Freight Rail Coupler Systems and Components from China

Investigation Nos. 701-TA-670 and 731-TA-1570 (Final)

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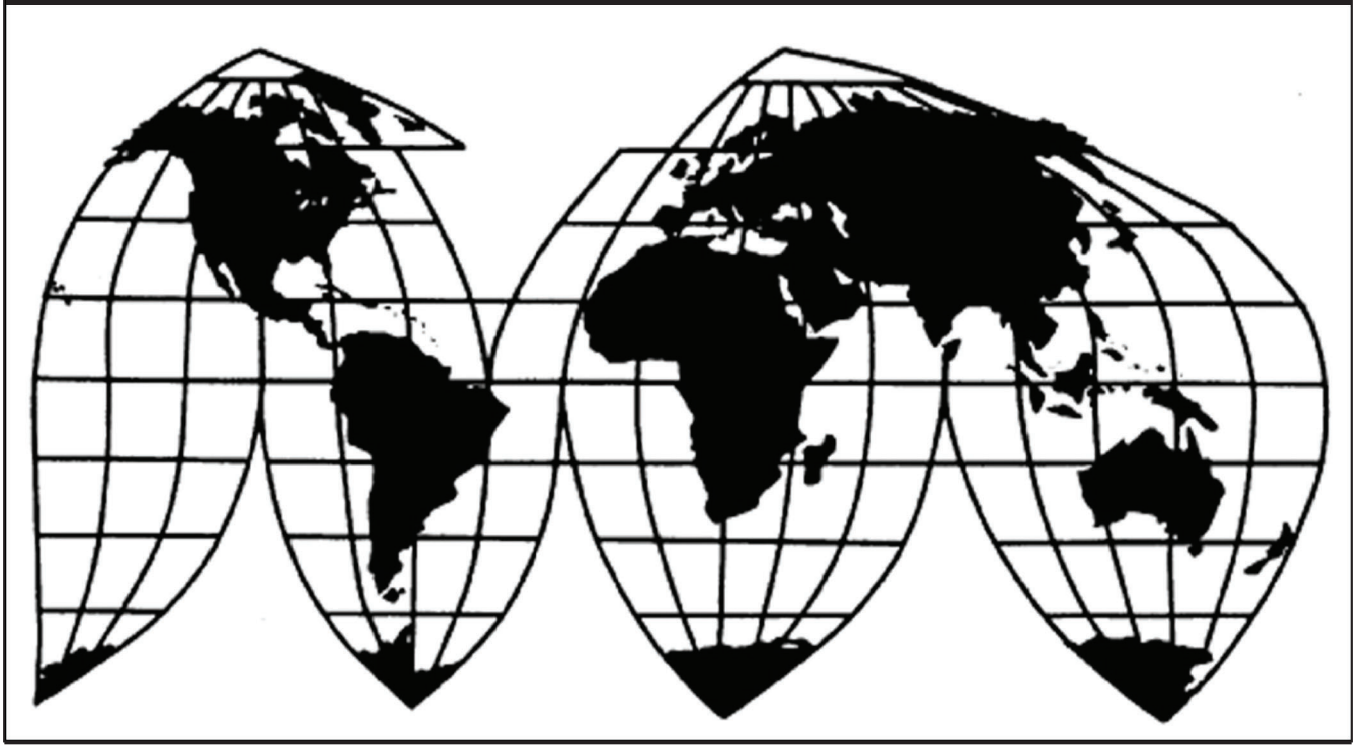
U.S. International Trade Commission



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CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

CONTENTS

Page

Appendixes

Note.—Information that would reveal confidential operations of individual concerns may not be published.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-670 and 731-TA-1570 (Final)

Freight Rail Coupler Systems and Components from China

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is not materially injured or threatened with material injury by reason of imports of freight rail coupler systems and components from China, provided for in subheading 8607.30.10[2] of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV"), and to be subsidized by the government of China.[3]

BACKGROUND

The Commission instituted these investigations effective September 29, 2021, following receipt of petitions filed with the Commission and Commerce by the Coalition of Freight Coupler Producers consisting of McConway & Torley LLC ("M&T"), Pittsburgh, PA, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFLCIO, CLC ("USW").[4] The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of freight rail coupler systems and components from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV

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

[2] Unfinished subject merchandise may also be imported under subheading 7326.90.86. Subject merchandise attached to finished rail cars may also be imported under subheadings 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, 8606.99.01 or under subheading 9803.00.50 if imported as an Instrument of International Traffic.

[3] 87 FR 30869 (May 20, 2022) and 87 FR 32121 (May 27, 2022).

[4] Initially, Petitioner was M&T and another domestic producer. However, the other domestic producer withdrew, and USW was added to the petitions.

within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on March 8, 2022 (87 FR 14037). The Commission conducted its hearing on May 12, 2022. All persons who requested the opportunity were permitted to participate.

Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of freight rail coupler systems and certain components thereof ("FRCs") found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV") and to be subsidized by the government of China.

I. Background

The Coalition of Freight Coupler Producers ("Petitioner"), filed the petitions in these investigations on September 29, 2021. Petitioner consists of McConway and Torley, LLC ("M&T"), a domestic producer of FRCs, and the United Steel, Paper, and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW").[1] Representatives for Petitioner appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs, and final comments.

Three respondent entities participated in these final phase investigations. Strato, Inc. ("Strato") and Wabtec Corporation ("Wabtec"), U.S. importers of subject merchandise from China, and TTX Company ("TTX"), a U.S. purchaser of FRCs, appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs, and final comments.[2]

U.S. industry data are based on the questionnaire responses from three firms that accounted for all known domestic production of FRCs in 2021.[3] U.S. import data are based on the questionnaire responses of six U.S. importers of FRCs from China over the period of investigation, which covers January 2019 through December 2021 ("POI"); these importers accounted for *** percent of subject imports from China in 2021 under Harmonized Tariff Schedule ("HTS") statistical reporting number 8607.30.1000.[4] Data concerning the subject

[1] Initially, Petitioner was M&T and another domestic producer, Amsted Rail Co., Inc. ("Amsted"). However, Amsted withdrew and USW was added to the petitions. Confidential Report, Memorandum INV-UU-060 (June 3, 2022), as amended by Memorandum INV-UU-063 (June 13, 2022) ("CR") and *Freight Rail Coupler Systems and Components from China*, Inv. Nos. 701-TA-670 and 731-TA-1570 (Final), USITC Pub. 5331 (July 2022) ("PR") at I-1 n.1.

[2] Strato and Wabtec filed separate prehearing briefs and final comments, and a joint posthearing brief.

[3] CR/PR at I-4, III-1.

[4] CR/PR at IV-1. HTS statistical reporting number 8607.30.1000 is a "basket" category that contains out-of-scope merchandise. Twelve firms identified as importing product under this statistical (Continued...)

industry are based on questionnaire responses from three foreign producers that accounted for less than *** percent of FRC production in China in 2020 and approximately *** percent of U.S. imports of subject merchandise from China in 2021.[5]

II. Domestic Like Product

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 subject merchandise, the Commission first defines the "domestic like product" and the "industry."[6] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[7] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[8]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[9] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[10] The Commission then defines the domestic like product

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(…Continued)
reporting number reported that they did not import FRC into the United States. CR/PR at IV-1 n.2. As such, official import statistics for HTS statistical reporting number 8607.30.1000 overstate in-scope FRCs and, thus, we have not relied on official import statistics to measure imports of FRCs. In addition, it is likely that a substantial portion of the imports under HTS statistical reporting number 8607.30.1000 not comprising FRCs are accounted for by these twelve firms and thus that imports reported in response to the questionnaire comprise significantly more than 57.9 percent of total FRC imports.

[5] CR/PR at VII-3.

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(10).

[9] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *See*, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. App'x 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States,* 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[10] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v.*
(Continued...)

in light of the imported articles Commerce has identified.[11] 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.[12] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[13] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[14]

B. Product Description

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

> . . . freight rail car coupler systems and certain components thereof. Freight rail car coupler systems are composed of, at minimum, four main components (knuckles, coupler bodies, coupler yokes, and follower blocks, as specified below)

(…Continued)

United States, Case No. 19-1289, slip op. at 8-9 (Fed. Cir. Feb. 7, 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[11] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Hosiden Corp. v. Advanced Display Mfrs.,* 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Torrington Co. v. United States*, 747 F. Supp. 744, 748–52 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

[12] *See*, *e.g.*, *Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

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

but may also include other items (e.g., coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The components covered by the investigation include: (1) E coupler bodies; (2) E/F coupler bodies; (3) F coupler bodies; (4) E yokes; (5) F yokes; (6) E knuckles; (7) F knuckles; (8) E type follower blocks; and (9) F type follower blocks, as set forth by the Association of American Railroads (AAR). The freight rail coupler components are included within the scope of the investigation when imported individually, or in some combination thereof, such as in the form of a coupler fit (a coupler body and knuckle assembled together), independent from a coupler system.

Subject freight rail car coupler systems and components are included within the scope whether finished or unfinished, whether imported individually or with other subject or non-subject components, whether assembled or unassembled, whether mounted or unmounted, or if joined with non-subject merchandise, such as other non-subject system parts or a completed rail car. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various components. When a subject coupler system or subject components are mounted on or to other non-subject merchandise, such as a rail car, only the coupler system or subject components are covered by the scope.

The finished products covered by the scope of this investigation meet or exceed the AAR specifications of M-211, "Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts" or AAR M-215 "Coupling Systems," or other equivalent domestic or international standards (including any revisions to the standard(s)).

The country of origin for subject coupler systems and components, whether fully assembled, unfinished or finished, or attached to a rail car, is the country where the subject coupler components were cast or forged. Subject merchandise includes coupler components as defined above that have been further processed or further assembled, including those coupler components attached to a rail car in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various components. The inclusion, attachment, joining, or assembly of non-subject components with subject components or coupler systems either in the country of manufacture of the in-scope product or in a third country does not remove the subject components or coupler systems from the scope.[15]

[15] *Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 87 Fed. Reg. 30,869, 30,871 (May 20, 2022); (Continued...)

FRCs generally comprise four main metal components: (1) knuckles, (2) coupler bodies, (3) coupler yokes, and (4) follower blocks, in addition to ancillary parts (*e.g.,* coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors). Railcars that rely on cushioned technology do not require coupler yokes or follower blocks.[16] The main components of FRCs are manufactured in accordance with Association of American Railroad ("AAR") standards to ensure FRCs in the United States are interoperable.[17] Knuckles are typically metal castings in the shape of a hook that pivot on a vertical hinge between a "locked" and "unlocked" position to be able to interlock with knuckles of adjacent FRCs. Coupler bodies are a metal casting that holds the knuckle and allows it to pivot. The coupler body fits within the coupler yoke, which is the metal casting that attaches the FRC to the freight car. The follower block is a rectangular piece of metal that separates the FRC from the adjacent draft gear of the freight car (designed to absorb some of the forces when connecting railcars).[18]

FRCs are designed to connect two railcars together by automatically interlocking the knuckles of both FRCs when the railcars are pushed together, eliminating the need for previously required and potentially dangerous manual input. A manually operated lever on the side of a railcar connects to the FRC and is used to unlock the FRC by lifting the knuckle pin, allowing the knuckles to release and the railcars to be uncoupled. Railcars typically use two FRCs, one on each of the front and rear of the railcar, to allow for coupling additional railcars together. In addition to interlocking railcars together, FRCs are also designed to reduce shocks when railcars are in transit or braking.[19]

C. Arguments of the Parties

Petitioner's Arguments. In the final phase of these investigations, Petitioner has not addressed the issue of the definition of the domestic like product. It argued in the preliminary

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(…Continued)
Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Final Affirmative Determination of Sales at Less-Than-Fair Value, 87 Fed. Reg. 32,121, 32,123 (May 27, 2022).

[16] *See* importer questionnaire responses of *** and *** at Table III-2a Note; Tr. at 232 (Werner), 308 (Foxx).

[17] CR/PR at I-8. AAR standard M-211 covers foundry and product approval requirements for the manufacture of couplers, coupler yokes, knuckles, follower blocks, and coupler parts. AAR standard M-215 covers complete coupler systems. CR/PR at I-8 n.11.

[18] CR/PR at I-8.

[19] CR/PR at I-8.

phase of these investigations that the Commission should define a single domestic like product consisting of all FRCs, coextensive with Commerce's scope.[20]

Respondents' *Arguments*. Respondents do not contest the domestic like product definition.[21]

D. Domestic Like Product Analysis

In the preliminary determinations, the Commission defined a single domestic like product, coextensive with Commerce's scope. It found that all domestically produced FRCs corresponding to the scope definition shared the same overall shape and common features, are generally produced through the same production processes, are generally interchangeable and used to connect and transport railcars, are sold through the same channels of distribution, albeit at appreciably varying prices, and are perceived to be a single product category by market participants.[22] It also found that upstream FRC components and downstream finished FRCs belong in a single domestic like product.[23]

The record of the final phase of these investigations does not contain any new information about the characteristics of FRCs to suggest a different definition is warranted.[24] Accordingly, we define a single domestic like product corresponding to Commerce's scope.

III. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes

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[20] Petitioner's Postconference Br. at 6.

[21] *See* Strato's Prehearing Br. at 9-12. Strato, the only respondent to address the domestic like product in these final phase investigations, agrees with the Commission's finding in the preliminary phase of these investigations that the domestic like product should be "co-extensive with Commerce's current definition of the class or kind of merchandise subject to investigation." *Id*. at 11-12. Strato and Wabtec argued in proceedings before Commerce that it lacked authority to include FRC components incorporated into railcars in third countries within the scope. Had Commerce agreed and modified the scope language by removing FRC components assembled into rail cars in third countries, Strato requested that the Commission should nevertheless continue to include all domestically manufactured FRC components, regardless to whom sold. *Id*. at 10-12. Commerce subsequently determined not to modify the scope language. 87 Fed. Reg. 30,869-30,870 (May 27, 2022).

[22] *Freight Rail Coupler Systems and Components from China*, Inv. Nos. 701-TA-670 and 731-TA-1570 (Preliminary), USITC Pub. 5243 (Nov. 2021) ("*Preliminary Determinations*") at 9-13.

[23] Preliminary Determinations at 13-16.

[24] *See generally* CR/PR at I-8-I-14.

a major proportion of the total domestic production of the product."[25] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

No party has addressed the definition of the domestic industry in the final phase of these investigations. In the preliminary determinations, the Commission found no evidence of a related party issue and defined a single domestic industry that included all U.S. producers of the domestic like product.[26]

There is no new evidence in the record of the final phase of these investigations to warrant revisiting the Commission's definition of domestic industry from the preliminary determinations.[27] [28] Accordingly, we define a single domestic industry consisting of all U.S. producers of FRCs.

