | $36.76 | $37.29 | $36.41 | $36.33 | $36.58 |
| Internal consumption | -- | -- | -- | -- | -- |
| Transfers to related firms | -- | -- | -- | -- | -- |
| U.S. shipments | 36.76 | 37.29 | 36.41 | 36.33 | 36.58 |
| Export shipments | *** | *** | *** | *** | *** |
| Total | *** | *** | *** | *** | *** |

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

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

**Table III-5**
**Finished hand trucks: U.S. producers' imports and purchases, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table III-6**
**Finished hand trucks: U.S. producers' end-of-period inventories, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

## U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY OF HAND TRUCKS

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of finished hand trucks, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in this investigation are presented in table III-7.

## U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION OF PARTS

Data on U.S. producers' capacity, production, and capacity utilization on hand truck parts are presented in table III-8.[8] Magline and B&P are the only U.S. producers to report production of hand truck parts for commercial shipment.

## U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF PARTS

Data on domestic producers' shipments of hand truck parts are presented in table III-9. Commercial shipments accounted for 100 percent of U.S. shipments of hand truck parts. ***.[8]

## U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF PARTS

Table III-10 presents the U.S. producers' direct imports and purchases of parts of hand trucks.[8] *** reported imports of parts of hand trucks and *** reported purchases of imported hand truck parts.[9]

## U.S. PRODUCERS' INVENTORIES OF PARTS

Data on end-of-period inventories of hand truck parts are presented in table III-11.[10] ***.

## U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY OF PARTS

***.

## U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF HAND TRUCKS AND PARTS

Data on domestic producers' shipments of hand trucks and parts (combined) are presented in table III-12. Because the quantities of finished hand trucks and hand truck parts are measured in distinct units, the combined shipment volume presented below is based exclusively on value data for finished hand trucks and parts of hand trucks.

---

[8] Data for components and for kits (which comprise multiple components) are presented separately. Such data are consolidated in app. C.

[9] ***.

[10] Data for components and for kits (which comprise multiple components) are presented separately. Such data are consolidated in app. C.

**Table III-7**
**Finished hand trucks: Average number of production and related workers producing hand trucks, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2001-03, January-June 2003, and January-June 2004[1]**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| PRWs (*number*) | 358 | 370 | 371 | 347 | 327 |
| Hours worked (*1,000*) | 695 | 726 | 724 | 374 | 377 |
| Wages paid (*$1,000*) | 7,134 | 7,345 | 7,721 | 3,797 | 3,884 |
| Hourly wages | $10.26 | $10.12 | $10.66 | $10.15 | $10.32 |
| Productivity (*units per hour*) | 2.0 | 2.0 | 2.0 | 2.1 | 1.9 |
| Unit labor costs (*per unit*) | $5.04 | $5.07 | $5.32 | $4.77 | $5.46 |

[1] *** did not provide employment data.

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

**Table III-8**
**Hand truck parts: Reported U.S. production capacity, production, and capacity utilization, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table III-9**
**Hand truck parts: U.S. producers' shipments, by type, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table III-10**
**Hand truck parts: U.S. producers' imports and purchases, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table III-11**
**Hand truck parts: U.S. producers' end-of-period inventories, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table III-12**
**Hand trucks and parts: U.S. producers' shipments, by type, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

# PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

## U.S. IMPORTERS

The Commission sent importer questionnaires to 84 firms believed to be importers of hand trucks and/or hand truck parts, as well as to all U.S. producers.[1] Usable questionnaire responses were received from 36 companies that are believed to account for nearly three-quarters percent of the quantity of U.S. imports from China during the period for which data were collected.[2] Thirty-five firms reported imports of finished hand trucks. The largest importer of hand trucks from China is ***. Other major U.S. importers of hand trucks in 2003 were ***. Seven U.S. importers reported imports of hand truck parts. The largest importer of hand truck parts from China was ***.

## U.S. IMPORTS OF HAND TRUCKS

U.S. imports of finished hand trucks are presented in table IV-1.[3] China is the largest foreign supplier of hand trucks to the United States, accounting for 95.3 percent of total imports in 2003.[4] The quantity of imports of finished hand trucks from China increased by 107.1 percent from 2001 to 2003 and was 0.4 percent higher in January-June 2004 than in January-June 2003. The value of imports of finished hand trucks from China increased by 122.1 percent from 2001 to 2003 and was 29.4 percent higher in January-June 2004 than in January-June 2003.

## APPARENT U.S. CONSUMPTION OF HAND TRUCKS

Data on apparent U.S. consumption of hand trucks are presented in table IV-2. The quantity of apparent U.S. consumption increased by 31.9 percent from 2001 to 2003 and was 1.0 percent higher in January-June 2004 than in January-June 2003. The value of apparent U.S. consumption increased by 16.5 percent from 2001 to 2003 and was 3.2 percent higher in January-June 2004 than in January-June 2003.

---

[1] The Commission sent questionnaires to those firms identified in the petition, firms identified by the U.S. Customs and Border Protection ("Customs") as possible importers, and firms identified in the foreign producer questionnaires.

[2] In addition, one company provided an incomplete questionnaire response with such data deficiencies that it could not be incorporated in this report. The Commission also received 30 responses from firms indicating that they did not import hand trucks.

[3] Imports of finished hand trucks are from official statistics under the HTS statistical reporting number for industrial hand trucks, 8716.80.5010. Some finished hand trucks may be imported under HTS statistical reporting number 8716.80.5090, which is a basket category. Staff believes that several responding firms may have imported their hand trucks under the basket category, therefore, imports may be somewhat understated, primarily in late 2003 and early 2004. One company - *** - specifically reported that it imported a *** under HTS statistical reporting number 8716.80.5090. It imported *** units (***) in the second half of 2003 and *** units (***) in the first half of 2004.

[4] Taiwan and Thailand were the next largest exporters of hand trucks to the United States in 2001-03. However, in January-June 2004 imports of finished hand trucks from Indonesia increased substantially. These imports had a very low unit value.

**Table IV-1**
**Finished hand trucks: U.S. imports, by sources, 2001-03, January-June 2003, and January-June 2004**

| Source | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | **Quantity (*units*)** | | |
| China | 650,172 | 937,851 | 1,346,305 | 675,556 | 678,309 |
| Other sources | 63,912 | 131,700 | 66,251 | 37,649 | 92,337 |
| Total | 714,084 | 1,069,551 | 1,412,556 | 713,205 | 770,646 |
| | | | **Value (*1,000 dollars*)[1]** | | |
| China | 9,622 | 14,839 | 21,366 | 10,480 | 13,562 |
| Other sources | 4,052 | 4,712 | 4,047 | 2,276 | 1,862 |
| Total | 13,673 | 19,551 | 25,413 | 12,757 | 15,424 |
| | | | **Unit value (*per unit*)[1]** | | |
| China | $14.80 | $15.82 | $15.87 | $15.51 | $19.99 |
| Other sources | 63.40 | 35.78 | 61.09 | 60.46 | 20.17 |
| Average | 19.15 | 18.28 | 17.99 | 17.89 | 20.01 |
| | | | **Share of quantity (*percent*)** | | |
| China | 91.0 | 87.7 | 95.3 | 94.7 | 88.0 |
| Other sources | 9.0 | 12.3 | 4.7 | 5.3 | 12.0 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | **Share of value (*percent*)** | | |
| China | 70.4 | 75.9 | 84.1 | 82.2 | 87.9 |
| Other sources | 29.6 | 24.1 | 15.9 | 17.8 | 12.1 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

[1] Landed, duty-paid.

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

Source: Compiled from official Commerce statistics.

## U.S. MARKET SHARES OF HAND TRUCKS

Market shares for hand trucks are presented in table IV-3. The quantity and value of the U.S. producers' market share decreased steadily during the period for which data were collected.

## RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION OF HAND TRUCKS

Information concerning the ratio of subject imports to U.S. production of hand trucks is presented in table IV-4. Imports from China were equivalent to 44.4 percent of U.S. production during 2001. This level increased to 90.0 percent during 2003 and reached 92.1 percent during January-June 2004.

**Table IV-2**
**Finished hand trucks: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2001-03, January-June 2003, and January-June 2004**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | Quantity (*units*) | | |
| U.S. producers' U.S. shipments[1] | 1,468,849 | 1,425,093 | 1,467,009 | 763,374 | 720,296 |
| U.S. imports from-- | | | | | |
| China | 650,172 | 937,851 | 1,346,305 | 675,556 | 678,309 |
| Nonsubject countries | 63,912 | 131,700 | 66,251 | 37,649 | 92,337 |
| All countries | 714,084 | 1,069,551 | 1,412,556 | 713,205 | 770,646 |
| Apparent U.S. consumption | 2,182,933 | 2,494,644 | 2,879,565 | 1,476,579 | 1,490,942 |
| | | | Value (*1,000 dollars*) | | |
| U.S. producers' U.S. shipments[1] | 53,989 | 53,146 | 53,407 | 27,737 | 26,345 |
| U.S. imports[2] from-- | | | | | |
| China | 9,622 | 14,839 | 21,366 | 10,480 | 13,562 |
| Nonsubject countries | 4,052 | 4,712 | 4,047 | 2,276 | 1,862 |
| All countries | 13,673 | 19,551 | 25,413 | 12,757 | 15,424 |
| Apparent U.S. consumption | 67,662 | 72,697 | 78,820 | 40,493 | 41,770 |

[1] U.S. producers reported no internal consumption or company transfers of hand trucks.
[2] Landed, duty-paid.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

## U.S. IMPORTS OF PARTS

U.S. imports of hand truck parts are presented in table IV-5.[5] [6] China is the largest exporter of hand truck parts to the United States, accounting for *** percent of the value of imports of components (frames, handling areas, and toe plates) in 2003.[7] China is the second largest exporter of unassembled hand truck kits to the United States, accounting for *** percent of the value of imports.[8]

[5] Imports of hand truck parts are based on Commission questionnaires. Hand truck parts are imported under statistical reporting number 8716.90.5060, a basket category.

[6] Data for components and for kits (which comprise multiple components) are presented separately. Such data are consolidated in app. C.

[7] Canada was the other exporter of hand truck parts to the United States in 2003.

[8] Malaysia and Thailand were the other exporters of unassembled hand truck kits to the United States in 2003.

**Table IV-3**
**Finished hand trucks: Apparent U.S. consumption and market shares, 2001-03, January-June 2003, and January-June 2004**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | Quantity (*units*) | | |
| Apparent U.S. consumption[1] | 2,182,933 | 2,494,644 | 2,879,565 | 1,476,579 | 1,490,942 |
| | | | Value (*1,000 dollars*) | | |
| Apparent U.S. consumption[1] | 67,662 | 72,697 | 78,820 | 40,493 | 41,770 |
| | | | Share of quantity (*percent*) | | |
| U.S. producers' U.S. shipments[1] | 67.3 | 57.1 | 50.9 | 51.7 | 48.3 |
| U.S. imports from-- | | | | | |
| China | 29.8 | 37.6 | 46.8 | 45.8 | 45.5 |
| Nonsubject countries | 2.9 | 5.3 | 2.3 | 2.5 | 6.2 |
| All countries | 32.7 | 42.9 | 49.1 | 48.3 | 51.7 |
| | | | Share of value (*percent*) | | |
| U.S. producers' U.S. shipments[1] | 79.8 | 73.1 | 67.8 | 68.5 | 63.1 |
| U.S. imports from-- | | | | | |
| China | 14.2 | 20.4 | 27.1 | 25.9 | 32.5 |
| Nonsubject countries | 6.0 | 6.5 | 5.1 | 5.6 | 4.5 |
| All countries | 20.2 | 26.9 | 32.2 | 31.5 | 36.9 |

[1] U.S. producers reported no internal consumption or company transfers of hand trucks.