IV. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[29]

Based on data submitted in response to the Commission's U.S. importer questionnaire, imports from China subject to these antidumping and countervailing duty investigations accounted for *** percent of total U.S. imports of FRCs in the 12-month period (September

[25] 19 U.S.C. § 1677(4)(A).

[26] Preliminary Determinations at 16-18.

[27] No domestic producers are related to exporters or U.S. importers of subject merchandise, or directly imported or purchased FRCs from China during the POI. CR/PR at III-2, III-10.

[28] In its preliminary determinations, the Commission determined that it lacked sufficient information to conduct an analysis of whether refurbishers of FRCs provide sufficient production-related activities to be included in the domestic industry. *Preliminary Determinations* at 16-18. In its comments on the draft final phase questionnaires, Wabtec argued that refurbishers of FRCs engage in sufficient production-related activities to be included in the domestic industry, requested that the Commission collect pricing and financial data from refurbishers in these proceedings, and identified nine possible refurbishers of FRCs. *See* Wabtec's comments on draft questionnaires, EDIS Doc. No. 762807 (Feb. 2, 2022). Staff sent producer questionnaires to these nine possible refurbishers. Only one of the firms, ***, filed a questionnaire response, albeit with data that was not usable. Accordingly, the three responses provided by domestic producers represent all known U.S. production of FRCs. CR/PR at III-1.

[29] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

2020 to August 2021) preceding the filing of the petitions.[30] Thus, we find that subject imports from China are not negligible for purposes of both the antidumping and countervailing duty investigations.

V. No Material Injury by Reason of Subject Imports

Based on the record in the final phase of these investigations, we find that an industry in the United States is not materially injured by reason of subject imports of FRCs from China that Commerce has found to be sold in the United States at LTFV and to be subsidized by the government of China.

A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[31] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[32] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[33] 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.[34] 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."[35]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[36] it does not define the phrase "by reason of," indicating that this aspect of the injury

[30] CR/PR at Table IV-5.

[31] 19 U.S.C. §§ 1671d(b), 1673d(b).

[32] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[33] 19 U.S.C. § 1677(7)(A).

[34] 19 U.S.C. § 1677(7)(C)(iii).

[35] 19 U.S.C. § 1677(7)(C)(iii).

[36] 19 U.S.C. §§ 1671d(b), 1673d(b).

analysis is left to the Commission's reasonable exercise of its discretion.[37] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[38]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[39] In performing its examination, however, the Commission need not isolate

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

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

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

the injury caused by other factors from injury caused by unfairly traded imports.[40] Nor does the "by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[41] It is clear that the existence of injury caused by other factors does not compel a negative determination.[42]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports."[43] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [44] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[45]

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[40] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

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

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

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

[44] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive

(Continued...)

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[46] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[47]

B. Conditions of Competition and the Business Cycle

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

1. Demand Considerations

Demand for FRCs is driven by demand for new freight railcars,[48] as well as demand for the maintenance/replacement of FRCs for freight railcars already in service.[49] The majority of domestic producers' U.S. shipments of FRCs were to original equipment manufacturers

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(…Continued)
nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

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

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

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

[48] CR/PR at II-9. New railcar deliveries to the North American market declined by 49.5 percent during the POI, from 58,026 railcars in 2019 to 29,280 railcars in 2021. CR/PR at Table II-7.

[49] CR/PR at II-15-II-16. Demand from the maintenance/replacement segment of the market may pertain to FRC components rather than complete FRCs, as information on the record indicates that knuckles are replaced every five to 10 years, coupler bodies and yokes are replaced every 15 to 30 years, and follower blocks are rarely replaced. Petition, Exh. I-11; Tr. at 210 (Lutz).

The number of freight railcars owned and operated by class I railroads declined by 10.1 percent during the POI, from 270,378 railcars in 2019 to 243,087 in 2021. CR/PR at Table II-8.

Demand in the maintenance/replacement market is driven by several factors, including freight railroad revenue, the number of railcars in storage, and the number of cars that are scrapped or put into storage (maintenance is not conducted on railcars that are scrapped or put into storage). Class I railroad traffic declined over the POI, as indicated by a 5.0 percent decrease in revenue per ton-miles from 2019 (at $1,614.5 billion) to 2021 (at $1,533.9 billion). CR/PR at II-15. The number of railcars that were scrapped increased by 8.3 percent during the POI, from 55,400 railcars in 2019 to 60,000 railcars in 2021. *Id*. Further, the number of railcars in storage increased irregularly, from *** railcars in 2019 to *** railcars in 2020, and *** railcars in 2021. *Id*.

("OEMs") in 2019, while in 2020 and 2021 the majority of their shipments were to the maintenance/replacement segment of the market.[50] The majority of U.S. importers' U.S. shipments of subject imports were to the maintenance/replacement segment, and the majority of their shipments of nonsubject imports were to OEMs.[51]

FRCs account for between one to three percent of OEM freight railcar production costs,[52] but a higher percentage of costs in the maintenance/replacement market.[53] Industry participants agreed there are no substitute products for FRCs.[54] All FRCs used in North America railcars are manufactured in accordance with AAR standards and therefore completely interoperable – they are used to connect and transport railcars.[55]

The parties generally agree that the U.S. market for FRCs is subject to business cycles, and that the COVID-19 pandemic disrupted demand.[56] Most firms reported that U.S. demand for FRCs fluctuated during the POI.[57] Apparent U.S. consumption of FRCs overall during the POI declined by *** percent, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[58] The record reflects that demand from OEMs decreased to a greater extent than did demand in the maintenance/replacement market.[59] Combined U.S. producers' and U.S. importers' shipments to the OEMs as a ratio to overall apparent U.S. consumption decreased

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

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

[52] CR/PR at II-9.

[53] Tr. at 114-15 (Mautino, Kaplan).

[54] CR/PR at II-16.

[55] CR/PR at I-8; Tr. at 6-7 (Pickard) ("These are products that are manufactured to a specification of the American Association of Railroads, so that they can be used interchangeably throughout the North American railroad network … ."), *id*. at 14, 24 (Mautino); *see also* CR/PR at I-13.

[56] CR/PR at II-9; Strato's Prehearing Br. at 96, Exh. 12; Wabtec's Prehearing Br., Exh. 3; TTX's Posthearing Br., Exh. 1 at 4 n.15; Petitioner's Prehearing Br. at 7; *see also* Tr. at 34 ("{W}hile we have always been deemed to be an essential business since COVID-19 started, it did cause a softening in demand for a period of time."); Tr. at 122 (Mautino) ("Ultimately, there was a spike downward in the pandemic – the initial part of the pandemic area.").

[57] CR/PR at Tables II-5-II-6.

[58] CR/PR at Table IV-6. Consumption in both the OEM and maintenance/replacement segments likewise declined from 2019 to 2021, with OEM consumption falling by *** percent and maintenance/replacement consumption falling by a lesser *** percent. CR/PR at Tables IV-8, IV-9.

[59] CR/PR at Tables IV-8, IV-9; VI-11 n.11 (***); Tr. at 123 (Pickard) ("So I think the bottom line is maintenance demand stays relatively stable as a general rule and through the POI. And then consistent with what you see in, kind of, industry reports and projections is there's a decrease in new car builds, consistent with the cycle . . . ."); *see also* Strato's Prehearing Br. at 15 ("The data . . . reveals that the decline in replacement market demand during the POI was ***"); Wabtec's Prehearing Br. at 11 ("While demand in both channels declined over the POI, the decline in demand in the OEM channel was considerably steeper than in the replacement channel.").

from *** percent in 2019 to *** percent in 2021, whereas combined U.S. producers' and U.S. importers' shipments to the maintenance/replacement market as a ratio to overall apparent U.S. consumption increased from *** percent in 2019 to *** percent in 2021.[60]

2. Supply Considerations

The domestic industry consists of three firms (Amsted, Huron, and M&T); an additional firm, Columbia Castings Co., exited the market in 2016.[61] During the POI, *** reported plant closings, production curtailments, and deferred maintenance of equipment and software.[62] In 2020, *** stopped producing knuckles and coupler bodies.[63] M&T has a long-term supply agreement with its former parent company and current U.S. purchaser Trinity Rail Group, LLC ("Trinity"); Trinity agreed to purchase set amounts of FRCs that decrease annually until the agreement's expiry in 2023.[64] The domestic industry was the second largest source of supply to the U.S. market in 2020 and 2021, whereas in 2019 it was the largest source of supply.[65] The industry's market share declined from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.[66]

Subject imports were the third-largest source of supply to the U.S. market throughout the POI.[67] Their market share increased from *** percent in 2019 to *** percent in 2020, then declined to *** percent in 2021. During the POI, U.S. importer of subject merchandise Strato had a long-term supply agreement for FRCs with TTX, the largest owner of railcars in North America, which requires TTX ***.[68]

Mexico was the leading source of nonsubject imports during the POI; many such imports entered the United States on finished railcars.[69] Nonsubject imports were generally the largest

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[60] CR/PR at Tables IV-8, IV-9.

[61] CR/PR at Table III-1; Tr. at 183 (Korzeniowski).

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

[63] ***'s U.S. producer questionnaire response at question II-9. *See also* Tr. at 195 (Cunkelman).

[64] CR/PR at II-10. ***. *** U.S. purchaser questionnaire response at question III-9. In conference testimony, Mr. Korzeniowski of Wabtec indicated his understanding that this agreement, entered into when Trinity sold M&T in late 2018, reduces Trinity's purchase obligations each year of the agreement "from a beginning of 90 percent down to 70 percent, and then, in 2023, it's up altogether." Conf. Tr. at 82. This testimony is *** Petitioners' Posthearing Br., Exh. 5, at 3, 23.

[65] CR/PR at Tables IV-6, C-1.

[66] CR/PR at Tables IV-6, C-1.

[67] CR/PR at Tables IV-6, C-1.

[68] CR/PR at V-6 n.13; Strato's Prehearing Br. at 40-41. This *** agreement, signed in ***, requires that ***. CR/PR at V-6 n.13.

[69] CR/PR at II-7-II-8. There were also some quantities of FRCs shipped from India during the POI. *Id*.

source of supply to the U.S. market during the POI except for 2019, when they were the second-largest source of supply.[70] Nonsubject imports' market share increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.[71]

When asked if they had experienced any supply constraints before and after the filing of the petitions on September 29, 2021, all three U.S. producers, three of six importers, and nine of 13 purchasers reported that they had not experienced supply constraints between January 1, 2019 and September 29, 2021.[72] All three U.S. producers reported that they had not experienced supply constraints after the petitions were filed on September 29, 2021, whereas four of six importers and 10 of 12 responding purchasers reported that they had experienced supply constraints after the petitions were filed.[73] Reasons cited included generally less available FRC from China, shortages in shipping containers, the pendency of these investigations, and increased lead times.[74]

3. Substitutability and Other Conditions

We find that there is generally a high degree of substitutability between subject imports and domestically produced FRCs, but the choice between domestic FRCs and subject imports is affected to some degree by the use of long-term supply agreements, purchasers' preferences for certain types or suppliers of FRCs, and quality considerations.[75] [76] Whether domestically

[70] CR/PR at Tables IV-6, C-1.
[71] CR/PR at Tables IV-6, C-1.
[72] CR/PR at II-8.
[73] CR/PR at II-8.
[74] CR/PR at II-8.
[75] CR/PR at II-16.
[76] The parties disagree on the importance of Bedloe technology, which is unique to subject imports, as a factor limiting interchangeability between subject imports and domestically produced FRCs. Respondents argue that certain purchasers, namely TTX and the railroads, prefer products using Bedloe technology to the domestic like product due to their superior quality. *See* Strato and Wabtec's Posthearing Br., Exh. 1 at 72-77; TTX's Prehearing Br. at 26-31; TTX's Posthearing Br., Exh. 1 at 4-8. Petitioner contends that the record does not support this argument. Petitioner's Posthearing Br. at 2-3, Exh. 1 at 42.

Among the *** railroads that filed a purchaser questionnaire in these final phase investigations, *** indicated that price was not the most important purchasing factor. *See* purchaser questionnaire responses of *** at question III-23. Only three of 13 responding purchasers identified proprietary technologies (such as Bedloe technology) as a very important purchasing factor and most responding purchasers reported that U.S. and Chinese FRCs were "comparable" on this factor. CR/PR at Tables II-11 and Table II-14. However, we note this group of purchasers includes the largest purchaser of FRCs in 2021, TTX. CR/PR at II-2. Respondents argue that purchasers do not indicate Bedloe technology by name because Strato does not use the term in its marketing efforts and is ***, but know that Strato's (Continued...)

produced or imported, FRCs must meet AAR specifications.[77] Most firms reported that subject imports and domestically produced FRCs are always interchangeable.[78] Further, most firms reported that FRCs from Mexico were always interchangeable with subject and domestically produced FRCs.[79] As noted above, certain large purchasers of FRCs have long-term agreements that require certain percentages of their FRCs be bought from specific suppliers.[80]

We further find that price is an important factor in purchasing decisions, although other factors, including availability and quality, are also important. Purchasers most frequently cited availability/supply as the first-most important factor.[81] Purchasers also most frequently identified availability and quality meets industry standards as very important factors in their purchasing decisions, followed by product consistency and reliability of supply, delivery time, price, and delivery terms.[82] All 13 responding purchasers require their suppliers to become certified or qualified to meet AAR standards.[83] Further, most purchasers reported that domestically produced FRCs were comparable with subject imports and nonsubject FRCs from Mexico across 16 purchasing factors,[84] though responses comparing the U.S. product and

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StratoMax brand is a superior product. Strato and Wabtec's Posthearing Br., Exh. 1 at 77. Six of 13 responding purchasers reported that quality exceeding industry standards was a very important purchasing factor. CR/PR at Table II-11. Four of 10 responding purchasers reported that U.S.-produced product is inferior to Chinese product in this respect. *Id.* at Table II-14. In addition, TTX provided technical evidence that certain Bedloe-technology products had superior performance relative to other products. TTX Prehearing Br. at 26-30, Exhs 39-42. Based on this evidence, the Commission finds that, for a meaningful portion of the market, the use of Bedloe technology is a distinguishing factor as between domestic product and subject imports.

[77] CR/PR at I-8.

[78] CR/PR at Tables II-20-II-22.

[79] CR/PR at Tables II-20-II-22.

[80] CR/PR at II-10, V-6 n.13; *see also* Petitioner's Posthearing Br., Exh. 5; Strato's Prehearing Br. at 40-41.

[81] CR/PR at Table II-10. Twelve of the 13 responding purchasers reported that they usually or sometimes purchase the lowest-priced product. *Id*. at II-18.

[82] CR/PR at Table II-11.

[83] CR/PR at II-20. Purchasers reported that the time to qualify a new supplier ranged from one to two years and that the supplier must be approved by the AAR before purchasing. Twelve of 13 purchasers reported that no domestic or foreign producers failed in their attempts to certify or qualify their FRCs. *Id*.

[84] CR/PR at Tables II-14-II-15, II-17. Most purchasers reported that subject imports and domestically produced FRCs were comparable on every factor. *Id*. at Table II-14. Most purchasers reported that domestically produced FRCs and nonsubject imports from Mexico were comparable on every factor except price and U.S. transportation costs. *Id*. at Table II-15. Most purchasers reported that subject imports and nonsubject imports from Mexico were comparable on every factor, except delivery time and price. *Id*. at Table II-17.

subject imports were somewhat mixed with respect to delivery time,[85] price,[86] and quality exceeds industry standards.[87]

FRCs are primarily sold from inventory, with lead times for domestic producers averaging *** days and lead times for importers averaging *** days for shipments from U.S inventories and *** days for shipments from foreign inventories.[88] Most domestically produced and subject FRCs sold in the U.S. market are sold pursuant to annual contracts; a substantial portion is also sold on the spot market. In 2021, annual contracts accounted for *** percent of the domestic industry's U.S. shipments and *** percent of subject imports' U.S. shipments.[89]

Raw materials accounted for *** percent of the cost of goods sold ("COGS") for FRCs in 2019, *** percent in 2020, and *** percent in 2021.[90] FRCs are primarily made of pig iron and scrap metal.[91] Prices for FRCs generally follow the prices for scrap steel.[92] Steel inputs are generally subject to additional 25 percent *ad valorem* duties pursuant to section 232 of the Trade Expansion Act of 1962 ("section 232").[93] Steel scrap prices fluctuated during the POI, generally declining in 2019, and increasing from 2020 through 2022.[94]

Subject merchandise entering under HTS subheadings 8607.30.10, 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01 became subject to additional 25 percent *ad valorem* duties pursuant to section 301 of the Tariff Act of 1974 ("section 301"), which took

[85] CR/PR at Table II-14 (five purchasers reported domestic and Chinese FRCs were comparable, four reported the U.S. was superior, and two reported the U.S. was inferior).

[86] CR/PR at Table II-14 (five purchasers reported domestic and Chinese FRCs were comparable, three reported the U.S. was superior (*i.e.*, lower priced than subject imports), and three purchasers reported the U.S. product was inferior (*i.e.*, higher priced than subject imports)).

[87] CR/PR at Table II-14 (six purchasers reported domestic FRCs and subject imports were comparable and four purchasers reported the U.S. product was inferior).

[88] CR/PR at II-19.

[89] CR/PR at Table V-3. One domestic producer, ***, reported that its annual contracts allowed for price renegotiations, and were indexed to raw material prices; the contract of the other reporting producer, ***, did not provide for price renegotiations and were not indexed to raw material price indices. *Id*.

[90] CR/PR at Table VI-1.

[91] CR/PR at V-1 and Table VI-4.

[92] CR/PR at V-1.

[93] 19 U.S.C. § 1862; CR/PR at II-1, V-3. Imports of FRCs are not among the derivative steel products subject to section 232 tariffs. *See Adjusting Imports of Derivative Aluminum Articles and Derivative Steel Articles into the United States, Presidential Proclamation 9980 of January 24, 2020*; 85 Fed. Reg. 5,281 (Jan. 29, 2020).

[94] CR/PR at V-1, Figure V-1, Table F-1.

effect on August 23, 2018.[95] Exclusions for one year were granted effective July 31, 2019, for subject merchandise entering under HTS subheading 8607.30.10.[96] These exclusions, however, expired and subject merchandise entering under HTS subheading 8607.30.10 became subject to additional 25 percent *ad valorem* duties pursuant to section 301 effective July 31, 2020.[97]

C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[98]

Subject import volume declined from *** pounds in 2019 to *** pounds in 2020, and increased to *** pounds in 2021, a level that is *** percent lower than in 2019.[99] U.S.

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[95] CR/PR at I-7-I-8.

[96] CR/PR at I-7-I-8.

[97] CR/PR at I-7-I-8. Most U.S. producers and importers reported that the section 301 duties had an impact on the U.S. market. *Id*. at Table II-1. U.S. producer *** reported that the section 301 duties caused an increase in exports of Chinese FRC to Mexico that were installed on freight railcars and transported for use in the United States, whereas U.S. producer *** reported generally that the section 301 duties impacted the overall market for U.S. producers. CR/PR at II-3. Importers and purchasers generally reported increased costs and prices and a reduced competitive landscape. *Id.* at II-3 to II-4.

[98] 19 U.S.C. § 1677(7)(C)(i).

[99] CR/PR at Table IV-2. Petitioner has requested that we focus on the market share trends that occurred prior to 2021 and reduce the weight we accord to post-petition information concerning the volume, price effects, and impact of the subject imports on the domestic industry pursuant to 19 U.S.C. § 1677(7)(I), due to purported post-petition effects in the fourth quarter of 2021 that included declining subject import volumes, rising subject import prices, and the reshoring of some of Amsted's domestic production from Mexico. *See* Petitioners' Posthearing Br. at 8-9, Exh. 1 at 1-8. Among other things, Petitioners cite certain questionnaire responses and witness testimony indicating that purchases of subject imports decreased after the filing of the petitions. *Id.*, Exh. 1 at 1-3 5-6, 7. We decline to discount 2021 data. Information on the record indicates that subject imports shipped from foreign inventory take an average of *** days to reach their destination in the United States, such that any subject imports directed towards the U.S. market for sale in the fourth quarter of 2021 would largely have been in transit prior to the filing of the petitions. CR/PR at II-19. *See also* Tr. at 187 (Korzeniowski). Further, several purchasers cited general supply chain disruptions and the COVID-19 pandemic as reasons for declining import volumes in 2021. *See* purchaser questionnaires at questions II-2 and III-13. We note, in this regard, that while *** indicated that it encountered supply constraints due to the filing of the petitions, it lists its increased railcar purchases from Mexico as its reason for lower purchases of subject imports in 2021. Moreover, its purchases of subject imports in that year exceeded its purchases of subject imports in 2020. *See* ***'s purchaser questionnaire at questions II-1-II-2 and III-13. We also find speculative Petitioner's contention that the filing of the petitions drove certain capital investments and additional production-related workers ("PRWs") at Amsted. With respect to price, while the pricing data show an increase in subject import prices for four of the five pricing products between the third and fourth quarters of 2021, price increases started prior to the fourth quarter of 2021 for three of (Continued...)

shipments of subject imports also declined during each year of the POI.[100] As a share of apparent U.S. consumption by volume, U.S. shipments of subject imports increased from ***

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those four products. CR/PR at Tables V-4-V-8. Moreover, other than one other domestic producer, there is no indication that market participants had advance knowledge in 2021 of the likely filing of the petition. See Petitioner's Posthearing Br., Exh. 1 at 58-60; Strato and Wabtec's Posthearing Br., Exh. 1 at 94-96; TTX's Posthearing Br., Exh. 1 at 4. Accordingly, we find that the record does not support Petitioner's allegations of post-petition effects. Moreover, Petitioner requests that less weight be given to data for all of 2021, not just that less weight be given to the post-petition period. Thus, even to the extent there were some evidence of post-petition effects in the fourth quarter of 2021, the relevant statutory provision would not call on us to discount an entire year of data.

[100] U.S. shipments of subject imports declined by *** percent during the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/PR at Tables IV-6, C-1. In its final comments, Petitioner argues for the first time in these proceedings that the Commission should base its analysis of market shares on the total volume of subject imports, rather than U.S. shipments, of subject imports, as subject FRCs held in inventory may also be drawn down and injure the domestic industry. Petitioner's Final Comments at 2-5. Petitioner argues that this analysis shows a *** increase in subject import market share relative to nonsubject imports during the POI. *Id*. at Table 1.

Notwithstanding Petitioner's contention, the Commission's usual practice is to base its analysis of U.S. market share on questionnaire data for U.S. shipments of imports. The Commission has on occasion instead based its market share analysis on total subject import volume where, for example, questionnaire data are unreliable, due to poor questionnaire coverage, and there exists an HTS subheading for official import statistics that cleanly corresponds to Commerce's scope. *See*, *e.g*., *Urea Ammonium Nitrate Solutions from Russia and Trinidad and Tobago*, Inv. Nos. 701-TA-668-669 and 731-TA-1565-1566 (Preliminary), USITC Pub. 5226 (Aug. 2021) at 22 n.113 and Table IV-7 Note. In these investigations, the Commission received responses to its importer questionnaire from six firms representing a substantial share of U.S. imports of FRCs from China in 2021 under HTS subheading 8607.30.10, a "basket" category that contains out-of-scope products. CR/PR at IV-1. There is no indication in the record or argument from parties that the questionnaire data for U.S. shipments of imports are unreliable due to poor coverage, and the HTS subheading corresponding to subject imports does not cleanly fit Commerce's scope. Accordingly, although we have considered the absolute volume of subject imports, we have followed our usual practice of analyzing market shares on the basis of questionnaire data for U.S. shipments of imports in these investigations.

Petitioner also argues in its posthearing brief that the Commission should base its analysis of market shares on value, which it asserts is a better measure than quantity for products when Commerce's scope covers groupings of items differing in size, characteristics, and value. Petitioner's Posthearing Br. at 11-12. We disagree, as the scope of these investigations, which covers only four FRC components, is not comparable to the scopes of other investigations, including those cited by Petitioner, where value was considered. We note, for instance, that in the investigations of the diamond sawblades industry, Commerce considered that it would be "more appropriate to use sales value to measure industry production," and noted the petitioner's argument in the underlying petitions that "quantity measures for industry production may not be meaningful because there is a great disparity in finished product prices that is not reflected in the quantity unit of measures (pieces)." U.S. Dep't of Commerce, Case No. A-580-855, Initiation Checklist. We note that the record in these investigations does not show great disparities in finished product prices that are out of sync with quantity measurements. *See* CR/PR
(Continued...)

percent in 2019 to *** percent in 2020, then declined to *** percent in 2021, for an overall period increase of *** percentage points.[101] [102] [103]

Based on the above, we conclude that the volume of subject imports was significant in absolute terms, and relative to apparent U.S. consumption and production, and that the increase in the volume of subject imports was significant relative to apparent U.S. consumption and production in the United States during the POI. However, for the reasons we discuss below, we find that subject imports did not have significant price effects on domestic prices and did not have a significant impact on the domestic industry.

D. Price Effects of the Subject Imports

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[104]

As addressed in Section IV.B.3, the record indicates that there is a generally high degree of substitutability between subject imports and the domestic like product, which is affected by

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(…Continued)
at Tables V-4-V-8. Moreover, an examination of value does not significantly alter the trends in these investigations: U.S. shipments of subject imports from China declined by *** percent in value, from $*** in 2019 to $*** in 2020 and $*** in 2021. CR/PR at Tables IV-7, C-1. As a share of apparent U.S. consumption by value, subject imports increased from *** percent in 2019 to *** percent in 2020, then declined to *** percent. *Id*.

[101] CR/PR at Tables IV-6, C-1.

[102] The ratio of subject imports to the domestic industry's production increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021. CR/PR at Table IV-2.

[103] Respondents argue that the volume of subject imports was not significant during the POI because the overall increase in subject imports' market share during the POI is explained by the relatively greater decrease in OEM demand during the POI. Strato's Prehearing Br. at 44-65; Wabtec's Prehearing Br. at 23-24; Strato and Wabtec's Posthearing Br., Exh. 1 at 15-30. Respondents contend the relatively greater decrease in OEM demand during the POI and an increase nonsubject imports from Mexico explain the domestic industry's market share loss over the POI. *Id.* We address these issues below in our discussion of price effects.

[104] 19 U.S.C. § 1677(7)(C)(ii).

certain other factors, and that price is an important consideration in purchasing decisions, although other factors are also important.

We have examined several sources of information in our underselling analysis, including pricing data, responses by purchasers to the Commission's lost sales/lost revenue questionnaire, and additional documentary evidence provided by Petitioner. Three domestic producers and three importers provided usable quarterly net sales f.o.b. selling price data for five FRC pricing products, although not all firms reported data for all quarters.[105] Reported pricing data accounted for approximately *** percent of domestic producers' U.S. shipments of FRCs in terms of value, and *** percent of U.S. shipments of subject imports from China.[106] Additionally, one importer, ***, provided price data for nonsubject imports from Mexico.[107] [108]

[105] CR/PR at V-8. Product 1 was defined as "SE60, grade E steel complete coupler assembly, double shelves, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications." *Id*. at V-7. Product 2 was defined as "SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications." *Id*. Product 3 was defined as "E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications." *Id*. Product 4 was defined as "SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications." *Id*. Product 5 was defined as "SBE60, grade E steel coupler body, bottom shelf, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications." *Id*.

[106] CR/PR at V-8.

[107] CR/PR at V-8; App. D.

[108] Petitioner raises concerns with the product-specific pricing data. First, Petitioner contends that ***'s data should be excluded from the pricing data, as these data are derived from annual shipments data, implicate products that may not match pricing product specifications for pricing product 3, and were conducted at levels of trade that differed from those of other reporting firms. Petitioner's Posthearing Br., Exh. 1 at 37-41. Second, Petitioner argues that the Commission should not rely on the pricing data provided by *** for nonsubject imports from Mexico as its U.S. shipments consist largely of bundled sales that may discount certain components. Petitioner's Posthearing Br., Exh. 1 at 47-50.

We find Petitioner's arguments unpersuasive. With regard to *** data, while *** provided quarterly data for pricing products 3 and 5 derived from its annual shipment AUVs as it did not have pricing product data available by quarter, *** indicated that ***. *See* Note to APO, EDIS Doc. No. 768172 (Apr. 13, 2022) and Revision to Part IV, EDIS Doc. 766943 (Mar. 30, 2022). In addition, *** did not report any concerns about product mix when communicating with staff about its pricing data. *See* EDIS Doc. No. 766943 (Mar. 30, 2022). Although ***'s sales to *** were sales to ***, whereas those reported by other firms were sales to ***, Petitioner did not request that the pricing product definitions distinguish sales to *** from sales to *** and *** followed the questionnaire instructions by reporting its first sale to unrelated customers. *See* Petition at 28; Petitioner's Comments on the Draft Questionnaires, EDIS Doc. No. 762806 (Feb. 8, 2022). With regard to *** data, we observe that the Commission's producer and importer questionnaires direct respondents to report pricing net of all discounts and rebates, which would include any discounts or rebates resulting from the bundling of FRCs with other railcar components. *See* Producer questionnaires at question IV-2c and Importer

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Price comparisons reflect mixed instances of underselling and overselling by subject imports, with subject imports overselling the domestically produced FRCs in a majority of comparisons. Subject imports oversold the domestic like product in 33 of 60 quarterly comparisons (55.0 percent of comparisons) at an average margin of *** percent; the volume of subject imports reported in quarters of overselling accounted for *** percent of the total volume reported for the pricing products.[109] Subject imports undersold the domestic like product in 27 quarterly comparisons (45.0 percent of comparisons) at an average margin of *** percent; the volume of subject imports reported in quarters of underselling accounted for *** percent of the total volume reported for the pricing products.[110]

The parties generally agree that subject imports reported as "complete coupler assemblies" within the meaning of the product specifications for pricing products 1 and 2 may contain fewer components than those shipped by domestic products,[111] which is supported in the record.[112] Accordingly, we assign relatively less weight to the data for pricing products 1 and 2 in our analysis of underselling and price effects, as pricing products 1 and 2 may reflect product mix differences between complete FRCs shipped by importers and those shipped by domestic producers. When considering only pricing products 3 through 5, subject imports oversold the domestic like product in 23 of 36 quarterly comparisons (63.9 percent of comparisons), where the volume of subject imports reported in quarters of overselling accounted for *** percent of the total volume reported for these pricing products.[113]

In addition, information collected in response to lost sales allegations does not show that subject imports were predominantly lower priced than domestically produced FRCs; this

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questionnaires at question III-2c. Amsted confirmed that ***. Revision to Part II and Part III, EDIS Doc. 770913 (May 17, 2022). We thus decline to exclude these data from our analysis.