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

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

**Table IV-4**
**Finished hand trucks: Ratio of U.S. imports to U.S. production, by sources, 2001-03, January-June 2003, and January-June 2004**

| Item | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | Ratio of U.S. imports to production (*percent*) | | |
| China | 44.4 | 62.7 | 90.0 | 82.7 | 92.1 |
| Nonsubject countries | 4.4 | 8.8 | 4.4 | 4.6 | 12.5 |
| All countries | 48.8 | 71.5 | 94.5 | 87.4 | 104.7 |

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

**Table IV-5**
**Hand truck parts: U.S. imports, by sources, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

## APPARENT U.S. CONSUMPTION OF PARTS

Data on apparent U.S. consumption of hand truck parts are presented in table IV-6.[9] Apparent U.S. consumption of hand truck components increased *** percent by quantity and *** percent by value between 2001 and 2003, and was *** percent higher by quantity and *** percent higher by value in January-June 2004 than in January-June 2003. Apparent U.S. consumption of unassembled hand trucks, or kits, decreased *** percent by quantity and *** percent by value between 2001 and 2003, but was *** percent higher by quantity and *** percent higher by value in January-June 2004 than in January-June 2003.

## U.S. MARKET SHARES OF PARTS

Market shares for hand truck parts are presented in table IV-7.[9] The quantity and value of the U.S. producers' market share of components decreased during 2001-03. In contrast, the quantity and value of the U.S. producers' market share of kits increased during 2001-03. During January-June 2004, the U.S. producers' market share decreased for components but increased for unassembled kits compared with January-June 2003.

## RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION OF PARTS

Information concerning the ratio of subject imports to U.S. production of hand truck components and unassembled kits is presented in table IV-8. The ratio of imports of hand truck components from China to U.S. production increased steadily during the period for which data were collected. The ratio of imports of unassembled kits from China to U.S. production decreased during 2001-03 but rose to its highest level in January-June 2004.

## APPARENT U.S. CONSUMPTION OF HAND TRUCKS AND PARTS

Data on apparent U.S. consumption of hand trucks and parts (combined) are presented in table IV-9. Because the quantities of finished hand trucks and hand truck parts are measured in distinct units, the apparent U.S. consumption presented is based exclusively on value data for finished hand trucks and parts of hand trucks. The value of U.S. consumption increased steadily throughout the period for which data were collected.

## U.S. MARKET SHARES OF HAND TRUCKS AND PARTS

Market shares for hand trucks and parts (combined) are presented in table IV-10. U.S. producers' market share measured by value decreased during the period for which data were collected, as did that of nonsubject imports. In contrast, the market share held by imports of hand trucks and parts from China increased throughout the period.

---

[9] Data for components and for kits (which comprise multiple components) are presented separately. Such data are consolidated in app. C.

**Table IV-6**
**Hand truck parts: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table IV-7**
**Hand truck parts: Apparent U.S. consumption and market shares, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table IV-8**
**Hand truck parts: Ratio of U.S. imports to U.S. production, by sources, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table IV-9**
**Hand trucks and parts: U.S. producers' U.S. shipments, U.S. imports, by sources, and apparent U.S. consumption, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table IV-10**
**Hand trucks and parts: Apparent U.S. consumption and market shares, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

# PART V: PRICING AND RELATED INFORMATION

## FACTORS AFFECTING PRICES

### Raw Material Costs

Raw material costs account for a large share of the cost of producing hand trucks. During 2001-03, these costs consistently ranged between 46 and 50 percent of the cost of goods sold for finished hand trucks. The chief raw material inputs include are steel, aluminum, and in some cases vinyl.

### Transportation Costs to the U.S. Market

Ocean transportation costs for hand trucks shipped from China to the United States (excluding U.S. inland costs) averaged approximately 25 percent of the customs value of these imports during 2003. These estimates are derived from official import data and represent the transportation and other charges on imports.[1]

### U.S. Inland Transportation Costs

Transportation costs on U.S. inland shipments of hand trucks can account for a fairly large share of the delivered price of these products. For U.S. producers, reported costs ranged from 2 to 18 percent of the delivered price. The weighted average costs for producers was approximately 11 percent.[2] For U.S. importers of hand trucks from China, these costs ranged from 2 to 20 percent. The weighted average costs for these importers was approximately 13 percent.

### Exchange Rates

Nominal exchange rates are not presented since the Chinese currency, the yuan, has been pegged to the U.S. dollar since January 1, 1994. Therefore, the U.S. and Chinese currencies were virtually constant in relation to each other throughout 2001-03 and January-June 2004.[3] Real exchange rates cannot be calculated since no producer price index for China is available.

## PRICING PRACTICES[4]

Prices of hand trucks are most commonly determined on a transaction-by-transaction basis by both producers and importers. Among the responding producers, *** reported that it engages in transaction-by-transaction negotiations with its customers. It also reported that the prices are subject to continuing negotiations depending upon prevailing market conditions. Among other producers, methods

---

[1] The estimated cost was obtained by subtracting the customs value from the c.i.f. value of the imports for 2003 and then dividing by the customs value.

[2] Because of relatively and rising high inland transportation costs, shipping smaller, more compact kits is sometimes more economical than shipping bulkier, fully-assembled hand trucks. Hearing transcript, p. 55 (Straw).

[3] International Monetary Fund, *International Financial Statistics*, April 2003 and July 2004.

[4] The discussion of importer responses in this section focuses on those firms that sell hand trucks and hand truck parts at the same level of trade as U.S. producers, as opposed to firms that import and sell directly to retail consumers and other end-use customers.

of arriving at prices include transaction-by-transaction negotiations and contract negotiations. Price lists frequently are used as a starting point for negotiations.

U.S. producers and importers of hand trucks from China most commonly quote prices on an f.o.b. basis. Among U.S. producers, *** quotes prices on an f.o.b. warehouse basis. Of the other responding producers, most use f.o.b. quotes, although one offers delivered quotes. The majority of importers also quote on an f.o.b. basis, although several quote prices on a delivered basis.

Discount policies on sales of hand trucks vary widely. Among producers, Gleason reported that it ***. Eight of the other nine U.S. producers also reported the use of discounts. In general, quantity discounts were most common, although one firm provides discounts based upon a customer's annual purchases in the previous year. Four of these producers also provide discounts for early payments of accounts ranging from one-half percent to two percent for payment within 10 days. Among the 25 responding importers, 15 reported that they provide discounts, generally based upon volume. Seven importers also stated that they provide discounts for early payments of accounts, ranging widely from one-half percent for payment within 10 days to two percent for payment within 20 days. Ten importers reported that they do not provide any form of discount, not even credit for the early payments of accounts.

U.S. producers and importers of hand trucks from China were asked what share of their sales were on a (1) long-term contract basis (multiple deliveries for more than 12 months), (2) short-term contract basis, and (3) spot sales basis (for a single delivery). Among U.S. producers, *** reported that *** sales were on a short-term contract basis. Another producer reported that 60 percent of its sales are on a long-term basis, 30 percent are on a short-term contract basis, and 10 percent are on a spot basis. A third producer stated that 9 percent of its sales are on a long-term contract basis, 90 percent are on a short-term contract basis, and 1 percent are on a spot basis. The other three responding producers do not use contracts. Among importers, most reported that they sell on a spot basis.

Contract provisions varied widely for firms selling on a contract basis. Gleason reported that ***.[5] The other two U.S. producers that use contracts reported that they are typically for one year in duration. Both firms reported that prices are fixed, and one also reported that quantities are fixed. Neither firm has meet-or-release provisions in its contracts. Among the eight importers reporting the use of contracts, contract periods are most commonly for one year, although two importers reported that they are for shorter periods and one reported that they are for longer periods. Prices generally are fixed during the contract period, and in some cases, quantities are fixed. Three of the importers reported that their contracts contain meet-or-release provisions.

## PRICE DATA

The Commission asked U.S. producers and importers of hand trucks from China to provide quarterly data for the total quantity and value of selected products that were shipped to unrelated customers in the U.S. market during January 2001 through June 2004. Data were requested separately for sales to home improvement stores, hardware stores, and catalog houses/industrial supply distributors. In addition, those importers that sell directly to retail or other end use consumers were requested to provide the landed duty-paid values of imports on a quarterly basis. The products for which pricing data were requested are as follows:

[5] Among Gleason's major customers, Lowe's typically conducts a line review every year, while Home Depot maintains its product program until given a reason to change. Hearing transcript, pp. 86-88 (Kvasnika, Simon).

***Product 1***.–**Steel single loop handle truck with a load rating of 400-800 pounds, P-shaped or D-shaped handle, overall vertical height of 50 to 52 inches, and a toe plate which is 8-9 ½ inches by 14 inches;**

***Product 2***.–**Steel convertible truck with a load rating of 300-800 pounds, flow back handle style, overall vertical height of 33 to 52 inches, and a toe plate which is 6 ½ -9 inches by 14 inches;**

***Product 3***.–**Steel appliance truck with a load rating of 700 pounds, overall vertical height of 60 inches, a toe plate which is 4 ½ inches by 24 inches, and a manual belt tightener; and**

***Product 4***.–**Aluminum convertible truck with a load rating of 500-1200 pounds, continuous loop and/or dual handle, overall vertical height of 50 to 62 inches, and a toe plate which is 7 ½ -10 inches by 14-18 inches**

Eight U.S. producers and 23 importers provided varying amounts of quarterly price data on the requested products. Price data from producers accounted for approximately 54 percent of U.S. producers' shipments of hand trucks in 2003. Price data from 23 importers of hand trucks from China accounted for about 34 percent of total imports of hand trucks from China in that year.

## Price Trends

Quarterly weighted-average domestic prices and prices of imports from China are presented in tables V-1 through V-11 and in figures V-1 through V-11 on sales of all four products in the different channels of distribution for the period January 2001 through June 2004. In addition, for products 1, 2, and 3, landed duty-paid values per unit and quantities of imports reported by ***.[6] No price data are presented on sales of product 4 to home improvement stores since no import prices were reported for this product in this channel of distribution. Likewise for products 1, 2, 3, and 4 average landed duty-paid values by importers that sell principally through catalogs are shown in tables V-3, V-6, V-9, and V-11.[7] Quarterly weighted-average landed duty-paid values per unit of the four products and import quantities of these products reported by importers that sell to retail customers and other end-use customers are shown in appendix D. The *** and catalog firm data are included.

The data in the tables show that average U.S. producer prices on sales of hand trucks to home improvement stores and hardware stores are lower for each of the product categories than on sales to catalog houses/industrial supply distributors. This occurs because customers that purchase hand trucks from catalog houses and industrial distributors tend to be industrial firms, distribution companies, and moving companies whereas sales through the other channels are made mostly to do-it-yourself ("DIY") customers. Industrial customers generally require more complex hand trucks than do DIY customers. In addition, in the case of home improvement stores, purchases volumes are much larger than for catalog houses/industrial distributors, tending to lower the average price on sales to such customers.[8]

---

[6] While these data are not at the same level of trade as U.S. producer prices on sales to home improvement stores, they do offer an indicator of the extent of price differences between U.S.-produced hand trucks and subject imports.

[7] The data for products 2 and 3 are entirely from ***.

[8] Gleason posthearing brief, exh.1, pp. 4-5. For U.S. importers, however, product differences may be less pronounced. *See, e.g.*, hearing transcript, p. 187 (LaFontaine, no significant differences in products sold through residential and industrial channels).

Quarterly price data and shipment quantities by individual producers by product category in each of the market segments are presented in appendix E. As shown in tables E-1 through E-4, some producers that do not sell hand trucks through the home improvement or hardware channels are important suppliers in the catalog house/industrial supply distributor channel.

The data in the tables and charts show that price trends are varied. In the case of U.S. producers, most products did not exhibit a clear trend during the 14-quarter period. However, producer prices of products 1 and 2 sold to hardware stores and product 2 sold to home improvement stores declined slightly over the period. In the case of imports from China, prices of some products were relatively stable while prices for other products varied widely.

**Table V-1**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to *home improvement stores,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Table V-2**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to *hardware stores* and margins of underselling/(overselling), by quarters, January 2001-June 2004**

* * * * * * *

**Table V-3**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 sold to *catalog houses/industrial supply distributors,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Table V-4**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to *home improvement stores,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Table V-5**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to *hardware stores* and margins of underselling/(overselling), by quarters, January 2001-June 2004**

* * * * * * *

**Table V-6**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 sold to *catalog houses/industrial supply distributors,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Table V- 7**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic product 3 sold to *home improvement stores* and the quantity and landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Table V-8**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to *hardware stores* and margins of underselling/(overselling), by quarters, January 2001-June 2004**

* * * * * * *

**Table V-9**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 sold to *catalog houses/industrial supply distributors,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Table V-10**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to *hardware stores* and margins of underselling/(overselling), by quarters, January 2001-June 2004**

* * * * * * *

**Table V-11**
**Hand trucks: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 sold to *catalog houses/industrial supply distributors,* margins of underselling/(overselling), and the quantity and landed duty-paid value per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-1**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 1 sold to *home improvement stores,* and landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-2**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 1 sold to hardware stores, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-3**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 1 sold to catalog houses/industrial supply distributors, and landed duty-paid value per unit of imports by firms that sell that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-4**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 2 sold to home improvement stores, and the landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-5**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 2 sold to hardware stores, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-6**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 2 sold to catalog houses/industrial supply distributors, and landed duty-paid values per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-7**
**Hand trucks: Weighted-average f.o.b. prices of domestic product 3 sold to home improvement stores and landed duty-paid value per unit of imports by ***, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-8**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 3 sold to hardware stores, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-9**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 3 sold to catalog houses/industrial supply distributors and landed duty-paid value per unit of imports by firms that sell that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-10**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 4 sold to hardware stores, by quarters, January 2001-June 2004**

* * * * * * *

**Figure V-11**
**Hand trucks: Weighted-average f.o.b. prices of domestic and imported product 4 sold to catalog houses/industrial supply distributors and landed duty-paid value per unit of imports by firms that sell through catalogs, by quarters, January 2001-June 2004**

* * * * * * *

### Price Comparisons

U.S.-produced hand trucks were priced higher than imported hand trucks from China in 114 of 122 quarters where direct comparisons could be made. Margins of underselling ranged less than 0.5 percent to 80.7 percent as shown in table V-12. In the eight quarters where the import price was higher, margins of overselling ranged from 0.8 percent to 75.5 percent. In addition to these direct comparisons, the data in tables V-1, V-4, and V-7 show that *** average unit values of imports from China were consistently well below U.S. producer prices on sales of products 1, 2, and 3 to home improvement stores. Comparisons between U.S. producer prices and landed duty-paid purchase values by catalog houses/industrial supply distributors are included in tables V-3, V-6, V-9, and V-11. In most cases the landed duty-paid values of these imports were below U.S. producer sales prices. Additional data for direct importers appear in appendix D.

## LOST SALES AND LOST REVENUES

During the preliminary and final phases of this investigation, the domestic industry provided six lost sales allegations and six lost revenue allegations that were specific enough to investigate.[9] The six lost sales allegations totaled $19.8 million and involved 711,000 units of hand trucks and the six lost revenues allegations totaled $300,000 and involved 80,000 units of hand trucks. The staff contacted all purchasers to investigate the allegations. The results are summarized in tables V-13 and V-14.

[9] Other firms also provided lost sales allegations that were too general to investigate.

**Table V-12: Margins of underselling and (overselling) by channel of distribution**

| Item | Total comparisons | Instances of underselling | Instances of overselling | Range of underselling margins | Range of overselling margins |
|---|---|---|---|---|---|
| **Product 1** | | | | | |
| **Home improvement stores** | 13 | 13 | 0 | 0.0 - 15.8 | [1] |
| **Hardware stores** | 14 | 10 | 4 | 1.5 - 42.8 | (2.1) - (12.7) |
| **Catalog houses/industrial supply distributors** | 14 | 14 | 0 | 38.5 - 63.3 | [1] |
| **Product 2** | | | | | |
| **Home improvement stores** | 13 | 13 | 0 | 69.5 - 80.7 | [1] |
| **Hardware stores** | 14 | 14 | 0 | 29.6 - 56.3 | [1] |
| **Catalog houses/industrial supply distributors** | 14 | 14 | 0 | 1.9 - 23.5 | [1] |
| **Product 3** | | | | | |
| **Hardware stores** | 14 | 14 | 0 | 8.1 - 57.8 | [1] |
| **Catalog houses/industrial supply distributors** | 11 | 11 | 0 | 68.6 - 72.1 | [1] |
| **Product 4** | | | | | |
| **Hardware stores** | 1 | 0 | 1 | [1] | (75.5) |
| **Catalog houses/industrial supply distributors** | 14 | 11 | 3 | 0.3 - 27.8 | (0.8) - (15.1) |

[1] Not applicable.

Source: Compiled from data presented in tables V-1 through V-6 and V-8 through V-11.

**Table V-13**
**Hand trucks: U.S. producers' lost revenue allegations**

* * * * * * *

**Table V-14**
**Hand trucks: U.S. producers' lost sales allegations**

* * * * * * *

***.[10]

In the preliminary phase of the investigation, *** stated that sales of ***. ***.[11] [12] ***.

In the final phase of the investigation, the staff contacted *** to discuss the current status of domestic purchases and imports. *** reported that it had been phasing out purchases of hand trucks from ***. However, as a result of the large dumping margins that went into effect following Commerce's preliminary determination in May 2004, it ***. ***. Since that time it has ***.[13] However, instead of buying *** it now ***.[14] The company subsequently indicated that if the dumping margins were removed, ***.[15]

***.

However, ***. It reported that ***.[16] When asked in its purchaser questionnaire whether the filing of the antidumping petition, the Commission's affirmative preliminary determination in January 2004, or Commerce's preliminary determination in May 2004 caused it to cancel orders and/or reduce purchase quantities of hand trucks and parts from China, ***. [17]

***.

***.

***.[18]

Gleason alleged that it lost revenue on a sale of ***.

Gleason alleged that it has lost business from ***.[19]

In the final phase of the investigation the staff contacted *** again to obtain additional information concerning the allegation, and to examine the current status of imports. *** ***.[20]

---

[10] ***'s purchaser questionnaire shows that the average unit values of purchases of Chinese imports were always far lower than the average unit values of purchase of the U.S.-produced hand trucks during 2001-03. During 2003, the year cited in the allegation, the U.S. average unit value was more than $*** per unit, while the average unit value of imports from China was less than $***.

[11] Telephone interview by USITC Staff with ***, December 4, 2003 and December 22, 2003.

[12] ***.

[13] ***.

[14] Hearing transcript, p. 24 (Jaffe). According to ***.

[15] ***.

[16] Telephone interview by USITC Staff with ***, August 27, 2004. ***.

[17] Additional information was provided in an e-mail response by ***.

[18] ***.

[19] ***.

[20] ***.

# PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

## BACKGROUND

Eight firms provided usable financial data on their U.S. operations producing hand trucks and certain hand truck parts.[1] Magline reported separate profit and loss information on certain hand truck parts, as well as finished hand trucks.[2] All other producers reported financial results on finished hand trucks only. Gleason's questionnaire data were verified by Commission staff on September 29 and 30, 2004. All revisions to Gleason's questionnaire data are reflected in this and other relevant sections of the report.

## OPERATIONS ON HAND TRUCKS

Results of U.S. firms' operations on finished hand trucks and selected company-specific financial information are presented in table VI-1 and table VI-2, respectively. Table VI-3 presents a variance analysis of finished hand truck operations.[3]

Financial results on hand trucks were dominated by Gleason which accounted for *** percent to *** percent of total reported net sales value during the period for which data were collected. As shown in table VI-2, company-specific product mix is reflected in relatively large differences in average unit revenue and cost of goods sold (COGS). ***.[4]

Higher raw material costs were the largest contributor to the overall negative cost/expense variance shown in table VI-3. ***.[5]

Average unit direct labor and other factory costs also increased somewhat, but ended the period at about the same level as the beginning (direct labor) or modestly lower (other factory costs). The modest increases in average unit other factory costs were generally related to specific overhead costs. ***.[6]

Price variances, although favorable in several period comparisons, only partially offset the period-to-period increases in average unit COGS.[7] The result was negative hand truck operating income

---

[1] The financial results reflect the following periods: Angelus, Fairbanks, Gleason, Harper Trucks, and Magline – calendar year; Valley Craft – fiscal year ending May; American – fiscal year ending September; and Wesco – fiscal year ending October. Anthony Welded and B&P failed to report their financial results on hand trucks, despite repeated follow-up requests by USITC staff. ***.

[2] ***.

[3] The variance analysis on hand truck operations is derived from information presented in table VI-1 and provides an assessment of changes in profitability related to changes in pricing, cost, and quantity. A variance analysis is most effective when the product involved is homogeneous with no variations in inter-company and intra-company product mix. As indicated in table VI-2, hand truck product mix varied by company and, in some cases, company-specific product mix changed from period to period.

[4] ***, telephone interview by USITC staff, August 25, 2004.

[5] ***, e-mail response to USITC staff follow-up questions, August 25, 2004. ***, telephone interview by USITC staff, August 25, 2004. ***, telephone interview by USITC staff and e-mail response to follow-up questions, August 27, 2004. Questionnaire response of ***, question III-11, p. 13.

[6] ***, e-mail response to USITC staff follow-up questions, August 25, 2004. ***, telephone interview by USITC staff, August 25, 2004. ***, telephone interview by USITC staff and e-mail response to follow-up questions, August 27, 2004.

[7] ***.

**Table VI-1**
**Hand trucks: Results of operations of U.S. producers, fiscal years ended 2001-03, January-June 2003, and January-June 2004**

| Item | Fiscal years ended:[1] | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | Quantity (*units*) | | |
| Total sales | 1,491,823 | 1,447,356 | 1,493,478 | 779,186 | 722,304 |
| | | | Value (*$1,000*) | | |
| Total sales | 53,658 | 52,831 | 53,400 | 27,818 | 25,907 |
| Cost of goods sold: | | | | | |
| Raw material | 24,676 | 24,223 | 26,610 | 13,869 | 13,151 |
| Direct labor | 4,924 | 5,145 | 5,111 | 2,654 | 2,392 |
| Other factory costs | 10,462 | 10,401 | 10,707 | 5,188 | 4,801 |
| Total cost of goods sold | 40,063 | 39,770 | 42,428 | 21,711 | 20,344 |
| Gross profit | 13,595 | 13,061 | 10,972 | 6,106 | 5,563 |
| SG&A expenses | 7,124 | 7,296 | 7,438 | 3,581 | 3,562 |
| Operating income | 6,471 | 5,765 | 3,534 | 2,525 | 2,002 |
| Interest expense | 351 | 298 | 263 | 112 | 61 |
| Other expense | 19 | 87 | 26 | 12 | 11 |
| Other income items | 55 | 32 | 8 | 9 | 17 |
| Net income | 6,157 | 5,412 | 3,253 | 2,410 | 1,946 |
| Depreciation/amortization | 1,166 | 1,041 | 960 | 465 | 431 |
| Cash flow[2] | 7,323 | 6,453 | 4,213 | 2,874 | 2,377 |
| | | | Ratio to total net sales (*percent*) | | |
| Raw material | 46.0 | 45.9 | 49.8 | 49.9 | 50.8 |
| Direct labor | 9.2 | 9.7 | 9.6 | 9.5 | 9.2 |
| Other factory costs | 19.5 | 19.7 | 20.1 | 18.7 | 18.5 |
| Total cost of goods sold | 74.7 | 75.3 | 79.5 | 78.0 | 78.5 |
| Gross profit | 25.3 | 24.7 | 20.5 | 22.0 | 21.5 |
| SG&A expenses | 13.3 | 13.8 | 13.9 | 12.9 | 13.7 |
| Operating income | 12.1 | 10.9 | 6.6 | 9.1 | 7.7 |

Table continued on next page.