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

[110] CR/PR at Table V-12. We note that Product 3 (knuckles) accounts for the vast majority (*** percent) of the quantity of the reported pricing data, which are in the form of units. CR/PR at Table V-12. This is so even though knuckles represent far less than half of the total weight or value of all FRCs or all FRC components. CR/PR at Table IV-4. Because of this discrepancy, we have found instances of under- and over-selling to be particularly relevant to our consideration. We further note that even if the pricing data of *** were excluded as urged by Petitioner, there would be even instances of overselling and underselling. *Derived from* U.S. producers' questionnaires at question IV-2a and importers' questionnaires at question III-2a.

[111] Petitioner's Posthearing Br., Exh. 1 at 17-18; Strato and Wabtec's Posthearing Br. Attachment 1 at 10-11.

[112] *E.g.*, *** U.S. importer questionnaire response at question III-2a; *** U.S. importer questionnaire response at question III-2a.

[113] *See* CR/PR at Table V-12.

information further shows that when subject imports were lower priced than domestically produced FRCs, this consideration did not lead purchasers to purchase subject imports instead of domestically produced FRCs. The Commission obtained purchaser questionnaire responses from 13 purchasers that purchased and imported *** pounds of FRCs during the POI.[114] Ten firms reported that they purchased subject imports instead of domestically produced FRCs during the POI, five firms reported that the subject imports were lower priced, and only one firm reported that price was a primary reason for its decision to purchase an aggregate total of *** pounds of subject imports.[115] This firm's purchase quantity represents less than *** percent of purchasers' total reported purchases of subject imports over the POI.[116] Other firms reported reasons such as availability, customer requests, quality, shipping costs, and supplier stability to explain their purchasing decisions, regardless of whether the subject imports were priced lower or higher than the domestic product.[117] These responses generally are consistent with other information in their questionnaires where purchasers reported the domestic product as being inferior to subject imports with respect to some of these factors.[118] No responding purchaser reported that domestic producers reduced prices in order to compete with lower-priced subject imports.[119]

We have also considered other record information, including purchaser questionnaire responses regarding the comparability of subject imports and domestically produced FRCs with respect to price.[120] A majority of purchasers reported that prices for the domestic like product were mostly "comparable" with those of subject sources and an equal number reported that U.S. prices were "inferior" and "superior" to subject imports.[121] Questionnaire responses from several leading purchaser responses also indicate that subject imports were purchased for non-price reasons and do not support Petitioner's allegations of significant price effects.[122] [123]

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[114] CR/PR at V-23 and Table V-13.

[115] CR/PR at Table V-14.

[116] *Compare* CR/PR at Table V-14, *with id.* at Table IV-6.

[117] CR/PR at V-23 and Table V-14.

[118] *See* purchaser questionnaire responses of *** at question IV-3.

[119] CR/PR at V-24.

[120] Petitioner's Prehearing Br., Exhs. 3, 9, 10; Petitioner's Posthearing Br. at Exhs. 6, 9.

[121] CR/PR at Table II-14.

[122] *See* purchaser questionnaire responses of *** at question IV-3.

[123] We note that *** and ***, which combined to purchase a substantial amount of subject imports during the POI, reported that domestically produced FRCs were inferior on quality issues and superior on price. *See* ***'s purchaser questionnaire response at question IV-3 and ***'s purchaser questionnaire response at questions II-3(c) and IV-2 (indicating that it purchased subject imports after experiencing "poor quality and service at a certain domestic producer" and that "price typically is not (Continued...)

Further, as reviewed above, the record reflects that the choice between domestic product and subject imports is affected to some degree by purchasers' preferences for certain types or suppliers of FRCs or quality considerations.

Finally, Petitioner contends that contemporaneous documents show that subject imports were priced lower than the domestic like product, and that major purchasers used subject import prices to exert downward pressure on domestic producers' prices.[124] We disagree. Documentary evidence submitted by Petitioner was limited in scope and in several instances unclear or incomplete.[125]

Moreover, an examination of data for the several portions of the U.S. FRC market suggests that any overall market share shift was affected by different demand trends for new railcars and maintenance of FRCs, as well as differing concentrations of shipments in these market segments by U.S. producers and importers, and confirms that whatever underselling by subject imports that did occur did not lead to significant shifts in market share from the

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the most important factor" owing to the stability of prices in the U.S. market). Petitioner filed a report card issued to M&T by TTX as an exhibit to its posthearing brief. Petitioner contends that this report card demonstrates that M&T received a "B" rating on ***." Petitioner's Posthearing Br., Exh. 1 at 31. A closer examination of this report card reveals that the cost component measures in-service cost, and is consistent with TTX's contention that it encountered quality issues with M&T. *Id*. at Exh. 8.

[124] Petitioner's Posthearing Br., Exh. 1 at 26-32.

[125] Exhibit 3 of Petitioner's prehearing brief is a screenshot from a presentation Petitioner indicates that *** made to *** that appears to show Chinese prices for coupler bodies that are markedly lower than *** prices. Petitioner's Prehearing Br., Exh. 3. The context of these data is unclear, and the subject import prices represented in the graphic are inconsistent with the pricing data collected by the Commission. *Compare id. with* CR/PR at Table V-8. Petitioner provided no indication as to whether *** as a result of this alleged subject import price competition.

Exhibit 9 of Petitioner's prehearing brief is an unmarked spreadsheet, purportedly issued to *** by ***, that provides sets of prices for couplers from different sources under different scenarios. Petitioner in its brief identifies the spreadsheet as ***, but otherwise provides no further explanation or context for what the prices contained therein reference; the spreadsheet also does not specifically reference subject imports. Petitioner's Prehearing Br., Exh. 9.

Exhibit 10 of Petitioner's prehearing brief is an email correspondence between *** and *** from the third quarter of 2021 *** *** does not indicate in the correspondence that the competition is subject imports, and the quantity under discussion is not indicated. Whether *** lost the sale or reduced its price is also not indicated. Petitioner's Prehearing Br., Exh. 10.

Exhibit 6 of Petitioner's posthearing brief is a ***. Petitioner's Posthearing Br., Exh. 6. Subject imports are not referenced in this email exchange. *Id.* At Exhibit 2 of Petitioner's posthearing brief, ***. *Id.*, Exh. 2. The record does not confirm that ***; indeed, ***.

Exhibit 9 of Petitioner's posthearing brief is ***. The record does not indicate the result of this exchange. Petitioner's Posthearing Br., Exh. 9. *** purchaser questionnaire response at question III-13(a).

domestic industry to subject imports. With respect to the OEM portion of the market, the domestic industry's share of U.S. shipments to OEMs declined from *** percent in 2019 to *** percent in 2020, and increased to *** percent in 2021, for an overall decline of *** percentage points.[126] Subject imports' share of U.S. shipments to OEMs increased from *** percent in 2019 to *** percent in 2020, and declined to *** percent in 2021, for an overall increase of *** percentage points.[127] Thus, although the domestic industry lost significant market share in the OEM portion of the market from 2019 to 2021, subject import share of the OEM market was only *** percentage points higher in 2021 than in 2019.[128]

With respect to the maintenance/replacement portion of the market, the domestic industry's share of U.S. shipments to the maintenance/replacement segment of the market increased from *** percent in 2019 to *** percent in 2020, and declined to *** percent in 2021.[129] Subject imports' share of U.S. shipments to the maintenance/replacement segment of the market declined from *** percent in 2019 to *** percent in 2020, then increased to *** percent in 2021.[130] Thus, subject imports' share of U.S. shipments to the maintenance/repair segment resulted in a net gain of *** percentage points from 2019 to 2021, and despite its substantial increase in market share from 2020 to 2021, the domestic industry experienced a net loss of *** percentage points from 2019 to 2021.[131] These data indicate that subject imports did not gain significant market share at the expense of the domestic industry in either OEM or maintenance/replacement segment of the FRC market.[132] We note that data on the

[126] Domestic producers' U.S. shipments to OEMs declined sharply from *** pounds in 2019 to *** pounds in 2020, and increased to *** pounds in 2021, for an overall decline of *** percent. CR/PR at Table IV-9.

[127] U.S. shipments of subject imports to OEMs declined throughout the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021, for an overall decline of *** percent. CR/PR at Table IV-9.

[128] By contrast, the share of nonsubject imports (primarily from Mexico) rose from *** percent in 2019 to *** percent in 2021. CR/PR at Table IV-9.

[129] CR/PR at Table IV-8. Domestic producers' U.S. shipments to the maintenance/replacement segment declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/PR at Table IV-8.

[130] CR/PR at Table IV-8. U.S. shipments of subject imports to the maintenance/replacement segment declined from *** pounds in 2019 to *** pounds in 2020, and increased to *** pounds in 2021. CR/PR at Table IV-8.

[131] CR/PR at Table IV-8. The domestic industry's share of U.S. shipments to the maintenance/replacement segment of the market increased from *** percent in 2019 to *** percent in 2020, and declined to *** percent in 2021. *Id*.

[132] Petitioner contends that the Commission should not analyze market share trends on the basis of U.S. shipments data reported by distribution channel due to overlaps in competition between these segments, with the same suppliers selling the same products to the same customers in both (Continued...)

record for complete FRCs and combined FRC components generally are consistent with the data on OEMs and the maintenance/replacement segments of the market.[133] [134]

Further, as discussed above in the context of demand conditions, the record reflects, and the parties agree, that demand from the OEMs decreased to a greater extent than did demand in the maintenance/replacement segment of the market.[135] In particular, market participants reported that demand from the OEMs in 2020 contracted to a significantly greater extent than did demand in the maintenance/replacement segment of the market.[136] With the majority of domestic producers' shipments in 2019 directed to OEM purchasers and a relatively

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segments. Petitioner's Posthearing Br., Exh. 1 at 9-15. We note that these data came directly from questionnaire responses and the record contains no indication that responding U.S. producers and importers encountered difficulties identifying end uses for their reported shipments.

[133] These data also show that there was a larger decline in shipments of complete FRCs than there was in shipments of FRC components, consistent with the larger decline in the OEM segment relative to the maintenance/replacement segment. *See* CR/PR at Tables G-1, G-2, IV-8, and IV-9. Additionally, for complete FRCs, although domestic producers lost *** percentage points of market share from 2019 to 2021, subject imports gained only *** percentage points, with the rest captured by nonsubject imports. CR/PR at Table G-1. For all FRC components combined, it was again nonsubject imports that accounted for a significant majority of the market share lost by the U.S. industry from 2019 to 2021 (*** percentage points). CR/PR at Table G-2.

[134] Petitioner contends these data are not a reliable indicator of sales to distinct market segments. *See* Petitioner Posthearing Br., Ex. 1 at 15-16. We acknowledge there appears to have been some confusion regarding the "complete FRC" category but find that these data, along with the shipment data for OEMs and replacement sales, provide the best evidence with which to assess the different demand trends and different shipment concentrations among sources and their impact on the overall market. As noted above, the complete FRC and FRC component data are generally consistent with the trends observed in the OEM and replacement sales data.

Petitioner also contends that the Commission should not analyze market share trends on the basis of U.S. shipments data reported by product type either, owing to the fungibility of complete FRCs and FRC components. Petitioner's Posthearing Br., Exh. 1 at 15-20. We find that the trends in these datasets consistently indicate that subject imports made limited market share gains in either segment of the market. We note, in this regard, that Petitioner accepts that these analyses have some probative value. Petitioner's Posthearing Br., Exh. 1 at 18-20.

[135] CR/PR at Tables IV-8, IV-9. While total U.S. shipments to OEMs from all sources declined by *** percent, total U.S. shipments to the replacement market declined by *** percent. *Id.* Total U.S. shipments to OEMs from all sources declined from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/PR at Table IV-9. Total U.S. shipments to the maintenance/replacement segment of the market from all sources from *** million pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/PR at Table IV-8.

[136] CR/PR at VI-11 n.11 (***); Tr. at 123 (Pickard) ("So I think the bottom line is maintenance demand stays relatively stable as a general rule and through the POI. And then consistent with what you see in, kind of, industry reports and projections is there's a decrease in new car builds, consistent with the cycle . . . .")

higher share of their shipments comprising complete FRCs as compared to subject importers, the steeper decline in consumption in this portion of the market differentially affected each sources' overall market shares.[137] In addition, due to the dominant use of annual and long-term contracts, including the long-term supply contract between M&T and Trinity ***,[138] domestic producers were not in a position to pivot as quickly to increase sales to the replacement market to avail themselves of the lesser decline in demand in that market. Thus, domestic producers' greater reliance on OEM sales and complete FRC sales at the beginning of the POI relative to subject imports contributed to domestic producers' *** percentage point market share loss to subject imports over the POI.

We have also examined the available data on price trends. Domestic prices for the pricing products were mixed over the POI. Domestic prices for products 3 and 5 rose steadily, and were priced *** and *** percent higher, respectively, at the end of the POI.[139] Domestic prices for products 1, 2, and 4, on the other hand, declined steadily, and were priced ***, ***, and *** percent lower, respectively, at the end of the POI.[140] These price trends are generally consistent with the domestic industry's overall AUVs by product type during the POI.[141] Subject import prices fluctuated, but generally increased during the POI. Subject import prices for products 1, 3, 4, and 5 were priced ***, ***, ***, and *** percent higher, respectively, at the end of the POI; subject import prices for product 2 were priced *** percent lower.[142]

Petitioner observes that subject imports undersold the domestic like product more often than not in pricing products 1, 2, and 4, where domestic prices decreased, and argues that this correlation indicates that subject imports significantly depressed domestic prices.[143]

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[137] *See* CR/PR at Tables IV-6, IV-8, and IV-9 (showing domestic producers and nonsubject imports experiencing significant declines in shipments to OEMs between 2019 and 2020, which resulted in subject imports gaining market share as their shipments to OEMs declined to a much lesser extent, and subject imports gained market share in the overall market despite losing share in the replacement portion of the market during the same period).