**Table VI-1--*Continued***
**Hand trucks: Results of operations of U.S. producers, fiscal years ended 2001-03, January-June 2003, and January-June 2004**

| Item | Fiscal years ended:[1] | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | Value (*dollars per unit*) | | | | |
| Total sales | 35.97 | 36.50 | 35.76 | 35.70 | 35.87 |
| Cost of goods sold: | | | | | |
| Raw material | 16.54 | 16.74 | 17.82 | 17.80 | 18.21 |
| Direct labor | 3.30 | 3.55 | 3.42 | 3.41 | 3.31 |
| Other factory costs | 7.01 | 7.19 | 7.17 | 6.66 | 6.65 |
| Total cost of goods sold | 26.85 | 27.48 | 28.41 | 27.86 | 28.17 |
| Gross profit | 9.11 | 9.02 | 7.35 | 7.84 | 7.70 |
| SG&A expenses | 4.78 | 5.04 | 4.98 | 4.60 | 4.93 |
| Operating income | 4.34 | 3.98 | 2.37 | 3.24 | 2.77 |
| | Number of firms reporting | | | | |
| Data | 8 | 8 | 8 | 8 | 8 |
| Operating losses | 2 | 2 | 3 | 2 | 3 |

[1]Includes data from companies that have fiscal years that end December 31 of the year indicated or that have fiscal years that predominantly fall within the year indicated.
[2] Cash flow is likely somewhat understated due to ***.

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

**Table VI-2**
**Hand trucks: Results of operations of U.S. producers, by firms, fiscal years ended 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

variances in each full-year period-to-period comparison. The small positive price variance for interim 2003-04 was offset by higher period-to-period raw material and other factory costs.[8]

The Commission's preliminary views in this investigation noted that the hand truck industry, despite operating at very low levels of capacity utilization, was profitable throughout the period for which data were collected.[9] Based on the data as initially reported, the same pattern, ***, was present in the final phase of this investigation.

---

[8] ***.

[9] *See* "Views of the Commission" in *Hand Trucks and Certain Parts Thereof from China, Investigation No. 731-TA-1059 (Preliminary)*, Publication No. 3660, January 2004, p. 18, fn. 66.

**Table VI-3**
**Hand trucks: Variance analysis on results of operations, fiscal years ended 2001-03, and January-June 2003-2004**

| Item | Fiscal years ended:[1] | | | January-June |
|---|---|---|---|---|
| | 2001-2003 | 2001-2002 | 2002-2003 | 2003-2004 |
| | Value *($1,000)* | | | |
| Total net sales | | | | |
| Price variance | (317) | 772 | (1,114) | 120 |
| Volume variance | 60 | (1,599) | 1,684 | (2,031) |
| Total net sales variance | (258) | (827) | 569 | (1,911) |
| Cost variance | | | | |
| Raw material | (1,907) | (283) | (1,615) | (294) |
| Direct labor | (181) | (368) | 198 | 69 |
| Other factory costs | (233) | (251) | 25 | 8 |
| Total cost variance | (2,321) | (901) | (1,391) | (217) |
| Volume variance | (44) | 1,194 | (1,267) | 1,585 |
| Net COGS variance | (2,366) | 293 | (2,659) | 1,368 |
| Gross profit variance | (2,624) | (534) | (2,089) | (543) |
| SG&A variance | | | | |
| Expense variance | (306) | (385) | 91 | (242) |
| Volume variance | (8) | 212 | (233) | 261 |
| Total SG&A variance | (314) | (172) | (141) | 20 |
| Net operating income variance | (2,937) | (707) | (2,231) | (523) |
| Summarized as: | | | | |
| Price variance | (317) | 772 | (1,114) | 120 |
| Net cost/expense variance | (2,627) | (1,286) | (1,300) | (459) |
| Net volume variance | 7 | (193) | 184 | (184) |

[1] See footnote 1, table VI-1.

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

Capacity utilization affects costs and profitability primarily through changes in the level of fixed cost absorption; i.e., lower production volume results in fixed "other factory costs" being spread over fewer units. ***.[10] ***.[11]

[10] ***, telephone interview by USITC staff, September 10, 2004.

[11] ***, e-mail response to USITC staff follow-up questions, September 15, 2004.

## OPERATIONS ON CERTAIN HAND TRUCK PARTS

Table VI-4 presents the results of operations on certain hand truck parts. As presented in this section of the report, operations on certain hand truck parts reflect a single company: Magline.

Magline assembles frames and handling areas from ***.[12] ***.[13]

Similar to the trend observed for finished hand trucks, annual revenue on hand truck parts was highest in 2001. Despite lower sales quantity and revenue in all parts categories, operating profit peaked in 2002 due to higher average unit revenue in three out of the four parts categories and a percentage decline in total COGS which exceeded the percentage decline in revenue. A reversal of this trend in the following year (i.e., declines in both average unit revenue and quantity in most of the parts categories and a decline in COGS which was proportionately smaller than the decline in revenue) resulted in lower operating income in 2003.

At the end of the period and despite *** decline in the average unit revenue of unassembled hand trucks, revenue in interim 2004 was higher compared to interim 2003 due to a *** increase in the sales quantity of unassembled hand trucks. Despite the increase in revenue, the more than proportionate increase in total COGS, as compared to the increase in revenue, resulted in lower interim 2004 operating income compared to interim 2003.[14]

**Table VI-4**
**Certain hand truck parts: Results of operations of Magline, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

## COMBINED OPERATIONS ON HAND TRUCKS AND CERTAIN HAND TRUCK PARTS

Table VI-5 presents the combined financial operations on finished hand trucks and certain hand truck parts.

**Table VI-5**
**Hand trucks and certain hand truck parts: Consolidated results of operations of U.S. producers, fiscal years ended 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

[12] ***, telephone interview by USITC staff, August 30, 2004.
[13] ***, telephone interview by USITC staff, September 2, 2004.
[14] ***.

## CAPITAL EXPENDITURES

Data on hand truck capital expenditures are shown in table VI-6.[15] No U.S. producer reported R&D expenses. Gleason's capital expenditures, ***.[16] Angelus reported a ***.

**Table VI-6**
**Hand trucks: Capital expenditures fiscal years ended 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

## ASSETS AND RETURN ON INVESTMENT

The value of total net assets and return on investment is shown in table VI-7.[17] No previous hand truck investigation has been conducted by the Commission. Comparative Risk Management Association (RMA) financial information for North American Industry Classification System (NAICS) code 333924 is presented in table VI-8.[18]

***.[19] [20]

**Table VI-7**
**Hand trucks and certain hand truck parts: Consolidated value of assets and return on investment, fiscal years ended 2001-03**

* * * * * * *

---

[15] ***.

[16] ***.

[17] Table VI-7 presents return on investment which, in this case, is operating income divided by each period's total net asset balance. Interim 2003 and 2004 returns were annualized. Valley Craft did not report asset information. Return on investment is based only on the financial results of those companies listed above that reported total net assets.

[18] NAICS code 333924 (SIC 3496, 3537, 3799) represents establishments primarily engaged in the manufacture of industrial trucks, tractors, trailers, and stackers (i.e., truck-type) such as forklifts, pallet loaders and unloaders, and portable loading docks. Since RMA does not identify respondents, the extent to which U.S. producers in these investigations are reflected in the RMA data is unknown.

[19] ***, telephone interview by USITC staff, September 10, 2004.

[20] In response to questions raised by Commissioner Pearson during the hearing in this investigation (hearing transcript, pp. 144-145), petitioners provided additional comments regarding the return on investment analysis, as well as an alternative methodology. Gleason posthearing brief, exh. 1, pp. 9-10; exh. 9.

**Table VI-8**
**Number of firms, sales, operating income, assets, and return on investment (ROI) on operations for NAICS 333924 (industrial truck, tractor, trailer, and stacker machinery manufacturing) for 5 one-year periods ending March 31, 1999 to March 31, 2003**

| Period | Number of companies | Sales value ($1,000) | Asset value ($1,000) | Operating margin (*percent*) | Asset turnover[1] [2] | ROI [2] (*percent*) |
|---|---|---|---|---|---|---|
| 4/1/98 - 3/31/99 | 45 | 1,745,258 | 921,284 | (242.6) | 1.9 | (459.6) |
| 4/1/99 - 3/31/00 | 37 | 1,181,881 | 883,861 | 4.3 | 1.3 | 5.8 |
| 4/1/00 - 3/31/01 | 36 | 1,394,796 | 808,795 | 4.1 | 1.7 | 7.1 |
| 4/1/01 - 3/31/02 | 26 | 759,621 | 432,942 | 2.1 | 1.8 | 3.7 |
| 4/1/02 - 3/31/03 | 57 | 1,706,237 | 1,080,309 | 2.7 | 1.7 | 4.5 |

[1] Asset turnover is the ratio of sales to total assets.
[2] Asset turnover and ROI were calculated using RMA data.

Source: © "2004" by RMA- The Risk Management Association. All rights reserved. No part of this table may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording or by any information storage and retrieval system without permission in writing from RMA- The Risk Management Association. Please refer to www.rmahq.org for further warranty, copyright and use of data information.

## CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of hand trucks from China on their firms' growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are reported in appendix F.

# PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). 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.

## THE INDUSTRY IN CHINA

In the final phase of this investigation, five Chinese producers of hand trucks provided responses to the Commission's request for information. The firms that responded are Qingdao Taifa Group Co. (Taifa), Qingdao Huatian Hand Truck Co. (Huatian), Jiaonan Tianhe Hand Truck Co. (Tianhe), Qingdao Xinghua Group (Xinghua), and Qingdao Zhenhua Industrial Group (Zhenhua).[1] The responding Chinese producers are based in the coastal city of Jiaonan, an economic and technology development zone.[2] The largest producer of hand trucks in China, Taifa, produces both steel and aluminum hand trucks and reportedly accounts for about one third of all hand truck production.[3] Only Taifa and Huatian reported parts production and exports to the United States. Respondents reported that there are about 20 to 30 companies that export hand trucks from China to the United States.[4]

Table VII-1 presents responding firms' production of other products on equipment and machinery used in the production of hand trucks and parts, share of hand trucks and parts production on the same equipment, and shares of reported sales of hand trucks and parts, as a percentage of their total sales. Aggregate Chinese hand truck and parts production capacity, production quantity, shipments, and inventory data supplied by the responding firms are presented in table VII-2 and table VII-3. Only one firm, ***, indicated that it intends to curtail production. Commerce's public verification report on Taifa, however, indicates that Taifa's last production runs were in February and March 2004.[5] [6]

**Table VII-1**
**Hand trucks and parts: Chinese producers, production of other products on equipment and machinery used in the production of hand trucks and parts, shares of hand truck production on the same equipment, and share of firms' total sales represented by sales of hand trucks and parts, 2003**

* * * * * * *

---

[1] Staff attempted to e-mail or fax the foreign producer questionnaire to other producers of hand trucks in China. *** imports hand trucks from ***.

[2] The Government of Jiaonan's website indicates that the city has eight hand truck manufacturers, including four industrial enterprises (identified as Xinghua Group, Taifa Group, Zhenhua Industrial Group, and Huatian Hand Truck Company), and four village-owned, individual, or private manufacturers.

[3] Hearing transcript, p. 213 (Feng). Taifa reportedly is also the largest manufacturer of pushing carts in China, specializing in wheelbarrows, go-carts, garden carts, hand trucks, tires, and castors. Hearing transcript, p. 167 (Feng).

[4] Hearing transcript, p. 172 (Liu).

[5] Qingdao Taifa Group Co., Ltd. Verification Report, September 2, 2004, p. 12 (appearing in Gleason's posthearing brief, exh. 6).

[6] The responding firms' January-March 2004 production of hand trucks and exports to the United States were 450,000 and ***, respectively. The firms' April-June 2004 production and exports to the United States were 220,000 and ***, respectively.

**Table VII-2**
**Finished hand trucks: Chinese production capacity, production, shipments, and inventories, 2001-03, January-June 2003, January-June 2004, and projected 2004-05**

| Item | Actual experience | | | | | Projections | |
|---|---|---|---|---|---|---|---|
| | | | | January-June | | | |
| | 2001 | 2002 | 2003 | 2003 | 2004 | 2004 | 2005 |
| | **Quantity (*units*)** | | | | | | |
| Capacity | 2,050,000 | 2,050,000 | 2,000,000 | 1,000,000 | 900,000 | 1,800,000 | 1,800,000 |
| Production | 1,631,546 | 1,861,800 | 1,896,000 | 950,000 | 670,000 | 1,400,000 | 1,700,000 |
| End of period inventories | *** | *** | *** | *** | *** | *** | *** |
| Shipments: | | | | | | | |
| Internal consumption | *** | *** | *** | *** | *** | *** | *** |
| Home market | *** | *** | *** | *** | *** | *** | *** |
| Exports to-- | | | | | | | |
| The United States | 687,594 | 744,423 | 931,194 | 513,733 | *** | *** | *** |
| All other markets[1] | *** | 1,006,469 | 902,000 | 378,000 | 394,563 | 854,000 | 1,068,000 |
| Total exports | *** | 1,750,892 | 1,833,194 | 891,733 | *** | *** | *** |
| Total shipments | 1,636,546 | 1,882,892 | 1,893,594 | 939,733 | 702,079 | 1,430,000 | 1,700,000 |
| | **Ratios and shares (*percent*)** | | | | | | |
| Capacity utilization | 79.6 | 90.8 | 94.8 | 95.0 | 74.4 | 77.8 | 94.4 |
| Inventories to production | *** | *** | *** | *** | *** | *** | *** |
| Inventories to total shipments | *** | *** | *** | *** | *** | *** | *** |
| Share of total quantity of shipments: | | | | | | | |
| Internal consumption | *** | *** | *** | *** | *** | *** | *** |
| Home market | *** | *** | *** | *** | *** | *** | *** |
| Exports to-- | | | | | | | |
| The United States | 42.0 | 39.5 | 49.2 | 54.7 | *** | *** | *** |
| All other markets[1] | *** | 53.5 | 47.6 | 40.2 | 56.2 | 59.7 | 62.8 |
| All export markets | *** | 93.0 | 96.8 | 94.9 | *** | *** | *** |

[1] Other principal export markets include Australia, Europe, and Japan.

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

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

**Table VII-3**
**Hand truck parts: Chinese production capacity, production, shipments, and inventories, 2001-03, January-June 2003, January-June 2004, and projected 2004-05**

*  *  *  *  *  *  *

## U.S. IMPORTERS' INVENTORIES

*** importers reported inventories of subject imports during the period for which data were collected.[7] Data collected in this investigation on U.S. importers' end-of-period inventories of hand trucks and parts are presented in table VII-4 and table VII-5.[8]

## U.S. IMPORTERS' CURRENT ORDERS FOR HAND TRUCKS

Ten firms reported imports or arrangements for the importation of a total of *** hand trucks from China after June 30, 2004.[9]

## DUMPING IN THIRD-COUNTRY MARKETS

Based on available information, hand trucks and parts from China have not been subject to any other import relief investigations in the United States or in any other countries.

---

[7] Twenty-one firms reported inventories of finished hand trucks from China and four firms reported inventories of finished hand trucks from other sources. Five firms reported inventories of hand truck parts from China and two firms reported inventories of hand truck parts form other sources.

[8] Data for components and for kits (which comprise multiple components) are presented separately. Such data are consolidated in app. C.

[9] Those firms were ***. In addition, ***.

**Table VII-4**
**Finished hand trucks: U.S. importers' end-of-period inventories of imports, 2001-03, January-June 2003, and January-June 2004**

| Source | Calendar year | | | January-June | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| Imports from China: | | | | | |
| Inventories (*units*) | 120,735 | 115,821 | 223,477 | 148,779 | 418,740 |
| Ratio to imports (*percent*) | 21.4 | 19.4 | 17.6 | 16.8 | 20.5 |
| Ratio to U.S. shipments of imports (*percent*) | 23.1 | 19.2 | 19.3 | 18.4 | 25.5 |
| Imports from all other sources: | | | | | |
| Inventories (*units*) | *** | *** | *** | *** | *** |
| Ratio to imports (*percent*) | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports (*percent*) | *** | *** | *** | *** | *** |
| Imports from all sources: | | | | | |
| Inventories (*units*) | *** | *** | *** | *** | *** |
| Ratio to imports (*percent*) | *** | *** | *** | *** | *** |
| Ratio to U.S. shipments of imports (*percent*) | *** | *** | *** | *** | *** |

Note.–Because of rounding, figures may not add to the totals shown. Partial-year ratios are based on annualized import and shipment data.

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

**Table VII-5**
**Hand truck parts: U.S. importers' end-of-period inventories of imports, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

# APPENDIX A

## *FEDERAL REGISTER* NOTICES

## INTERNATIONAL TRADE COMMISSION

**[Investigation No. 731–TA–1059 (Final)]**

### Hand Trucks From China

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of the final phase of an antidumping investigation.

**SUMMARY:** The Commission hereby gives notice of the scheduling of the final phase of antidumping investigation No. 731–TA–1059 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China of hand trucks, provided for in subheadings 8716.80.50 and

8716.90.50 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of this phase of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

**EFFECTIVE DATE:** May 24, 2004.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Haines (202–205–3200), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

**SUPPLEMENTARY INFORMATION:**

*Background.*—The final phase of this investigation is being scheduled as a result of an affirmative preliminary determination by the Department of Commerce that hand trucks from China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. § 1673b). The investigation was requested in a petition filed on November 13, 2003, by Gleason Industrial Products, Inc., Los Angeles, CA. On December 1, 2003, Gleason filed an amendment to the petition to include Precision Products Inc., Lincoln, IL, as a co-petitioner.

*Participation in the investigation and public service list.*—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigation need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

*Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.*—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in the final phase of this investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigation. A party granted access to BPI in the preliminary phase of the investigation need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

*Staff report.*—The prehearing staff report in the final phase of this investigation will be placed in the nonpublic record on September 23, 2004, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

*Hearing.*—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on October 7, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before September 30, 2004. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on October 5, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

*Written submissions.*—Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is September 30, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is October 15, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before October 15, 2004. On November 3, 2004, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 5, 2004, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

[1] For purposes of this investigation, the Department of Commerce has defined the subject merchandise as "hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof. A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame." The Department of Commerce excluded from its definition of subject merchandise the following items: "small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks."

**Authority:** This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

Issued: June 3, 2004.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 04–12923 Filed 6–7–04; 8:45 am]

BILLING CODE 7020–02–P

## DEPARTMENT OF COMMERCE

### International Trade Administration

[A–570–891]

### Notice of Final Determination of Sales at Less Than Fair Value: Hand Trucks and Certain Parts Thereof from the People's Republic of China

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**EFFECTIVE DATE:** October 14, 2004.

**FOR FURTHER INFORMATION CONTACT:** Daniel J. Alexy, Stephen Cho, or Audrey Twyman, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–1540, (202) 482–3798, or (202) 482–3534, respectively

**Final Determination**

We determine that hand trucks and certain parts thereof ("hand trucks") from the People's Republic of China ("PRC") are being sold, or are likely to be sold, in the United States at less than fair value ("LTFV"), as provided in section 735 of the Tariff Act of 1930, as amended (the "Act"). The estimated margins of sales at LTFV are shown in the "Continuation of Suspension of Liquidation" section of this notice.

*Case History*

The preliminary determination in this investigation was issued on May 17, 2004. *See Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Hand Trucks and Certain Parts Thereof From the People's Republic of China*, 69 FR 29509 (May 24, 2004) ("*Preliminary Determination*").

Since the *Preliminary Determination*, the following events have occurred. In May of 2004, the Department of Commerce ("the Department") sent out supplemental questionnaires to Qingdao Huatian Hand Truck Co., Ltd. ("Huatian"), Qingdao Taifa Group Co., Ltd. ("Taifa"), Qingdao Xinghua Group Co., Ltd. ("Xinghua"), and True Potential Company ("True Potential"). In June of 2004, the Department received responses from these four mandatory respondents participating in this investigation. From July 8 through 15, 2004, we conducted verification of the questionnaire responses of Huatian. On July 16 and 19, 2004, we conducted True Potential's verification. From July 19 through 23, 2004, we conducted Taifa's verification, and from July 26 through 30, 2004, we conducted Xinghua's verification.

On July 30, 2004, Huatian and Taifa submitted revised U.S. sales and factors of production ("FOP") databases incorporating minor error corrections reported to the Department at the opening of each company's verification. Taifa's July 30, 2004, submission contained corrections related to the so-called "allocated inputs" in addition to its minor error corrections. On September 3, 2004, the Department rejected Taifa's July 30, 2004, submission, on the grounds that the additional corrections were unsolicited new factual information. *See* the Department's September 3, 2004, Letter to Taifa. The Department requested that Taifa remove the additional corrections, and resubmit its FOP database without the new factual information.

In a September 8, 2004, meeting with Department officials, Taifa's counsel argued that Taifa's July 30, 2004, submission did not contain any new factual information. *See* Memorandum to File; Re: Ex-parte Meeting-Qingdao Taifa Group Co. Ltd, September 8, 2004. On September 9, 2004, the Department requested Taifa to resubmit its July 30, 2004, submission, and further invited all parties to comment on whether the additional corrections contained in Taifa's July 30, 2004, submission should be considered new factual information. *See* Memorandum to File; Re: Briefing Schedule-Rejection of Taifa's July 30, 2004 Submission, September 9, 2004. On September 13, 2004, we received comments from Taifa. On September 15, 2004, the petitioners (Gleason Industrial Products, Inc. and Precision Products,

Inc. (collectively the "petitioners")) submitted their reply comments.

On September 10, 2004, the petitioners and their counsel submitted on the record affidavits pertaining to "certain information revealed in and corroborated by" the Department's verification of Taifa. On September 16, 2004, the Department rejected that submission as untimely, unsolicited new factual information.

We received comments from interested parties on the *Preliminary Determination*. On September 10, 2004, we received case briefs from the petitioners, Huatian, Taifa, True Potential, and Zhenhua Industrial Group Co., Ltd. ("Zhenhua"), and on September 15, 2004, rebuttal briefs from the petitioners, Huatian, Qingdao Future Tool Inc. ("Future Tool"), Taifa, and True Potential. On September 17, 2004, the Department identified certain information in the petitioners' September 10, 2004, case brief as untimely, unsolicited new factual information. As a result, the Department rejected the petitioners' September 10, 2004, case brief in its entirety, and requested the petitioners to revise and resubmit their case brief without the new factual content. The petitioners resubmitted their case brief on September 21, 2004. The Department held a public hearing on September 17, 2004, at the request of the petitioners, Huatian, Taifa, True Potential, Xinghua, and Zhenhua.

*Scope of the Investigation*

For the purpose of this investigation, the product covered consists of hand trucks manufactured from any material, whether assembled or unassembled, complete or incomplete, suitable for any use, and certain parts thereof, namely the vertical frame, the handling area and the projecting edges or toe plate, and any combination thereof.

A complete or fully assembled hand truck is a hand-propelled barrow consisting of a vertically disposed frame having a handle or more than one handle at or near the upper section of the vertical frame; at least two wheels at or near the lower section of the vertical frame; and a horizontal projecting edge or edges, or toe plate, perpendicular or angled to the vertical frame, at or near the lower section of the vertical frame. The projecting edge or edges, or toe plate, slides under a load for purposes of lifting and/or moving the load.

That the vertical frame can be converted from a vertical setting to a horizontal setting, then operated in that horizontal setting as a platform, is not a basis for exclusion of the hand truck from the scope of this petition. That the vertical frame, handling area, wheels, projecting edges or other parts of the hand truck can be collapsed or folded is not a basis for exclusion of the hand truck from the scope of the petition. That other wheels may be connected to the vertical frame, handling area, projecting edges, or other parts of the hand truck, in addition to the two or more wheels located at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition. Finally, that the hand truck may exhibit physical characteristics in addition to the vertical frame, the handling area, the projecting edges or toe plate, and the two wheels at or near the lower section of the vertical frame, is not a basis for exclusion of the hand truck from the scope of the petition.