[138] We note that Trinity's railcar deliveries declined sharply in 2020 at a rate faster than the overall drop in railcar demand. *See* Strato and Wabtec's Posthearing Br. at 32-33 (*citing* CR/PR at Table II-7 and Trinity Industries, Inc. Form 10-K for Fiscal Year Ending December 31, 2021 (Feb. 17, 2022) at p.39).

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

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

[141] *See* Table III-7. There is one exception in that yokes, when measured by dollars per unit, *** from 2019 to 2021, although the dollars per pounds metric ***, which with pricing product 4. *Compare* Table III-7 *with* Table V-7.

[142] CR/PR at Table V-9. As stated above, pricing products 1 and 2 may reflect product mix differences between complete FRCs shipped by importers and domestic producers.

[143] Petitioner's Prehearing Br. at 26; Petitioner's Final Comments at 2.

We disagree. As a preliminary matter, we reiterate our concern that there are product mix issues resulting from the manner in which domestic producers and importers reported their sales of products 1 and 2, which likely affect the comparability of these data and may account for underselling by subject imports in these products, and thus we give these products limited weight. We also note that the largest volume product for both domestic producers and importers was product 3, with subject import volumes ***.[144] The margins of underselling and overselling by subject imports fluctuated within a narrow range for this product, generally between *** percent, suggesting that price competition was fairly tight and yet domestic producers were able to increase prices.[145] With regard to pricing products 1, 2, and 4, nonsubject imports from Mexico were present in these pricing products mostly at prices below subject imports and mostly at volumes higher than subject imports, at times considerably so.[146] Conversely, subject import volumes are roughly comparable to the volume of nonsubject imports from Mexico in pricing product 3 and generally higher in pricing product 5; as noted above, domestic prices increased for products 3 and 5.[147] More broadly, the pricing data show that nonsubject imports from Mexico were priced lower than subject imports and the domestic like product in *** of 60 quarterly comparisons (*** percent of comparisons), with the volume of nonsubject imports from Mexico reported in quarters with prices lower than subject imports accounting for *** percent of the total volume reported for U.S. shipments of the pricing products from Mexico.[148] To the extent that low-priced imports would have exerted downward pressure on domestic prices during the POI, which is not particularly apparent, nonsubject imports correlate with meaningful decreases to a greater degree than do subject imports. [149]

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[144] CR/PR at Table V-9. Indeed, within pricing products 1, 2, and 4, where domestic prices decreased, the volume of domestic product in each case exceeded the volume of subject imports by ***. *Id.*

[145] CR/PR at Table V-6. The exceptions to this general range are Q1 2021, where subject imports *** the domestic product by a margin of *** percent, and Q4 2021, where subject imports *** the domestic product by a margin of *** percent. *Id.*

[146] *See* CR/PR at Tables D-1, D-2, D-4.

[147] *See* CR/PR at Tables D-1 to D-5.

[148] CR/PR at Tables D-1-D-5, D-7. Further, although the volume of nonsubject imports declined throughout the POI, U.S. shipments of nonsubject imports increased from 2020 to 2021. Specifically, CR/PR at Tables IV-2, IV-6, C-1. U.S. shipments of nonsubject imports declined from *** pounds in 2019 to *** pounds in 2020, and increased to *** pounds in 2021. Nonsubject imports' market share increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021. *Id*.

[149] Petitioner contends that the increased presence of nonsubject imports in the U.S. market is itself a manifestation of injury caused by subject imports, inasmuch as low-priced subject import competition drove Amsted to outshore some of its FRC production operations to Mexico. Petitioner's Posthearing Br., Exh. 1 at 43-46; *see also* Petitioner's Final Comments at 1 ("the complete record shows (Continued...)

Other record information likewise fails to show that subject imports had significant price depressing effects. First, no responding purchasers reported that U.S. producers had reduced prices in order to compete with low-priced subject imports.[150] Second, to the extent that demand trends may have exerted downward pressure on domestic prices as apparent U.S. consumption decreased by *** percent over the POI, this consideration would diminish the degree to which observed price decreases may be attributed to any low-priced subject imports. Finally, as discussed above, additional documentary evidence submitted by Petitioner is of limited probative value.[151]

Accordingly, we do not find that subject imports depressed domestic prices to a significant degree.

We have also considered whether subject imports prevented price increases which would otherwise have occurred to a significant degree. The domestic industry's cost of goods sold ("COGS") to net sales ratio increased considerably during the POI, from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.[152] While the domestic industry's unit COGS increased by $*** per 1,000 pounds in this period, its net sales AUVs declined by $*** per 1,000 pounds.[153] The domestic industry thus experienced a cost-price squeeze over the POI. However, as apparent U.S. consumption decreased by *** percent over the POI and the domestic industry's net sales quantity decreased by more still, falling by *** percent from *** pounds in 2019 to *** pounds in 2021,[154] a large portion of the domestic industry's rising unit COGS is attributable to fixed expenses in direct labor and other factory costs being spread over

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that the offshoring of production to Mexico and the consequent loss of union jobs at Amsted was directly tied to unfairly traded, low-priced Chinese FRC."). Petitioner bases its contention on statements by Amsted management to a union representative and a statement in the petitions that Amsted certified as true before withdrawing from the petitions. Petitioner's Final Comments at 6-7. We note that other evidence on the record indicates that OEMs relocated to Mexico decades ago. *See*, *e.g.*, Strato's Prehearing Br., Exhs. 10 (indicating that Greenbrier's predecessor opened its first production operation in Sahagun, Mexico in 1998 and a second plant in Monclova, Mexico in 2006) and 11 (indicating that Trinity opened its production operations in Sabinas, Mexico in 2005). Moreover, even if this assertion were true, it would not explain the disparate pricing between shipments of the domestic like product and nonsubject imports from Mexico. *See* CR/PR at Tables V-4-V-8, D-1-D-5, D-7. In addition, during the last year of the POI (2021), the AUV of nonsubject imports from Mexico was *** the AUV of subject imports. CR/PR at Table C-1.

[150] CR/PR at V-24. We acknowledge that several responding purchasers reported not knowing whether U.S. producers had lowered prices in order to compete with lower-priced subject imports. *Id.*

[151] *See* Petitioner's Prehearing Br., Exhs. 3, 9, 10; Petitioner's Posthearing Br. at Exhs. 6, 9.

[152] CR/PR at Tables VI-1, C-1.

[153] CR/PR at Tables VI-1, C-1.

[154] CR/PR at Tables VI-1, C-1.

considerably lesser net sales quantities in 2020 and 2021. As a ratio to net sales, direct labor cost increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021, for an overall period increase of *** percentage points, and other factory cost increased from *** percent in 2019 to *** percent in 2020 before decreasing to *** percent in 2021, for an overall period increase of *** percentage points.[155] As a share of net sales, raw materials cost increased from *** percent in 2019 to *** percent in 2020 and to *** percent in 2021, for an overall period increase of *** percentage points.[156] Per-unit raw material costs increased from $*** per 1,000 pounds in 2019 to $*** in 2020 and $*** in 2021.[157]

We cannot conclude that low-priced subject imports are responsible for the domestic industry's inability to pass on these rising costs in 2020 and 2021. As discussed above, the record does not show that the subject imports significantly undersold the domestic like product, nor is there substantial evidence of lower offers by subject imports undercutting domestic producers' prices. The cost-price squeeze experienced by the domestic industry occurred as the volume of subject imports in the market declined, apparent U.S. consumption declined considerably, and lower-priced nonsubject imports competed for sales of FRCs.[158] Further, a substantial portion of domestic producers' sales prices are fixed by annual or long-term contracts.[159] Most of these contracts appear to contain scrap metal surcharges.[160] The prevalence of these contracts, some of which are indexed to raw material costs, would allow producers to recover some increases in raw material costs but also likely limit domestic producers' ability to implement further prices increases.[161]

Accordingly, we do not find that subject imports prevented domestic price increases, which otherwise would have occurred, to a significant degree.

In sum, we do not find that subject imports significantly undersold the domestic like product or that subject imports depressed prices or prevented price increases, which otherwise

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[155] CR/PR at Table VI-1. Other factory cost grew ***. *Id.* at VI-13 n.14. *Id.* at VI-13 n.14.

[156] CR/PR at Table VI-1.

[157] CR/PR at Table VI-1.

[158] *See* CR/PR at Tables IV-2, IV-6, IV-9, C-1.

[159] CR/PR at Table V-3. One of two responding producers indicated that their annual contracts allowed for price renegotiations. *Id*.

[160] CR/PR at V-2. Nine of 11 responding purchasers indicated that information on raw material prices impacted their negotiations or contracts to purchase FRCs during the POI. *Id*. *See also* purchaser questionnaires at question III-16a.

[161] Between 2019 and 2020, the industry's per-unit raw material costs increased by *** percent and while the industry's net sales AUV declined by *** percent. CR/PR at Table VI-2. Between 2020 and 2021, unit raw material costs increased by *** percent while the industry's net sales AUV increased by *** percent. *Id.*

would have occurred, to a significant degree. Accordingly, we do not find that the subject imports have had significant price effects on the domestic industry.

E. Impact of the Subject Imports[162]

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[163] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[164]

Although the domestic industry's output and financial performance declined considerably according to most measures during the POI, as explained below, we do not find a causal nexus between subject imports and such declines. The domestic industry's capacity declined by *** percent, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[165] The industry's production declined by *** percent, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[166] Consequently, the domestic industry's capacity utilization declined by *** percentage points, from *** percent in 2019 to *** percent in 2020

[162] 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). In its final determination of sales at LTFV, Commerce found an antidumping margin of 147.11 percent for imports from China. *Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Final Affirmative Determination of Sales at Less-Than-Fair Value*, 87 Fed. Reg. 32,121, 32,122. We take into account in our analysis the fact that Commerce has made final findings that all subject producers in China are selling subject imports in the United States at less than fair value. However, in addition to this consideration, our analysis has considered that subject imports have not caused significant adverse price effects and other factors have affected domestic prices.

[163] 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.").

[164] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[165] CR/PR at Tables III-4, C-1.

[166] CR/PR at Tables III-4, C-1.

and *** percent in 2021.[167] The domestic industry's U.S. shipments declined by *** percent, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021,[168] while its end-of-period inventories declined irregularly by *** percent during the POI, increasing from *** pounds in 2019 to *** pounds in 2020, then declining to *** pounds in 2021.[169] The industry's overall market share declined by *** percentage points, from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.[170]

The domestic industry's employment indicia also generally declined during the POI: the number of production-related workers ("PRWs") in 2021 was *** percent lower than in 2019,[171] total hours worked declined by *** percent,[172] wages paid declined by *** percent,[173] and productivity declined by *** percent.[174] Unit labor costs increased by *** percent during this period,[175] whereas hourly wages increased by *** percent.[176]

The domestic industry's declining sales volume resulted in a deterioration in the industry's financial performance during the POI.[177] The industry's net sales value declined by *** percent, from $*** in 2019 to $*** in 2020 and $*** in 2021.[178] As the domestic industry's net sales value declined more than its total COGS from 2019 to 2021,[179] the domestic industry's operating income declined irregularly, from $*** in 2019 to negative $*** in 2020 and negative $*** in 2021.[180] Similarly, the domestic industry's operating income margin

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[167] CR/PR at Tables III-4, C-1.

[168] CR/PR at Tables III-6, C-1.

[169] CR/PR at Tables III-8, C-1.

[170] CR/PR at Tables IV-6, C-1.

[171] PRWs declined from *** in 2019 to *** in 2020 and *** in 2021. CR/PR at Tables III-9, C-1.

[172] Total hours worked by PRWs declined from *** hours in 2019 to *** hours in 2020 and *** hours in 2021. CR/PR at Tables III-9, C-1.

[173] Total wages paid to PRWs declined from $*** in 2019 to $*** in 2020 and $*** in 2021. CR/PR at Tables III-9, C-1.

[174] Productivity declined from *** pounds per hour in 2019 to *** pounds per hour in 2020 and *** pounds per hour in 2021. CR/PR at Tables III-9, C-1.

[175] Unit labor costs increased from $*** in 2019 to $*** in 2020 and $*** in 2021. CR/PR at Tables III-9, C-1.

[176] Hourly wages increased from $*** per hour in 2019 to $*** per hour in 2020 and $*** per hour in 2021. CR/PR at Tables III-9, C-1.

[177] The domestic industry's net sales volume declined by *** percent during the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021. CR/CR at Tables VI-1, C-1.

[178] CR/CR at Tables VI-1, C-1.

[179] Total COGS declined by *** percent, from $*** in 2019 to $*** in 2020 and $*** in 2021. CR/PR at Tables VI-1, C-1.

[180] CR/PR at Tables VI-1, C-1. The domestic industry's net income declined irregularly, from $*** in 2019 to negative $*** in 2020 and negative $*** in 2021. *Id*.

declined from *** percent in 2019 to operating losses of *** percent in 2020 and *** percent in 2021.[181] The domestic industry's gross profit declined irregularly, from $*** in 2019 to negative $*** in 2020 and negative $*** in 2021.[182] The industry's average operating return on assets declined from *** percent in 2019 to negative *** percent in 2020 and negative *** percent in 2021.[183]

The domestic industry's capital expenditures declined by *** percent during the POI, from $*** in 2019 to $*** in 2020 and $*** in 2021.[184] Additionally, *** reported negative effects on investment, growth, and development purportedly due to subject imports.[185] [186]

We find that the record in the final phase of these investigations does not show a causal nexus between subject imports and the domestic industry's declining performance during the POI. As discussed above, the volume of subject imports declined overall between 2019 and 2021.[187] U.S. shipments of subject imports also declined during the POI.[188] The domestic industry's worst performance during the POI, in 2020, coincided with large declines in demand and the volume of subject imports in the market. As the domestic industry's performance declined, the volume of subject imports also declined. While subject imports increased as a share of overall apparent U.S. consumption relative to domestic producers during the POI, as discussed above, changes in relative consumption in the OEM and replacement market segments and predominant use of long-term and annual contracts contributed to the overall shift in market share; subject imports' gain in market share from domestic producers was substantially less when examined by market segment. As also discussed above, the available evidence reflects that purchases of subject imports were due largely to non-price purchasing factors.[189] Moreover, as we found above, subject imports did not have significant price

[181] CR/PR at Tables VI-1, C-1. Similarly, the domestic industry's net income margin declined from *** percent in 2019 to net losses of *** percent in 2020 and *** percent in 2021. *Id*.