Examples of names commonly used to reference hand trucks are hand truck, convertible hand truck, appliance hand truck, cylinder hand truck, bag truck, dolly, or hand trolley. They are typically imported under heading 8716.80.50.10 of the *Harmonized Tariff Schedule of the United States* ("HTSUS"), although they may also be imported under heading 8716.80.50.90. Specific parts of a hand truck, namely the vertical frame, the handling area and the projecting edges or toe plate, or any combination thereof, are typically imported under heading 8716.90.50.60 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the scope is dispositive.

Excluded from the scope are small two-wheel or four-wheel utility carts specifically designed for carrying loads like personal bags or luggage in which the frame is made from telescoping tubular material measuring less than 5/8 inch in diameter; hand trucks that use motorized operations either to move the hand truck from one location to the next or to assist in the lifting of items placed on the hand truck; vertical carriers designed specifically to transport golf bags; and wheels and tires used in the manufacture of hand trucks.

*Scope Comments*

The Department received scope exclusion/clarification comments from ten parties requesting that the Department determine whether certain products produced by these parties are covered by the scope of the investigation. The Department has addressed these requests in the following memoranda: "Scope Exclusion/Clarification Requests: Angelus Manufacturing; Custom Carts LLC; Illinois Tool Works, Inc.; Qingdao Huatian Hand Truck Co., Ltd; WelCom Products Inc.; and LL King Corporation" from Susan Kuhbach to Jeffrey May (September 3, 2004) and "Scope Exclusion/Clarification Requests: Alton Industries, Inc.; Safco Products Company; A. J. Wholesale Distributors, Inc.; and Wilmar Corporation" from Susan Kuhbach to Jeffrey May (October 6, 2004). On September 27, 2004, Total Trolley, LLC requested that its horizontal trolley be excluded from the scope of this investigation. We did not receive this request in time for the final determination. Therefore, we will address this scope request after the final determination.

*Period of Investigation*

The period of investigation ("POI") is April 1, 2003, through September 30, 2003, which corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition (*i.e.*, November 2003).

*Nonmarket Economy Status for the PRC*

The Department has treated the PRC as a nonmarket economy ("NME") country in all past antidumping investigations. *See, e.g., Final Determination of Sales at Less Than Fair Value and Critical Circumstances: Certain Malleable Iron Pipe Fittings From the People's Republic of China*, 68 FR 61335, 61396 (Oct. 28, 2003). A designation as an NME remains in effect until it is revoked by the Department. *See* section 771(18)(C) of the Act. No party in this investigation has requested a revocation of the PRC's NME status. Therefore, we have continued to treat the PRC as an NME in this investigation. For further details, *see Preliminary Determination*, 69 FR at 29511.

*Separate Rates*

In our *Preliminary Determination*, we found that Huatian, Taifa, True Potential, Xinghua, Future Tool and Shandong Machinery Import & Export Group Corp. ("Shandong") met the criteria for receiving separate antidumping rates. *See Preliminary Determination*, 69 FR at 29511–29512. The petitioners have requested that the Department deny separate rates to these companies and apply the PRC-wide rate to all exporters of the subject merchandise. As explained in *Comments 13* through *16* of the October 6, 2004, *Issues and Decision Memorandum for the Antidumping Duty Investigation of Hand Trucks and Certain Parts Thereof from the People's Republic of China; Final Determination* ("*Decision Memorandum*"), we continue to find that each of these exporters should be assigned an individual dumping margin because the

evidence on the record indicates an absence of government control, both in law and in fact, over the export activities of Huatian, Taifa, True Potential, Xinghua, Future Tool, and Shandong. For a complete discussion of the Department's determination that the respondents are entitled to separate rates, *see Preliminary Determination*, 69 FR at 29511.

*Margins for Cooperative Exporters Not Selected*

For our final determination, consistent with our *Preliminary Determination*, we have calculated a weighted-average margin for Future Tool and Shandong based on the rates calculated for those exporters that were selected to respond in this investigation, excluding any rates that are zero, *de minimis* or based entirely on adverse facts available. *See Preliminary Determination*, 69 FR at 29512. Companies receiving this rate are identified by name in the "Continuation of Suspension of Liquidation" section of this notice.

*Surrogate Country*

For purposes of the final determination, we continue to find that India is the appropriate primary surrogate country for the PRC. For further discussion and analysis regarding the surrogate country selection for the PRC, *see Preliminary Determination*, 69 FR at 29515.

*Use of Facts Otherwise Available*

Sections 776(a)(2)(A), (B), (C), and (D) of the Act provide that the Department shall use facts available when a party withholds information that has been requested by the administering authority under this subtitle; does not provide the Department with information by the established deadline or in the form and manner requested by the Department; significantly impedes a proceeding; or provides such information but the information cannot be verified. In addition, section 776(b) of the Act provides that, if the Department finds that an interested party "has failed to cooperate by not acting to the best of its ability to comply with a request for information," the Department may use information that is adverse to the interests of that party as facts otherwise available in selecting from among the facts available. Such adverse inference may include reliance on information derived from: (1) The petition; (2) a final determination in the investigation under this title; (3) any previous review under section 751 or determination under 753; or (4) any other information placed on the record. *See* 19 CFR 351.308(c).

On the basis of our findings in this investigation, which are detailed below, we have determined that the use of facts otherwise available is appropriate for the PRC-wide entity, Taifa and Xinghua because they have not provided certain information in the form or manner requested.

*The PRC-Wide Rate*

As explained in the Department's *Preliminary Determination*, there are numerous producers/exporters of the subject merchandise in the PRC. *See Preliminary Determination*, 69 FR at 29513. As noted in the *Preliminary Determination*, all exporters were given the opportunity to respond to the Department's questionnaire. Based upon our knowledge of the PRC and the fact that U.S. import statistics show that the responding companies did not account for all imports into the United States from the PRC, we have determined that certain PRC exporters of hand trucks failed to respond to our questionnaire. Because we did not receive data needed to calculate a margin for those companies, which we are treating as the PRC-wide entity, we are continuing to use facts available pursuant to Section 776(a) of the Act for our final determination.

Moreover, we continue to find that because the exporters comprising the PRC-wide entity failed to respond to our requests for information, they have failed to cooperate to the best of their ability. *See Preliminary Determination*, 69 FR at 29515. Accordingly, the Department will apply an adverse inference in selecting among the facts available. *See* Section 776(b) of the Act.

As adverse facts available, we are assigning as the PRC-wide rate the higher of: (1) The highest margin listed in the notice of initiation; or (2) the margin calculated for any respondent in this investigation. *See, e.g., Final Determination of Sales at Less Than Fair Value: Certain Cold-Rolled Flat-Rolled Carbon Quality Steel Products From The People's Republic of China*, 65 FR 34660 (May 31, 2000), and accompanying Decision Memorandum at *Comment 1*. For purposes of the final determination of this investigation, we have further updated information used to corroborate the margin stated in the petition. The corroborated margin from the petition is now 386.75 percent. *See* Memorandum from John Brinkmann to the File dated October 6, 2004, regarding calculation of the adverse facts available margin.

*Taifa*

In the *Preliminary Determination*, we calculated a margin for Taifa in which we applied partial facts available in our calculation of normal value because of inconsistencies between the reported weights for completed hand trucks and parts, and the reported inputs used to produce the hand trucks and parts. *See Preliminary Determination*, 69 FR at 29514. Subsequent to the *Preliminary Determination*, we conducted verification of Taifa's questionnaire responses. On the last day of verification, Taifa reported an error in its allocation formula for certain inputs, which had not been included in Taifa's list of minor error corrections presented at the beginning of the verification. Because of problems with its allocation formula, Taifa was unable to present the Department with final input amounts for the FOP data fields affected by the allocation formula. *See* Qingdao Taifa Group Co. Ltd. Verification Report, September 3, 2004 ("Taifa Verification Report") at 17.

On July 30, 2004, Taifa submitted its revised U.S. sales and FOP response which included updated data reflecting its minor corrections and revised data for the allocated inputs, which Taifa claimed was based on the corrected allocation formula. As explained above in the "Case History" section, the Department solicited comments from the parties on whether the revised data for allocated inputs should be considered unsolicited, new factual information.

Upon review of Taifa's July 30, 2004, submission and the parties' comments, we have determined that the revised values for the allocated inputs constitute unsolicited, new factual information. Although Taifa informed the Department at verification that the per-unit amounts of the reported allocated inputs had been miscalculated due to an error in the allocation formula, Taifa was not able to provide corrected data at the time of verification. As the Department stated in the verification report: "* * *because of inaccuracies in the data for the allocated inputs in the electronic spreadsheets provided by Taifa, we were unable to verify the allocation of these inputs into the second and third level spreadsheets, and the reported per-unit consumption of these inputs for any of the selected models." *See* Taifa Verification Report at 18. Because the Department did not verify this correction, it did not request that Taifa provide the corrected allocated input data after verification.

Taifa has argued that it is incumbent upon the Department to accept the

corrected information regarding the allocated inputs as a clerical error, as required by *NTN Bearings. NTN Bearing Corporation* v. *United States*, 74 F.3d 1204, 1208 (Fed. Cir.1995) ("NTN Bearings"). Following *NTN Bearings*, the Department established a six-part test, indicating that it will accept corrections of clerical errors when the following conditions are met:

(1) The error in question must be demonstrated to be a clerical error, not a methodological error, an error in judgement, or a substantive error; (2) the Department must be satisfied that the corrective documentation provided in support of the clerical error allegation is reliable; (3) the respondent must have availed itself of the earliest reasonable opportunity to correct the error; (4) the clerical error allegation, and any corrective documentation, must be submitted to the Department no later than the due date for the respondent's administrative case brief; (5) the clerical error must not entail a substantial revision of the response; and (6) the respondent's corrective documentation must not contradict information previously determined to be accurate at verification. *See Certain Fresh Cut Flowers from Colombia; Final Results of Antidumping Duty Administrative Reviews*, 61 FR 42833, 42834 (August 19, 1996).

In order for the Department to accept a clerical error late in the proceeding, all of the six conditions must be met. We determine that Taifa's allocation error does not meet two of the six conditions.

Under this test, the Department must be satisfied that the corrective documentation provided in support of the clerical error allegation is reliable. As the Department noted in Taifa's verification report, the Department was unable to verify the reliability of the error with source documentation. Specifically, the Department stated in the verification report that "* * *because of inaccuracies in the data for the allocated inputs in the electronic spreadsheets provided by Taifa, we were unable to verify the allocation of these inputs into the second and third level spreadsheets, and the reported per-unit consumption of these inputs for any of the selected models." *See* Taifa Verification Report at 18. Thus, as a result of the error, the Department could not verify (1) whether the correction submitted to the Department was accurate; or (2) any of Taifa's allocated inputs because the allocation formula given at verification was incorrect. Because the Department could not verify the corrected error, it cannot be satisfied that the corrected error is reliable, and therefore, the second prong of the Department test is not met.

In addition, the error submitted by Taifa fails the fifth prong of the Department's test, *i.e.*, correction of this clerical error must not entail a substantial revision of the response. Specifically, the error affected the usage rates of a significant number of inputs for every model sold in the United States. Given that Taifa produced hand trucks or inputs to hand trucks in many workshops, that monthly data was compiled for each workshop over the six-month POI, and that Taifa reported FOP for a large number of hand truck models or parts, the error in Taifa's allocation formula affected thousands of pieces of information that went into the calculation of normal value. Although we cannot know the correct amount that these allocated inputs account for relative to the total normal value (because we do not know the correct amount of the allocated inputs), based on the amounts used in Taifa's July 2, 2004, submission, these inputs account for approximately 25 percent of the total value of the hand truck or hand truck part. Based on this, we determine that the correction proffered by Taifa would be a substantial revision of the company's response.

Therefore, we have not accepted this correction as a clerical error or minor correction, nor have we relied on this data contained in the July 30, 2004, submission.

The allocated input data submitted in Taifa's July 2, 2004, response is the data that the Department sought to verify. As explained by Taifa at verification, the allocated input amounts in that response were incorrect. Because Taifa failed to provide the Department with information in the form or manner requested, and the July 2, 2004, data could not be verified, we determine that the usage rates for the allocated inputs must be based on facts otherwise available, in accordance with section 776(a)(2).