[182] CR/PR at Tables VI-1, C-1.

[183] CR/PR at Table VI-10.

[184] CR/PR at Tables VI-5, C-1.

[185] CR/PR at Tables VI-12-VI-13.

[186] Research and development expenses, which averaged less than *** dollars during the POI, fluctuated throughout the POI, increasing from $*** in 2019 to $*** in 2020, and declining to $*** in 2021. CR/PR at Table VI-6.C-1.

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

[188] CR/PR at Tables IV-6, C-1.

[189] Petitioner emphasizes certain statements by TTX, including its characterization of purchases of subject imports from Strato at ***, and its past purchases of refurbished coupler bodies, as indicative of TTX's purchase of FRCs primarily due to price and support a finding of significant underselling. Petitioner's Final Comments at 9-11. Notwithstanding TTX's characterization of its purchases of subject imports from Strato as being ***, we have found above in Section IV.D. that the record contains no (Continued...)

depressing or suppressing effects, and, thus, such effects cannot account for reduced or inadequate industry revenues. Finally, as explained above, we recognize that non-subject imports increased in market share over the POI in the overall FRC market as well as in the OEM and maintenance/replacement portions of the market.

For the foregoing reasons, we do not find that subject imports are having a significant impact on the domestic industry. Accordingly, we find that the domestic industry is not materially injured by reason of subject imports of FRCs from China that were found by Commerce to be sold in the United States at LTFV and subsidized by the government of China.

VI. No Threat of Material Injury by Reason of Subject Imports

A. Legal Standard

Section 771(7)(F) of the Tariff 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."[190] 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.[191] In making our determination, we consider all statutory threat factors that are relevant to these investigations.[192]

(…Continued)
evidence that price drove purchasers' purchases of subject imports. We note, moreover, that M&T also has a most favored customer pricing clause in its long-term supply agreement with Trinity. *See* Petitioner's Posthearing Br., Exh. 5 at Cl. 3(b). Accordingly, the available record information suggests that long-term supply agreements in this market contain preferential pricing provisions.

[190] 19 U.S.C. § 1677(7)(F)(ii).

[191] 19 U.S.C. § 1677(7)(F)(ii).

[192] These factors are as follows:

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

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

B. Analysis

1. Likely Volume

As discussed above in Section IV.C, subject import volume declined by *** percent and U.S. shipments of subject imports declined by *** percent during the POI.[193] While subject imports' market share increased *** overall during the POI, such market share declined from *** percent in 2020 to *** percent in 2021.[194] Consequently, there was no significant rate of increase in either the volume or the market share of the subject imports during the POI indicating a likelihood of substantially increased subject imports.

We note that while the subject industry has the ability to increase its exports to the United States in the imminent future, that ability also existed during the POI and did not materialize.[195] While subject producers decreased their capacity by *** percent during the POI,

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(…Continued)

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

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

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

…

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

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

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to these investigations.

[193] CR/PR at Tables IV-2, IV-6, C-1.

[194] CR/PR at Tables VI-6, C-1.

[195] Foreign industry data in these proceedings were based on questionnaire responses from subject producers accounting for less than *** percent of FRC production in China in 2020, and approximately *** percent of U.S. imports of subject merchandise from China in 2021. CR/PR at VII-3. Petitioner requests that the Commission exercise its discretion to apply adverse inferences concerning the subject industry's capacity and inventory, which it claims are substantial. Petitioner's Posthearing (Continued...)

from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021,[196] their production declined by *** percent, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[197] As their rate of capacity utilization declined during the POI, from *** percent in 2019 to *** percent in 2020 and *** percent in 2021, subject producers possessed substantial and increasing excess capacity.[198] However, in 2020 and 2021, although subject producers had sufficient excess capacity to supply the entire U.S. market, subject imports declined.[199]

Subject producers' end-of-period inventories declined during the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[200] Importers' inventories of subject merchandise from China fluctuated during the POI, declining overall by *** percent.[201] Importers reported arranging for a declining level of subject imports, with no arranged imports of subject merchandise reported past the first quarter of 2022.[202]

Subject producers produced products other than FRCs on the same equipment that they use to produce subject merchandise, indicating some potential to switch from the production of out-of-scope products to FRCs.[203]

Notwithstanding the subject industry's ability to increase exports of FRCs to the United States, the record does not indicate that subject producers have the incentive to increase exports to the United States in the imminent future. Subject producers' exports declined by

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(…Continued)
Br. at 13-15, Exh. 1 at 51-53. As the available record information corroborates Petitioner's contention that the subject industry is large and has the ability to increase its exports to the United States, we decline to apply adverse inferences with respect to the subject industry's output indicia.

[196] CR/PR at Table VII-3. Based on available data, capacity is projected to decline to *** pounds in 2022, and increase to *** pounds in 2023. *Id*.

[197] CR/PR at Table VII-3. Production is projected to decline to *** pounds in 2022, and increase to *** pounds in 2023. *Id*.

[198] CR/PR at Table VII-3. Capacity utilization is projected to decline to *** percent in 2022, and increase to *** percent in 2023. *Id*.

[199] *Compare* CR/PR at Table VII-3 *with* Table VI-6.

[200] CR/PR at Table VII-3. End-of-period inventories are projected to decline further, to *** pounds in 2022 and *** pounds in 2023. *Id*.

[201] CR/PR at Table VII-6. Inventories of subject imports declined from *** pounds in 2019 to *** pounds in 2020, and increased to *** pounds in 2021. *Id*. The ratio of inventories of subject imports to U.S. shipments of imports was *** percent in 2019, *** percent in 2020, and *** percent in 2021. *Id*.

[202] CR/PR at Table VII-7. Importers reported arranging imports of *** pounds of subject merchandise in the first quarter of 2022. *Id*.

[203] CR/PR at Table VII-4. FRC's accounted for *** percent of total production in 2019, *** percent in 2020, and *** percent in 2021. *Id*. Out-of-scope product produced on the same machinery as FRCs included ***. *Id*. We discuss below that barriers to entry to the U.S. market limit subject producers from directing increased volumes of subject import shipments to the United States.

*** percent during the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[204] Their exports as a share of total shipments increased during the same period, from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.[205] Their exports to the United States declined by *** percent during the POI, from *** pounds in 2019 to *** pounds in 2020 and *** pounds in 2021.[206] Their exports to the United States as a share of total shipments increased from *** percent in 2019 to *** percent in 2020, and declined slightly to *** percent in 2021.[207]

We acknowledge that subject producers are export oriented, and that the U.S. market was its single largest export destination throughout the POI. However, information on the record indicates that demand for FRCs is expected to increase in China, certain of its neighboring countries, and Europe.[208] The record also indicates that there are no antidumping or countervailing duty orders or investigations concerning FRCs from China in any other market.[209] Further, barriers to enter the U.S. market limits the potential for additional subject imports, as Chinese foundries are unable to sell FRCs to purchasers in the U.S. market without appropriate certification from the AAR, which requires partnership with or sponsorship by an AAR member.[210] Information on the record indicates that designing an AAR-compatible FRC component requires prospective foundries have access to proprietary specifications held by domestic producers, and that obtaining certification to produce AAR-certified FRCs, which may be withdrawn by the AAR, can take up to five years.[211] [212] These barriers to entry, which are structural and unlikely to change in the imminent future, will likely restrain subject producers from significantly increasing exports of FRCs to the United States.

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[204] CR/PR at Table VII-3. Total export shipments are projected to decline to *** pounds in 2022, and increase to *** pounds in 2023. *Id*.

[205] CR/PR at Table VII-3. Exports as a share of total shipments are projected to increase to *** percent in 2022, and decline to *** percent in 2023. *Id*.

[206] CR/PR at Table VII-3. Export shipments to the United States are projected to decline to *** pounds in 2022 and 2023. *Id*.

[207] CR/PR at Table VII-3. Exports to the United States as a share of total shipments are projected to increase to *** percent in 2022, and decline to *** percent in 2023. *Id*.

[208] *See* Strato's Prehearing Br., Exh. 14.

[209] CR/PR at VII-11.

[210] CR/PR at I-8-I-12; Strato's Prehearing Br., Exh. 9.

[211] Strato's Prehearing Br. at 20-32. Additionally, a licensing agreement filed to the record contains provisions that restrain certain AAR-certified foundries in China from selling outside of their home market and certain other markets, including North America. Strato and Wabtec's Posthearing Br., Exh. 24.

[212] Further, as discussed in Section IV.B.3 above, imports of subject FRCs from China are subject to section 301 duties of 25 percent on an *ad valorem* basis.

Given the declining volume of subject imports in the U.S. market during the POI, the subject industry's declining U.S. exports, the expected increase in demand for FRCs in China, as well as its neighboring countries and Europe, and barriers to entry into the U.S. market, we do not find a likelihood of substantially increased subject imports in the imminent future.[213]

2. Likely Price Effects

As discussed above in Section IV.D, we have found that subject imports predominantly oversold the domestic like product in quarterly price comparisons, both in terms of instances and sales volume, and that they are not currently having significant adverse price effects. Nothing in the record suggests that this will change appreciably in the imminent future. We observe, in this regard, that there were fewer instances of underselling by subject imports in the last year of the POI, *i.e.*, 2021 (***), and more instances of overselling (***) than in any other year of the POI.[214] Thus, the record does not suggest that subject imports' pricing behavior was getting increasingly aggressive toward the end of the POI such that they may imminently cause adverse price effects on the domestic industry.

We did not find that any declines in prices for domestically produced FRCs observed during the POI were caused by subject imports, nor did we find that subject imports prevented price increases for the domestic like product that otherwise would have occurred to a significant degree. Given that subject import volume and pricing patterns are unlikely to change appreciably in the imminent future, this lack of adverse effects will likely continue. Accordingly, we find that imports of subject merchandise are not likely to enter at prices that would be likely to have a significant depressing or suppressing effect on domestic prices, or would likely increase demand for such imports.

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[213] In our analysis, we have considered the nature of the subsidies Commerce has found to be countervailable, particularly whether the countervailable subsidies are ones described in Articles 3 or 6.1 of the WTO Agreement on Subsidies and Countervailing Measures, and whether imports of the subject merchandise are likely to increase. 19 U.S.C. § 1677(7)(F)(i)(I). We observe that Commerce found 34 countervailable subsidy programs, including a number of programs directed specifically towards exports. *Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 87 Fed. Reg. 30,869 (May 20, 2022); Commerce Memorandum from James Maeder to Lisa W. Wang, *Issues and Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Freight Rail Coupler Systems and Certain Components Thereof from the People's Republic of China* (Feb. 28. 2022) at 8-30. Commerce did not issue an Issues and Decision Memorandum with its final countervailing duty determination. 87 Fed. Reg. 30,869, 30,870. We have taken these subsidy findings into account in our analysis of likely subject import volume.

[214] CR/PR at Tables V-4-V-8; Strato's Prehearing Br. at 20-32, Exh. 9.

3. Likely Impact

As discussed above, we have found that the volume of subject imports is not likely to increase significantly in the imminent future. Further, consistent with their behavior during the POI, subject imports are not likely to significantly undersell the domestic like product, and are not likely to enter at prices that are likely to have a significant depressing or suppressing effect on domestic prices. While the domestic industry's performance declined according to most measures throughout the POI, such that it is in a vulnerable condition, we have discussed above in Section IV.E. that the subject imports were not a material cause of the industry's condition, and the domestic industry's declining output and financial performance mirrored the sharp decline in apparent U.S. consumption during the POI.[215] [216]

In view of the foregoing, we find that subject imports are not likely to have a significant adverse impact so as to threaten material injury to an industry in the United States in the imminent future.

VII. Conclusion

For the reasons stated above, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of subject imports of FRCs from China that are sold in the United States at LTFV and that are subsidized by the government of China.

[215] For these reasons, we find that subject imports, which did not have a significant adverse impact on the domestic industry during the POI, are not likely to have an actual or potential negative effect on the domestic industry's existing development and production efforts.

[216] Moreover, the record does not show that there are other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of subject imports.

Part I: Introduction

Background

These investigations result from petitions filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by the Coalition of Freight Coupler Producers, consisting of McConway & Torley LLC ("M&T"), Pittsburgh, PA, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC ("USW")[1] on September 29, 2021, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of freight rail coupler systems and components ("FRC")[2] from China. Table I-1 presents information relating to the background of these investigations.[3] [4]

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

Effective date	Action
September 29, 2021	Petitions filed with Commerce and the Commission; institution of Commission investigations (86 FR 54997, October 5, 2021)
October 19, 2021	Commerce's notice of initiation AD (86 FR 58864, October 25, 2021)
October 19, 2021	Commerce's notice of initiation CVD (86 FR 58878, October 25, 2021)
November 15, 2021	Commission's preliminary determinations (86 FR 64958, November 19, 2021)
March 7, 2022	Commerce's preliminary CVD determination (87 FR 12662, March 7, 2022);
March 8, 2022	Scheduling of final phase of Commission investigations (87 FR 14037, March 11, 2022)
March 15, 2022	Commerce's preliminary AD determination (87 FR 14511, March 15, 2022)
May 12, 2022	Commission's hearing
May 20, 2022	Commerce's final CVD determination (87 FR 30869, May 20, 2022)
May 27, 2022	Commerce's final AD determination (87 FR 32121, May 27, 2022)
June 14, 2022	Commission's vote
July 5, 2022	Commission's views

[1] Initially, Petitioner consisted of M&T and another domestic producer. However, the other domestic producer withdrew, and USW was added to the petitions.

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

[3] Pertinent Federal Register notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[4] Appendix B presents the witnesses who appeared at the Commission's hearing.

Statutory criteria

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

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[5]

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.. . .In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.. . . In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to. . . (I) actual and potential decline in output, sales, market share, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

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

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[6]

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

Organization of report

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

Market summary

FRC are generally used to connect freight rail cars together. The leading U.S. producers of FRC are *** and ***, while leading producers of FRC outside the United States include ***. The leading U.S. importers of FRC from China are *** and ***. Leading importers of product from nonsubject countries (primarily Mexico) include ***. U.S. purchasers of FRC are firms that build new railcars, railcar pooling companies and firms that service existing railcars; leading purchasers that responded to the Commission's questionnaire include ***.

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

Apparent U.S. consumption of FRC totaled approximately *** pounds ($***) in 2021. Currently, three firms are known to produce FRC in the United States. U.S. producers' U.S. shipments of FRC totaled *** pounds ($***) in 2021 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from subject sources totaled *** pounds ($***) in 2021 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources totaled *** pounds ($***) in 2021 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of three firms that accounted for all known U.S. production of FRC during 2021. U.S. imports are based on six firms' responses to the Commission's questionnaires and are somewhat understated. The Commission received three questionnaire responses from Chinese producers that the Commission solicited responses from. Global Trade Atlas data is used in part VII of this report for Chinese exports of a broad category of hooks and other coupling devices, including products outside of the scope of these investigations.

Previous and related investigations

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

Nature and extent of subsidies and sales at LTFV

Subsidies

On May 20, 2022, Commerce published a notice in the Federal Register of its final determination of countervailable subsidies for producers and exporters of FRC from China.[7] Table I-2 presents Commerce's findings of subsidization of FRC in China.

Table I-2
FRC: Commerce's final subsidy determination with respect to imports from China

Entity	Final countervailable subsidy rate (ad valorem) (percent)
Chongqing Tongyao Transportation Equipment Co.	265.99
CRRC Corporation Limited	265.99
CRRC Qiqihar Co., Ltd.	265.99
China Railway Materials Group Co., Ltd.	265.99
Shaanxi Haiduo Railway Technology Development Co., Ltd.	265.99
All others	265.99

Source: 87 FR 30869, May 20, 2022.

Note: For further information on programs determined to be countervailable, see Commerce's associated Issues and Decision Memorandum for the preliminary subsidy determination. Due to lack of comments or case briefs, there is no associated Issues and Decision Memorandum accompanying Commerce's final determination notice.

Sales at LTFV

On May 27, 2022, Commerce published a notice in the Federal Register of its final determination of sales at LTFV with respect to imports from China.[8] Table I-3 presents Commerce's dumping margins with respect to imports of product from China.

Table I-3
FRC: Commerce's final weighted-average LTFV margins with respect to imports from China

Exporter/producer	Final estimated weighted-average dumping margin (percent)	Final estimated weighted-average dumping margin adjusted for export subsidy offset(s) (percent)
China-Wide Entity	147.11	116.70

Source: 87 FR 32121, May 27, 2022.

[7] 87 FR 30869, May 20, 2022.
[8] 87 FR 32121, May 27, 2022.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[9]

> *The scope of this investigation covers freight rail car coupler systems and certain components thereof. Freight rail car coupler systems are composed of, at minimum, four main components (knuckles, coupler bodies, coupler yokes, and follower blocks, as specified below) but may also include other items (*e.g., *coupler locks, lock lift assemblies, knuckle pins, knuckle throwers, and rotors). The components covered by the investigation include: (1) E coupler bodies; (2) E/F coupler bodies; (3) F coupler bodies; (4) E yokes; (5) F yokes; (6) E knuckles; (7) F knuckles; (8) E type follower blocks; and (9) F type follower blocks, as set forth by the Association of American Railroads (AAR). The freight rail coupler components are included within the scope of the investigation when imported individually, or in some combination thereof, such as in the form of a coupler fit (a coupler body and knuckle assembled together), independent from a coupler system.*
>
> *Subject freight rail car coupler systems and components are included within the scope whether finished or unfinished, whether imported individually or with other subject or non-subject components, whether assembled or unassembled, whether mounted or unmounted, or if joined with non-subject merchandise, such as other non-subject system parts or a completed rail car. Finishing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, machining, and assembly of various components. When a subject coupler system or subject components are mounted on or to other non-subject merchandise, such as a rail car, only the coupler system or subject components are covered by the scope.*
>
> *The finished products covered by the scope of this investigation meet or exceed the AAR specifications of M-211, "Foundry and Product Approval Requirements for the Manufacture of Couplers, Coupler Yokes, Knuckles, Follower Blocks, and Coupler Parts" or AAR M-215 "Coupling Systems," or other equivalent domestic or international standards (including any revisions to the standard(s)).*

[9] 87 FR 32121, May 27, 2022.

The country of origin for subject coupler systems and components, whether fully assembled, unfinished or finished, or attached to a rail car, is the country where the subject coupler components were cast or forged. Subject merchandise includes coupler components as defined above that have been further processed or further assembled, including those coupler components attached to a rail car in third countries. Further processing includes, but is not limited to, arc washing, welding, grinding, shot blasting, heat treatment, painting, coating, priming, machining, and assembly of various components. The inclusion, attachment, joining, or assembly of non-subject components with subject components or coupler systems either in the country of manufacture of the in-scope product or in a third country does not remove the subject components or coupler systems from the scope.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under subheading 8607.30.10 of the Harmonized Tariff Schedule of the United States ("HTS"). Unfinished subject merchandise may also be imported under HTSUS statistical reporting number 7326.90.8688. Freight rail couplers attached to a freight car may also be imported under HTS subheadings 8606.10.00, 8606.30.00, 8606.91.00, and 8606.92.00, as well as statistical reporting numbers 8606.99.0130 and 8606.99.0160. In addition, HTS heading 9803.00.50 may be claimed when the freight rail coupler is attached to a freight car used as an instrument of international traffic. The 2022 general rate of duty is 3.6 percent ad valorem for HTS subheading 8607.30.10; 2.9 percent ad valorem for HTS subheading 7326.90.86; 14 percent ad valorem for HTS subheadings 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01; and free for HTS heading 9803.00.50. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Section 301 tariff treatment

U.S. imports of subject goods produced in China are also subject to additional duties under Section 301 of the Trade Act of 1974. HTS subheadings 8607.30.10, 8606.10.00, 8606.30.00, 8606.91.00, 8606.92.00, and 8606.99.01 were included in the list of articles subject to additional 25 percent *ad valorem* duties effective August 23, 2018, and HTS subheading 7326.90.86 was included in the list of articles subject to additional 25 percent ad valorem duties effective September 24, 2018. U.S. imports entering under HTS subheading 8607.30.10 were

excluded from Section 301 duties effective July 31, 2019 for one year. The exclusion for HTS subheading 8607.30.10 was originally extended until October 2, 2020 and further extended until December 31, 2020, after which U.S. imports were subject to the additional 25 percent *ad valorem* duties effective July 31, 2020.[10]

The product

Description and applications

FRC are comprised of a system of four main metal components: knuckles, coupler bodies, coupler yokes, and follower blocks; in addition to ancillary parts (*e.g.,* coupler locks, coupler lock lifters, knuckle pins, knuckle throwers, and rotors). The main components of FRC are manufactured in accordance with Association of American Railroad (AAR) standards to ensure FRC in the United States are interoperable.[11] Knuckles are typically metal castings in the shape of a hook that pivot on a vertical hinge between a "locked" and an "unlocked" position to allow for interlocking with knuckles of adjacent FRC. Coupler bodies are a metal casting that hold the knuckle and allow it to pivot. The coupler body fits within the coupler yoke, which is a metal casting that attaches the FRC to a freight car. The follower block is a rectangular piece of metal that separates the FRC with the adjacent draft gear of a freight car (designed to absorb some of the forces when connecting freight rail cars).

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

[10] 83 FR 40823, August 16, 2018; 83 FR 47974, September 21, 2018; 84 FR 37381, July 31, 2019; 84 FR 52553, October 2, 2019; 85 FR 62786, October 5, 2020.

[11] AAR standard M-211 covers foundry and product approval requirements for the manufacture of couplers, coupler yokes, knuckles, follower blocks, and coupler parts. AAR standard M-215 covers complete coupler systems.

Figure I-1
Interlocked freight rail couplers

Source: https://www.railwayage.com/mechanical/freight-cars/mechanical-couplers/

For the purpose of these investigations FRC and components are classified under the following AAR designations: type E, E/F, and F couplers, type E and F knuckles, type E and F yokes, and type E and F follower blocks. Type E couplers, knuckles, yokes, and follower blocks meet the basic standards set by AAR but do not have the additional features included in type F components. Additional type F features include interlocking wing pockets and lugs that reduce the likelihood of certain freight car derailments as well as reducing the gap between coupled knuckles to improve freight car handling.[12] Type F couplers are typically used for freight cars transporting hazardous materials. Type E/F couplers contain a basic type E knuckle and type F coupler body components.

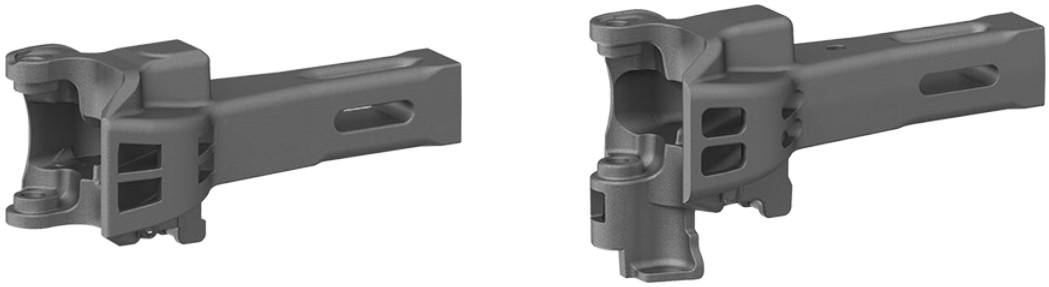
[12] Vantuono, "Mechanical Focus: Couplers," December 27, 2016, https://www.railwayage.com/mechanical/freight-cars/mechanical-couplers/.

Figure I-2
Type E and F knuckles

Type E knuckle Type F knuckle

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

Figure I-3
Type E and F coupler bodies



Type E coupler body Type F coupler body

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

Figure I-4
Type E and F coupler yokes

Type E coupler yoke **Type F coupler yoke**

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

Figure I-5
Type E and F follower blocks

Type E follower block **Type F follower block**

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

Manufacturers of FRC sell their products through two main channels of distribution. The first is to freight car original equipment manufacturers that use FRC in new freight car production. The second is to maintenance companies, freight railroads, and freight car producers that use FRC and individual components as replacement parts in used freight cars.[13]

Manufacturing processes

Freight rail knuckles, coupler bodies, coupler yokes, and follower blocks are typically iron castings manufactured in foundries certified by AAR.[14] To begin the process, pig iron and scrap metal are melted in a furnace and poured into molds formed from hardened sand that provide the rough shape for each FRC component. Once the metal has cooled, the hardened sand molds are removed, and any imperfections present in the mold that were transferred to the casting are also removed. The casting undergoes heat treatment processes, such as annealing and tempering, designed to strengthen and harden the metal. Once the metal is hardened, machine tools are used to grind the rough casting into the final desired dimensions, as well as to drill holes and grooves into the components as necessary. Once the specified form is achieved, the components are painted, oiled, or primed to prevent rusting. Lastly, the castings are subjected to several safety and fatigue tests to comply with AAR standards.

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

[13] Petition, p. 17.

[14] Some FRC components are forged from a single piece of steel using dies instead of being cast using molten iron.

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes a single domestic like product that is co-extensive with the scope of the investigations. It contends that all domestically-produced FRC within the scope share the same general physical characteristics and uses, channels of distribution, common manufacturing facilities, production processes, and employees, customer and producer perceptions, are interchangeable, and are sold within a reasonable range of similar prices.[15] No respondents contested the domestic like product definition in the preliminary phase of these investigations. No party requested that the Commission collect data on other possible domestic like products in their comments on the Commission's draft final phase questionnaires.

The petitioner contends that FRC are a separate domestic product from railway or tramway passenger coupler systems ("passenger railway couplers"). It argues that passenger railway couplers have distinct physical characteristics and uses, are not interchangeable with FRC, are distributed through different channels of distribution than FRC, are perceived by customers and producers to be distinct from FRC, require different production processes and production employees, and are sold at a significantly higher price point than FRC.[16]

The Commission's questionnaires in the preliminary phase investigations asked for producers and importers to compare FRC and passenger railway couplers using the factors which the Commission typically considers in regarding the appropriate domestic product(s) that are "like" the subject imported product.[17] During the preliminary phase of these investigations the Commission found that all domestically produced FRCs share the same basic overall shape and common features, are produced through the same production process, are generally interchangeable and used to connect and transport railcars, are sold overwhelmingly through

[15] Petition, pp. 17-19; Petitioner's postconference brief, pp. 6-9.

[16] Petition, pp. 18-19; Petitioner's postconference brief, pp. 6-9.

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

the same channels of distribution, and are perceived to be a single product category by market participants, and defined a single domestic like product consisting of all domestically produced FRC, coextensive with the scope.[18]

Intermediate products

The domestic like product proposed by the Petitioner includes the intermediate, or unfinished products (unfinished and unassembled FRC components) as well as downstream products (finished and complete FRC). Employing the Commission's semi-finished analysis for domestic like product, Petitioner contends that in-scope unfinished and unassembled FRC components are not a separate domestic like product from finished and complete FRC.[19]

The Commission's questionnaires in the preliminary phase investigations asked for producers and importers to compare FRC and FRC components using the Commission's five-factor semi-finished products analysis.[20] Applying the semifinished products analysis, the Commission found that upstream FRC components and downstream finished FRC belong in a single domestic like product.[21]

[18] Freight Rail Coupler Systems and Components from China, Inv. Nos. 701-TA-670 and 731-TA-1570 (Preliminary), USITC Publication 5243, November 2021 ("Preliminary phase publication"), p.13.

[19] Petition, pp. 19-21; Petitioner's postconference brief, pp. 9-11.

[20] The Commission's five-factor semi-finished products analysis examines the following: 1) the significance and extent of the processes used to transform the upstream into the downstream articles; (2) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) whether there are perceived to be separate markets for the upstream and downstream articles; and (5) differences in the costs or value of the vertically differentiated articles.

[21] Preliminary phase publication, p.14.

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

U.S. market characteristics

The U.S. FRC market is supplied by U.S. producers, subject imports from China, and nonsubject imports, mainly from Mexico.[1] [2] There are two sectors, original equipment manufacturers ("OEM") and maintenance/replacement. New freight railcar builds only use new FRC while refurbished FRC are used on reconditioned railcars.[3] The average coupler body replacement rate is 20 years while the average knuckle replacement rate is 5 to 10 years because the knuckle takes the brunt of the force of railcars. Purchasers reported that refurbished FRC can generally be used in the same applications as new FRC, other than in new freight railcar builds.

All FRC must comply with the Association of American Railroads ("AAR") standards, including imports from China and Mexico.[4] FRC may be imported into the United States fully assembled or as subassemblies, with most or all of the integral parts needed to assemble an FRC into a finished form.[5] FRC may also be imported as part of a finished railcar.[6] Chinese FRC are subject to section 301 tariffs[7] and some FRC raw materials are subject to section 232 tariffs.[8]

Most purchases during 2021 were for new, completely assembled, standalone FRC. Purchasers reported that 76.0 percent of their total purchases during 2021 were of standalone FRC and the remaining 24.0 percent were FRC attached to railcars or other out-of-scope system parts. Purchasers reported that 90.3 percent of their total purchases during 2021 were of new FRC and the remaining 9.7 percent were refurbished FRC. Purchasers reported that 73.8 percent of their total purchases during 2021 were of complete assembly FRC and the remaining

[1] U.S.-produced FRC accounted for *** percent of the U.S. market, Chinese FRC accounted for *** percent, and Mexican FRC accounted for *** percent in 2021. The remaining *** percent is from India.