We further determine that Taifa failed to cooperate by not acting to the best of its ability. Specifically, Taifa was not fully prepared for the verification of its FOP database as was evidenced by the fact that Taifa did not discover the error in its allocation formula until the last day of its verification. Moreover, Taifa did not present the Department with documentation for verification of this error. If Taifa had been fully prepared, it would have detected the allocation error during the preparation for verification, rather than the last day of verification. Thus, in accordance with section 776(b), we have applied an adverse inference in selecting the usage information for the allocated inputs.

Because we could not verify the reported amounts of allocated inputs by model in Taifa's July 2, 2004, submission, we have selected the highest amount of the allocated inputs, as follows. In our questionnaire in this investigation, we requested Taifa to assign each hand truck model/part into one of 12 designated weight range categories based on the shipping weight of the hand truck/part. As adverse facts available, we have selected the highest reported amount for each allocated input for hand trucks/parts within a given weight range reported in Taifa's July 2, 2004, response and assigned that value to all hand trucks/parts in that weight range.

*Xinghua*

In the *Preliminary Determination*, we calculated a margin for Xinghua in which we applied partial facts available in our calculation of normal value because of inconsistencies between the reported weights for completed hand trucks and parts, and the reported inputs used to produce the hand trucks and parts. *See Preliminary Determination*, 69 FR at 29514. Subsequent to the *Preliminary Determination*, we conducted verification of Xinghua's questionnaire responses from July 26 to July 30, 2004. *See* Qingdao Xinghua Group Co., Ltd. Verification Report, September 3, 2004 ("Xinghua Verification Report").

The Department submitted its verification outline to Xinghua on June 24, 2004, approximately one month prior to the commencement of verification, thereby giving Xinghua sufficient time to prepare for verification. *See* Xinghua's Verification Outline, dated June 24, 2004 ("Xinghua Verification Outline"). The purpose of submitting a verification outline in advance of verification is to give respondents sufficient notice about the types of source documents that the Department will seek to examine during verification, and to afford respondents sufficient time to compile source documents requested in the verification outline. As noted below, Xinghua failed to follow the instructions detailed in the Department's verification outline and failed to present source documents in a timely manner for verification. At no time prior to verification did Xinghua contact the Department with questions about verification procedures, documents to prepare for verification, or the verification outline.

Xinghua was unprepared for verification and its unpreparedness significantly impeded the verification

process. On the first day of Xinghua's FOP verification, the Department found that, despite the specific instructions given in the verification outline, Xinghua had few source documents prepared in advance for review and those that were prepared were inadequate to support the data submitted to the Department by Xinghua. *See* Xinghua Verification Report at 14 and 15. Department officials reiterated to Xinghua the need to provide the information requested in the outline but throughout the remaining time allocated for the full verification, Xinghua was unable to provide the required information in the form requested by the Department. *See* Xinghua Verification Report at 14. Because Xinghua was unprepared for verification, and was unable to provide the source documentation required, the Department was not able to verify Xinghua's factors of production. Specifically, Xinghua was not able to provide source documentation supporting its reported consumption of raw materials, energy and labor for the production of hand trucks, or otherwise explain how it derived the factor inputs it reported to the Department. Thus, the Department was unable to verify the factors of production Xinghua reported for its production of hand trucks.

Furthermore, numerous discrepancies were found in verifying Xinghua's reported U.S. sales data. *See* Xinghua Verification Report at 7. Because of these discrepancies, we were not able to verify Xinghua's reported quantity and value of sales to the United States.

Pursuant to section 776(a)(2) of the Act, the Department must use facts otherwise available because Xinghua withheld certain information that had been requested by the Department, failed to provide certain information by the Department's statutory deadlines and in the form and manner requested, and failed to provide certain information that could be verified. We further determine that an adverse inference is warranted in selecting from among the facts available because Xinghua failed to cooperate to the best of its ability at verification. Specifically, Xinghua was not able to explain discrepancies in its reported sales data nor to provide source documentation for or explain the reported FOP for its hand trucks.

Because the Department was unable to verify Xinghua's FOP and sales data, we have no reliable data to calculate a margin for the final determination. In accordance with sections 776(a)(2)(A), (B), (C), and (D), as well as section 776(b) of the Act, we are applying total adverse facts available to Xinghua. As adverse facts available, we are assigning Xinghua the rate of 386.75 percent which is also the PRC-wide rate, and the highest margin listed in the notice of initiation, as corroborated by the Department.

*New Factual Information*

As stated above in the "Case History" section, both Huatian and Taifa submitted revised U.S. sales and FOP databases on July 30, 2004. Taifa's July 30, 2004, submission included minor error corrections presented to the Department at the beginning of verification, revised usage data for allocated inputs (discussed above in the "Use of Facts Otherwise Available" section), and other changes unrelated to the minor error corrections or allocated inputs. Huatian's July 30, 2004, submission included minor error corrections presented to the Department at the beginning of verification and certain other changes unrelated to the minor error corrections.

For both companies, we are treating these other changes as untimely filed, unsolicited factual information.

Under 19 CFR 351.302(d), the Department normally would reject Huatian's and Taifa's July 30, 2004, submissions in their entirety and request the companies resubmit their revised FOP responses without the new information. However, due to time constraints and the pending final determination in this investigation, it was not feasible for the Department to reject and return Huatian's and Taifa's July 30, 2004, submissions, request revised submissions, and still be able to issue a final determination by the statutory deadline of October 6, 2004. As such, the Department has retained Huatian's and Taifa's July 30, 2004, submissions in their entirety. Although we have retained these responses, we have not considered the untimely filed, unsolicited information in making our final determination. *See Comments 1* and *7* of the *Decision Memorandum.*

*Analysis of Comments Received*

All issues raised in the case briefs by parties to this proceeding and to which we have responded are listed in the Appendix to this notice and addressed in the *Decision Memorandum*, which is adopted by this notice. Parties can find a complete discussion of all issues raised in this investigation and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099, of the main Department building. In addition, a complete version of the *Decision Memorandum* can be accessed directly on the Web at *http://ia.ita.doc.gov* or *http://ia.ita.doc.gov/frn/index.html.* The paper copy and electronic version of the *Decision Memorandum* are identical in content.

*Changes Since the Preliminary Determination*

Based on our analysis of comments received, we have made certain changes to the margin calculations. For a discussion of these changes, *see* the "Margin Calculations" section of the *Decision Memorandum.*

*Verification*

As provided in section 782(i) of the Act, we verified the information submitted by the respondents for use in our final determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by the respondents.

*Continuation of Suspension of Liquidation*

Pursuant to section 735(c)(1)(B) of the Act, we will instruct Customs and Border Protection ("CBP") to continue to suspend liquidation of all imports of subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after May 24, 2004 the date of publication of our *Preliminary Determination.* CBP shall continue to require a cash deposit or the posting of a bond equal to the estimated amount by which the normal value exceeds the U.S. price as shown below. These instructions suspending liquidation will remain in effect until further notice.

The dumping margins are provided below.

| Manufacturer/Exporter | Weighted-average margin (percent) |
|---|---|
| Huatian | 45.04 |
| Taifa | 27.00 |
| True Potential | 24.90 |
| Xinghua | 386.75 |
| Future Tool | 30.56 |
| Shandong | 30.56 |
| PRC-wide Rate | 386.75 |

The PRC-wide rate applies to all entries of the subject merchandise except for entries from exporters/producers that are identified individually above.

*Disclosure*

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

*ITC Notification*

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will, within 45 days, determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing the CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

*Notification Regarding APO*

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: October 6, 2004.

**James J. Jochum,**

*Assistant Secretary for Import Administration.*

## Appendix—Issues in the Decision Memorandum

**Comments**

*Company Specific Issues*

Comment 1: The Department Should Apply Facts Available to Huatian, Taifa, True Potential, and Xinghua.

*Huatian*

Comment 2: The Department Should Revise Huatian's FOP Data to Account for Purchased Bearings.

Comment 3: The Department Should Assign an Appropriate Surrogate Value for Axle Rods for Huatian.

Comment 4: The Department Should Apply Facts Available to Value Steel Plate for Huatian.

Comment 5: The Department Should Treat Huatian's Hand Truck Samples as a Quantity Discount.

Comment 6: The Department Should Not Adjust Huatian's Sales Transactions with a Negative Net United States Price.

*Taifa*

Comment 7: The Department Should Accept Taifa's July 30, 2004, Submission.

Comment 8: The Department Should Disregard Taifa's Market Economy Purchases.

Comment 9: The Department Should Consider the Role Played by Taifa Import & Export Company in Calculating the SG&A Expenses for Taifa.

Comment 10: The Department Should Adjust Taifa's Sales Database to Reflect Customer Discounts.

Comment 11: The Department Should Revise Taifa's FOP Database to Account for Packing Materials.

*True Potential*

Comment 12: The Department Should Add Trading Company Factors for SG&A and Profit in Calculating True Potential's Normal Value.

*Separate Rates*

Comment 13: The Department Should Deny Separate-Rates Treatment for All Respondents.

Comment 14: The Department Should Not Calculate a Separate Rate for True Potential.

Comment 15: The Department Should Calculate a Separate Rate for Zhenhua.

Comment 16: The Department Should Not Calculate Separate Rates for Future Tool and Shangdong.

*General Issues*

Comment 17: The Department Should Not Use the Indian Electricity Tariff Because it is Aberrational.

Comment 18: The Department Miscalculated SG&A and Profit Amounts.

Comment 19: The Department Should Not Use Aberrational Financial Data to Value Factory Overhead, SG&A Expenses, and Profit.

Comment 20: The Department Should Include the Cost of Packing Materials and Labor in Calculating Factory Overhead and SG&A.

Comment 21: The Department Should Include Financial Data from an Indian Hand Truck Producer in Calculating Financial Ratios.

Comment 22: The Department Should Revise the Profit Rate for the Final Calculation.

[FR Doc. E4–2608 Filed 10–13–04; 8:45 am]

BILLING CODE 3510–DS–P

# APPENDIX B

# HEARING WITNESSES

## CALENDAR OF PUBLIC HEARING

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

**Subject:** Hand Trucks from China

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

**Date and Time:** October 7, 2004 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

**OPENING REMARKS:**

Petitioner (**Matthew P. Jaffe**, Crowell & Moring, LLP)
Respondents (**Philippe M. Bruno**, Greenberg Traurig, LLP; and
**Mark S. Zolno**, Katten Muchin Zavis Rosenman)

**In Support of the Imposition of Antidumping Duties:**

Crowell & Moring, LLP
Washington, D.C.
on behalf of

Gleason Industrial Products, Inc.
Precision Products, Inc.
Harper Trucks, Inc.
Magline Inc.

**Howard Simon**, Chief Operating Officer, Gleason Industrial Products, Inc., and Precision Products, Inc.

**Jay Kvasnicka**, Corporate Vice President, Sales and Marketing, Gleason Industrial Products, Inc.

**In Support of the Imposition of**
**Antidumping Duties (continued):**

**Bill Malone**, Vice President, Manufacturing, Gleason Industrial Products, Inc.

**David A. Rife**, Vice President, Sales, Harper Trucks, Inc.

**David Straw**, President and Chief Operating Officer, Magline Inc.

**Bruce Malashevich**, President, Economic Consulting Services

**Matthew P. Jaffe** )
**Alexander H. Schaefer** ) – OF COUNSEL
**Sobia Haque** )

**In Opposition to the Imposition of**
**Antidumping Duties:**

Katten, Muchin, Zavis, Rosenman
Chicago, IL
on behalf of

Liberty Diversified Industries, Inc.
Safco Products Company ("Safco")

**Pam LaFontaine**, Director, Product Development Marketing, Safco

**Dan Zdon**, General Manager, Safco

**Mark S. Zolno** )
) – OF COUNSEL
**David R. Stepp** )

**In Opposition to the Imposition of**
**Antidumping Duties (continued):**

Greenberg Traurig, LLP
Washington, D.C.
on behalf of

China Chamber of Commerce for Import & Export of
Machinery & Electronics
Qingdao Huatian Hand Truck Co., Ltd.
Qingdao Taifa Group Co., Ltd.
Qingdao Zhenhua Industrial Group Co., Ltd.
Qingdao Xinghua Group Co., Ltd.
Shandong Machinery Import & Export Group Corporation
Jiaonan Tianhe Hand Truck Co., Ltd.

**Feng Xuelou**, Chairman, Qingdao Taifa Group Co., Ltd.

**Ge Zhiqiang**, Vice General Manager, Qingdao Taifa Group
Import & Export Corp.

**Liu Huijuan**, Project Director, China Chamber of Commerce
for Import & Export of Machinery & Electronics

**Wei-Mo Liu**, Assistant Director, Greenberg Traurig, LLP

**Philippe M. Bruno** )
) – OF COUNSEL
**Rosa Jeong** )

**REBUTTAL/CLOSING REMARKS**

Petitioners (**Matthew P. Jaffe**, Crowell & Moring, LLP)
Respondents (**Rosa Jeong**, Greenberg Traurig, LLP; *and*
**Mark S. Zolno**, Katten, Muchin, Zavis, Rosenman)

# APPENDIX C

# SUMMARY DATA

**Table C-1**
**Finished hand trucks: Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004**

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

| | Reported data | | | | | Period changes | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | January-June | | | | | Jan.-June |
| Item | 2001 | 2002 | 2003 | 2003 | 2004 | 2001-03 | 2001-02 | 2002-03 | 2003-04 |
| U.S. consumption quantity: | | | | | | | | | |
| Amount | 2,182,933 | 2,494,644 | 2,879,565 | 1,476,579 | 1,490,942 | 31.9 | 14.3 | 15.4 | 1.0 |
| Producers' share (1) | 67.3 | 57.1 | 50.9 | 51.7 | 48.3 | -16.3 | -10.2 | -6.2 | -3.4 |
| Importers' share (1): | | | | | | | | | |
| China | 29.8 | 37.6 | 46.8 | 45.8 | 45.5 | 17.0 | 7.8 | 9.2 | -0.3 |
| All other sources | 2.9 | 5.3 | 2.3 | 2.5 | 6.2 | -0.6 | 2.4 | -3.0 | 3.6 |
| Total imports | 32.7 | 42.9 | 49.1 | 48.3 | 51.7 | 16.3 | 10.2 | 6.2 | 3.4 |
| U.S. consumption value: | | | | | | | | | |
| Amount | 67,662 | 72,697 | 78,820 | 40,493 | 41,770 | 16.5 | 7.4 | 8.4 | 3.2 |
| Producers' share (1) | 79.8 | 73.1 | 67.8 | 68.5 | 63.1 | -12.0 | -6.7 | -5.3 | -5.4 |
| Importers' share (1): | | | | | | | | | |
| China | 14.2 | 20.4 | 27.1 | 25.9 | 32.5 | 12.9 | 6.2 | 6.7 | 6.6 |
| All other sources | 6.0 | 6.5 | 5.1 | 5.6 | 4.5 | -0.9 | 0.5 | -1.3 | -1.2 |
| Total imports | 20.2 | 26.9 | 32.2 | 31.5 | 36.9 | 12.0 | 6.7 | 5.3 | 5.4 |
| U.S. imports from (2): | | | | | | | | | |
| China: | | | | | | | | | |
| Quantity | 650,172 | 937,851 | 1,346,305 | 675,556 | 678,309 | 107.1 | 44.2 | 43.6 | 0.4 |
| Value | 9,622 | 14,839 | 21,366 | 10,480 | 13,562 | 122.1 | 54.2 | 44.0 | 29.4 |
| Unit value | $14.80 | $15.82 | $15.87 | $15.51 | $19.99 | 7.2 | 6.9 | 0.3 | 28.9 |
| Ending inventory quantity | 120,735 | 115,821 | 223,477 | 148,779 | 418,740 | 85.1 | -4.1 | 93.0 | 181.5 |
| All other sources: | | | | | | | | | |
| Quantity | 63,912 | 131,700 | 66,251 | 37,649 | 92,337 | 3.7 | 106.1 | -49.7 | 145.3 |
| Value | 4,052 | 4,712 | 4,047 | 2,276 | 1,862 | -0.1 | 16.3 | -14.1 | -18.2 |
| Unit value | $63.40 | $35.78 | $61.09 | $60.46 | $20.17 | -3.6 | -43.6 | 70.7 | -66.6 |
| Ending inventory quantity | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| All sources: | | | | | | | | | |
| Quantity | 714,084 | 1,069,551 | 1,412,556 | 713,205 | 770,646 | 97.8 | 49.8 | 32.1 | 8.1 |
| Value | 13,673 | 19,551 | 25,413 | 12,757 | 15,424 | 85.9 | 43.0 | 30.0 | 20.9 |
| Unit value | $19.15 | $18.28 | $17.99 | $17.89 | $20.01 | -6.0 | -4.5 | -1.6 | 11.9 |
| Ending inventory quantity | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| U.S. producers': | | | | | | | | | |
| Average capacity quantity | 2,403,689 | 2,401,915 | 2,413,768 | 1,208,406 | 1,320,557 | 0.4 | -0.1 | 0.5 | 9.3 |
| Production quantity | 1,463,692 | 1,495,514 | 1,495,311 | 816,444 | 736,204 | 2.2 | 2.2 | -0.0 | -9.8 |
| Capacity utilization (1) | 60.9 | 62.3 | 61.9 | 67.6 | 55.7 | 1.1 | 1.4 | -0.3 | -11.8 |
| U.S. shipments: | | | | | | | | | |
| Quantity | 1,468,849 | 1,425,093 | 1,467,009 | 763,374 | 720,296 | -0.1 | -3.0 | 2.9 | -5.6 |
| Value | 53,989 | 53,146 | 53,407 | 27,737 | 26,345 | -1.1 | -1.6 | 0.5 | -5.0 |
| Unit value | $36.76 | $37.29 | $36.41 | $36.33 | $36.58 | -1.0 | 1.5 | -2.4 | 0.7 |
| Export shipments: | | | | | | | | | |
| Quantity | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Value | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Unit value | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Ending inventory quantity | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Inventories/total shipments (1) | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Production workers | 358 | 370 | 371 | 347 | 327 | 3.5 | 3.3 | 0.3 | -5.7 |
| Hours worked (1,000s) | 695 | 726 | 724 | 374 | 377 | 4.2 | 4.4 | -0.2 | 0.6 |
| Wages paid ($1,000s) | 7,134 | 7,345 | 7,721 | 3,797 | 3,884 | 8.2 | 3.0 | 5.1 | 2.3 |
| Hourly wages | $10.26 | $10.12 | $10.66 | $10.15 | $10.32 | 3.9 | -1.4 | 5.3 | 1.7 |
| Productivity (units/hour) | 2.0 | 2.0 | 2.0 | 2.1 | 1.9 | -1.5 | -1.9 | 0.4 | -11.1 |
| Unit labor costs | $5.04 | $5.07 | $5.32 | $4.77 | $5.46 | 5.5 | 0.5 | 4.9 | 14.3 |
| Net sales: | | | | | | | | | |
| Quantity | 1,491,823 | 1,447,356 | 1,493,478 | 779,186 | 722,304 | 0.1 | -3.0 | 3.2 | -7.3 |
| Value | 53,658 | 52,831 | 53,400 | 27,818 | 25,907 | -0.5 | -1.5 | 1.1 | -6.9 |
| Unit value | $35.97 | $36.50 | $35.76 | $35.70 | $35.87 | -0.6 | 1.5 | -2.0 | 0.5 |
| Cost of goods sold (COGS) | 40,063 | 39,770 | 42,428 | 21,711 | 20,344 | 5.9 | -0.7 | 6.7 | -6.3 |
| Gross profit or (loss) | 13,595 | 13,061 | 10,972 | 6,106 | 5,563 | -19.3 | -3.9 | -16.0 | -8.9 |
| SG&A expenses | 7,124 | 7,296 | 7,438 | 3,581 | 3,562 | 4.4 | 2.4 | 1.9 | -0.6 |
| Operating income or (loss) | 6,471 | 5,765 | 3,534 | 2,525 | 2,002 | -45.4 | -10.9 | -38.7 | -20.7 |
| Capital expenditures | *** | *** | *** | *** | *** | *** | *** | *** | *** |
| Unit COGS | $26.85 | $27.48 | $28.41 | $27.86 | $28.17 | 5.8 | 2.3 | 3.4 | 1.1 |
| Unit SG&A expenses | $4.78 | $5.04 | $4.98 | $4.60 | $4.93 | 4.3 | 5.6 | -1.2 | 7.3 |
| Unit operating income or (loss) | $4.34 | $3.98 | $2.37 | $3.24 | $2.77 | -45.4 | -8.2 | -40.6 | -14.5 |
| COGS/sales (1) | 74.7 | 75.3 | 79.5 | 78.0 | 78.5 | 4.8 | 0.6 | 4.2 | 0.5 |
| Operating income or (loss)/ sales (1) | 12.1 | 10.9 | 6.6 | 9.1 | 7.7 | -5.4 | -1.1 | -4.3 | -1.3 |

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Please refer to footnote 3, page IV-1, for additional details on import data.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

**Table C-2**
**Hand truck parts (including kits): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

**Table C-3**
**Finished hand trucks and parts (including kits): Summary data concerning the U.S. market, 2001-03, January-June 2003, and January-June 2004**

* * * * * * *

# APPENDIX D

## WEIGHTED-AVERAGE LANDED DUTY-PAID VALUES PER UNIT FOR PRODUCTS 1, 2, 3, AND 4, AND QUANTITIES OF IMPORTS BY IMPORTERS THAT SELL DIRECTLY TO RETAIL CUSTOMERS AND OTHER END-USE CUSTOMERS

**Table D-1**
**Hand trucks: Weighted-average values per unit of products 1, 2, 3, and 4 and quantities of imports by importers that sell to retail customers and other end-use customers, by quarters, January 2001-June 2004**

* * * * * * *

# APPENDIX E

# PRICES REPORTED BY INDIVIDUAL PRODUCERS, BY PRODUCT AND BY CHANNEL OF DISTRIBUTION

**Table E-1**
**Hand trucks: Prices and quantities reported by individual producers on sales of product 1 to *home improvement stores*, *hardware stores* and *catalog houses/industrial supply distributors,* by quarters, January 2001-June 2004**

* * * * * * *

**Table E-2**
**Hand trucks: Prices and quantities reported by individual producers on sales of product 2 to *home improvement stores*, *hardware stores* and *catalog houses/industrial supply distributors,* by quarters, January 2001-June 2004**

* * * * * * *

**Table E-3**
**Hand trucks: Prices and quantities reported by individual producers on sales of product 3 to *home improvement stores*, *hardware stores* and *catalog houses/industrial supply distributors,* by quarters, January 2001-June 2004**

* * * * * * *

**Table E-4**
**Hand trucks: Prices and quantities reported by individual producers on sales of product 4 to *hardware stores* and *catalog houses/industrial supply distributors,* by quarters, January 2001-June 2004**

* * * * * * *

# APPENDIX F

# ALLEGED EFFECTS OF IMPORTS OF HAND TRUCKS AND CERTAIN PARTS THEREOF FROM CHINA ON U.S. PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. firms to describe any actual or anticipated negative effects, since January 1, 2001, of imports of hand trucks and certain parts thereof from China on their growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product). Responses are shown below.

**Actual Negative Effects**

| | |
|---|---|
| American | ***. |
| Angelus | ***. |
| Anthony | ***. |
| B&P | ***. |
| Fairbanks | ***. |
| Gleason | ***.[1] |
| Harper Trucks | ***. |
| Magline | ***. |
| Wesco | ***. |
| Valley Craft | ***. |

**Anticipated Negative Effects**

| | |
|---|---|
| American | ***. |
| Angelus | ***. |
| Anthony | ***. |
| B&P | ***. |
| Fairbanks | ***. |
| Gleason | ***.[1] |
| Harper Trucks | ***. |
| Magline | ***. |
| Wesco | ***. |
| Valley Craft | ***. |

[1] ***.