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

[3] Several purchasers reported that only newly manufactured FRC can be used on new freight railcars.

[4] Petitions, Volume I, Part I, pp. 3, 9-10, 23.

[5] Petitions, Volume I, Part I, p. 10.

[6] There are instances where FRC from China are imported into Mexico, assembled and attached to newly produced freight railcars, and ultimately exported to the United States market via the finished railcar. Petitions, Volume I, Part I, pp. 23-24.

[7] See below for a discussion of the impact of the section 301 tariffs on FRC.

[8] See Part V for a discussion of the impact of the section 232 tariffs on FRC raw materials.

26.2 percent were individual components (i.e., knuckles, bodies, yokes, and/or follower blocks).[9]

One importer (***) and no U.S. producers reported changes to the product mix or marketing of FRC since January 1, 2019. *** reported that its patented designs and technological advancements exceed AAR specifications and improve the return on investment for its customers.

Apparent U.S. consumption of FRC decreased during 2019-21. Overall, apparent U.S. consumption in 2021 was *** percent lower than in 2019.

U.S. purchasers

The Commission received 13 usable questionnaire responses from firms that had purchased FRC during 2019-21.[10] [11] [12] Ten responding purchasers are end users that service existing railcars, four are end users that are new railcar builders, three are distributors, two describe themselves as a railroad, and one is an end user that is a railcar pooling company.[13] In general, responding U.S. purchasers were located in the Northeast, Southeast, Midwest, Central Southwest, and Northwest regions of the United States. The responding purchasers represented firms in the freight rail industry. Large purchasers of FRC include ***.

[9] Petitioners reported that approximately *** percent of coupler bodies were sold in "fits" (a combined knuckle and body) during 2019-21. Petitioners' posthearing briefs, p. 10, Exhibit 2.

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

[11] Of the 13 responding purchasers, 12 purchased the domestic FRC, 11 purchased imports of the subject FRC from China, 8 purchased imports of FRC from Mexico, and 1 purchased imports of FRC from nonsubject country India.

[12] All 13 purchasers indicated they had marketing/pricing knowledge of domestic product, 9 of Chinese product, 6 of nonsubject Mexican product, and 2 of other nonsubject countries (Canada, India, and Indonesia).

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

Impact of section 301 tariffs

As discussed in Part I, FRC subject to these investigations have been subject to section 301 tariffs beginning in September 2018 of 10 percent *ad valorem*, which were increased to 25 percent in May 2019.[14] U.S. producers, importers, and purchasers were asked to report the impact of section 301 tariffs on overall FRC cost, demand, supply, and prices (table II-1). Two U.S. producers, five importers, and five purchasers reported that the imposition of tariffs on Chinese-origin products under section 301 have had an impact on the FRC market in the United States; no U.S. producers, no importers, and one purchaser reported no impact; one U.S. producer, one importer and six purchasers did not know.

Table II-1
FRC: Count of firms' responses regarding the impact of the 301 tariffs on Chinese origin products

Market	Firm type	Yes	No	Don't Know
Impact on US market from 301 actions	U.S. producers	2	0	1
Impact on US market from 301 actions	Importers	5	0	1
Impact on US market from 301 actions	Purchasers	5	1	6

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

U.S. producer *** reported that the section 301 tariffs caused an increase in exports of Chinese FRC to Mexico that were installed on freight railcars and transported for use in the United States. U.S. producer *** reported that the section 301 tariffs impacted the overall market for U.S. producers. Importer *** reported that the section 301 tariffs increased its costs and prices while the tariffs decreased the supply and demand of FRC imported to the United States from China after the exclusion for FRC expired in 2020. Importer *** reported that the cost of steel increased and U.S. producers and suppliers of FRC increased pricing as a result. Importer *** reported that FRC imports to the United States from China generally stopped due to the tariffs. Importer *** reported that the section 301 tariffs increased sourcing costs, making the firm less competitive, which created a loss of sales contracts and revenue. Purchaser *** reported that the section 301 tariffs have essentially reduced the competitive landscape from five suppliers to two, but capacity constraints for domestic suppliers will limit their ability to meet demand for both new railcar manufacturing and

[14] *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 48,000, September 21, 2018; *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 20,459, May 9, 2019.

maintenance needs.[15] Purchasers *** reported that the tariffs resulted in immediate increases in prices for FRC from all suppliers. Purchaser *** reported that the section 301 tariffs had a minimal impact on its purchases of FRC.

Channels of distribution

U.S. producers sold mainly to the OEM market during 2019 and to the maintenance/replacement market during 2020-21, as shown in table II-2. Importers of subject FRC from China sold mainly to the maintenance/replacement market while importers of nonsubject FRC from Mexico sold mainly to the OEM market.

Table II-2
FRC: Share of U.S. shipments by source, channel of distribution, and period

Shares in percent

Source	Channel	2019	2020	2021
United States	OEM	***	***	***
United States	Replacement	***	***	***
China	OEM	***	***	***
China	Replacement	***	***	***
Mexico	OEM	***	***	***
Mexico	Replacement	***	***	***
All other sources	OEM	***	***	***
All other sources	Replacement	***	***	***
Nonsubject	OEM	***	***	***
Nonsubject	Replacement	***	***	***
All imports	OEM	***	***	***
All imports	Replacement	***	***	***

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

[15] The firm reported that ***.

Geographic distribution

U.S. producers and importers reported selling FRC to all regions the United States (table II-3). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-3
FRC: Count of U.S. producers' and U.S. importers' geographic markets

Count in number of firms reporting

Region	U.S. producers	China
Northeast	3	3
Midwest	3	3
Southeast	2	3
Central Southwest	2	3
Mountains	2	2
Pacific Coast	2	2
Other	2	---
All regions (except Other)	2	2
Reporting firms	3	3

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

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

Supply and demand considerations

U.S. supply

Table II-4 provides a summary of the supply factors regarding FRC from U.S. producers and responding producers from China.[16] Both U.S. and Chinese capacity and capacity utilization decreased; U.S. capacity decreased at a higher rate than Chinese capacity and Chinese capacity utilization decreased at a higher rate than U.S. capacity utilization. U.S. inventories increased substantially more than Chinese inventories.

Table II-4
FRC: Supply factors that affect the ability to increase shipments to the U.S. market, by country

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

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

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

Note: Responding U.S. producers accounted for virtually all of U.S. production of FRC in 2021. Responding foreign producer/exporter firms accounted for approximately one-fifth of U.S. imports of FRC from China during 2021. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from China, please refer to Part I, “Summary Data and Data Sources.”

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

Domestic production

Based on available information, U.S. producers of FRC have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced FRC to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of unused capacity, large amounts of inventories, and the ability to

[16] Three foreign producers in China *** submitted questionnaires after the prehearing Staff Report.

shift production to or from alternate products. Factors mitigating responsiveness of supply include a limited ability to shift shipments from export markets.

Domestic capacity and production decreased during 2019-21 but production decreased at a much higher rate, resulting in large decreases in capacity utilization.[17] Inventories as a share of total shipments increased substantially as U.S. shipments decreased by *** percent and inventories decreased by *** percent during 2019-21. Domestic export shipments as a share of U.S. producers' total shipments increased slightly from *** percent in 2019 to *** percent in 2021. Other products that producers reportedly can produce on the same equipment as FRC include heavy equipment, mining and agricultural equipment castings, and transit products. Factors affecting U.S. producers' ability to shift production include setting up the machinery and safety training. Reported production constraints include the physical number of heats that producers can pour and the amount of time it takes to melt a furnace full of steel while pouring steel from another furnace.

Subject imports from China

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

Chinese producers' capacity, production, and capacity utilization decreased during 2019-21 while the ratio of inventories to total shipments increased. Factors affecting Chinese producers' ability to shift production included mold and raw material price changes, time, tooling, the establishment of new technical teams, and development costs.[18] Chinese producers shipped a small amount of their FRC production to non-U.S. markets Canada and Mexico.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports by quantity in 2021. The largest source of nonsubject imports during 2019-21 was Mexico. Reported nonsubject imports from Mexico accounted for *** percent by quantity of total U.S. imports in 2019, *** percent by quantity in 2020, and *** percent by quantity in 2021. The other

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

[18] Foreign producer *** reported that it would take at least one-half of a year to a year to reach its original capacity should it switch production.

nonsubject import source was India and it accounted for *** percent by quantity in 2019, *** percent by quantity in 2020, and *** percent by quantity in 2021.

Supply constraints

U.S. producers, importers, and purchasers were asked if they had experienced any supply constraints before and after the filing of the petitions on September 29, 2021. All three U.S. producers, three of six importers, and nine of 13 purchasers reported that they had not experienced supply constraints between January 1, 2019 and September 29, 2021. Of the firms that did report supply constraints, importer *** reported that it has often not been able to supply FRC when a customer requests due to volatile demand and supply chain logistics.[19] Importer *** reported vendor capacity and availability limitations. Importer *** reported that its U.S. supplier *** had stopped manufacturing certain FRC and terminated its agreements. Purchaser *** reported that it had multiple suppliers delay shipments after the onset of the COVID-19 pandemic.

All three U.S. producers reported that they had not experienced supply constraints after the petitions were filed on September 29, 2021. Four of six importers and 10 of 12 responding purchasers reported that they had experienced supply constraints after the petitions were filed. Importers *** reported generally less available FRC from China. Importer *** reported shortages in shipping containers having an impact on its ability to supply a customer. Several purchasers reported supply constraints for Chinese FRC due to these AD/CVD investigations. Other purchasers reported increased lead times.

New suppliers

Ten of the 13 responding purchasers indicated that no new suppliers entered the U.S. market since January 1, 2019.

U.S. demand

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

[19] ***.

End uses and cost share

U.S. demand for FRC depends on the demand for U.S.-produced freight railcars. FRC accounts for a small share of the cost of the freight railcars in which it is used. Reported cost shares for freight railcar production were 1 to 3 percent. U.S. producer *** reported that demand for FRC is also driven by the need to repair freight railcars already in service. While new cars need complete FRC, maintenance on existing FRC may only require individual parts.[20]

Business cycles

Two of three U.S. producers, five of six importers, and 10 of 13 purchasers indicated that the market was subject to business cycles or conditions of competition. U.S. producer *** reported that the business cycle is typically seven years from peak to trough. Importer *** reported that demand in the OEM market is aligned to the number of new cars built, while demand for the maintenance parts in the aftermarket is more dependent on Class I railcar traffic volume and is more consistent than the OEM market.[21] Importer *** reported that finished railcar demand drives cyclicality of FRC. Importer *** reported an 8- to 10-year cycle and indicated that downtrends tend to happen with downturns in the economy. Importer *** further reported that during downturns, railcars are put into storage and general maintenance is deferred, reducing demand for FRC further. Purchaser *** reported that availability of FRC in the maintenance market is subject to new railcar manufacturing levels. The firm also reported that the maintenance market is relatively constant while the new freight railcar market can have large swings from year to year. Purchaser *** reported that once newly manufactured railcars are put in service, they come up for inspection on a cycle. Purchaser *** reported that the need for replacement FRC increases during winter months because of a higher occurrence of coupler breakage due to cold temperatures.

Most responding firms (two U.S. producers, five importers, and seven purchasers) reported that there have been changes in the business cycles or conditions of competition for FRC since January 1, 2019. U.S. producer *** reported that some freight car manufacturers moved production to Mexico to avoid section 301 duties. U.S. producer ***

[20] Petitioner stated that the replacement rate for knuckles is about 5 years. Petitions, Volume I, Part I, p. 22, Exhibit I-11. Respondent Strato stated that the replacement rate for its knuckles is about 5 to 10 years. Conference transcript, p. 96 (Foxx).

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

reported that the COVID-19 pandemic had an impact. Importer *** reported changes due to the imposition of section 301 tariffs and an increase in the percentage of railcars being produced in Mexico. Importer *** reported that the implementation of Precision Scheduled Railroading ("PSR") by Class 1 railroads led to fewer railcars in operation, more rail time for each car, and more cars in storage. Purchaser *** reported global supply chain constraints.

In December 2017, Trinity announced that it would transfer its ownership in M&T to Arcosa, Inc. As part of the sale, Trinity agreed to purchase set amounts of FRC from M&T to decrease annually through 2023.[22] Petitioner M&T testified that "the contract {with Trinity} includes tapered volume over time, and as stated before, annual negotiations have resulted in decreased pricing over the POI".[23] Respondents reported that Trinity's new railcar deliveries decreased more than the overall drop in demand for new railcars during 2019-21.[24]

Demand trends

U.S. producers, importers, and purchasers were asked how demand for FRC has changed before and after the onset of the COVID-19 pandemic. U.S. producers reported a fluctuation in U.S. and foreign demand for FRC during 2019; importers reported a fluctuation and a decrease in both U.S. and foreign demand; purchasers mostly reported a fluctuation and a decrease in U.S. and foreign demand (table II-5).

Table II-5
FRC: Count of firms' responses regarding overall domestic and foreign demand during 2019, by firm type

Count in number of firms reporting

Market	Firm type	Increase	No change	Decrease	Fluctuate
Domestic demand	U.S. producers	0	0	0	2
Domestic demand	Importers	0	0	3	3
Domestic demand	Purchasers	1	0	5	5
Foreign demand	U.S. producers	0	0	0	2
Foreign demand	Importers	1	0	2	2
Foreign demand	Purchasers	0	1	2	2

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

[22] Strato's postconference brief, p. 19.

[23] Hearing transcript, p. 35 (Lefevre).

[24] Respondents Strato's and Wabtec's posthearing briefs, Attachment I, Responses to Commissioner Questions, p. 32.

When describing demand in the United States during 2019 (before the COVID-19 pandemic), U.S. producers, importers, and purchasers reported that demand for FRC was cyclical and followed the business cycle. Several importers and purchasers reported that the expansion of PSR in the Class 1 railroads impacted demand. Purchaser *** reported an increase in the scrapping of old railcars, which typically lowers demand for FRC in the maintenance/replacement market. When describing demand outside of the United States during 2019, importers *** reported that more U.S. railcar builders had moved to Mexico.

U.S. producers reported a fluctuation in U.S. and foreign demand for FRC since 2020; importers mostly reported a fluctuation and a decrease in both U.S. and foreign demand; purchasers mostly reported a fluctuation and a decrease in U.S. demand and a fluctuation and increase in foreign demand (table II-6).

Table II-6
FRC: Count of firms' responses regarding overall domestic and foreign demand since 2020, by firm type

Count in number of firms reporting

Market	Firm type	Increase	No change	Decrease	Fluctuate
Domestic demand	U.S. producers	0	0	0	1
Domestic demand	Importers	1	0	3	2
Domestic demand	Purchasers	2	1	3	5
Foreign demand	U.S. producers	0	0	0	1
Foreign demand	Importers	1	0	2	2
Foreign demand	Purchasers	2	0	1	2

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

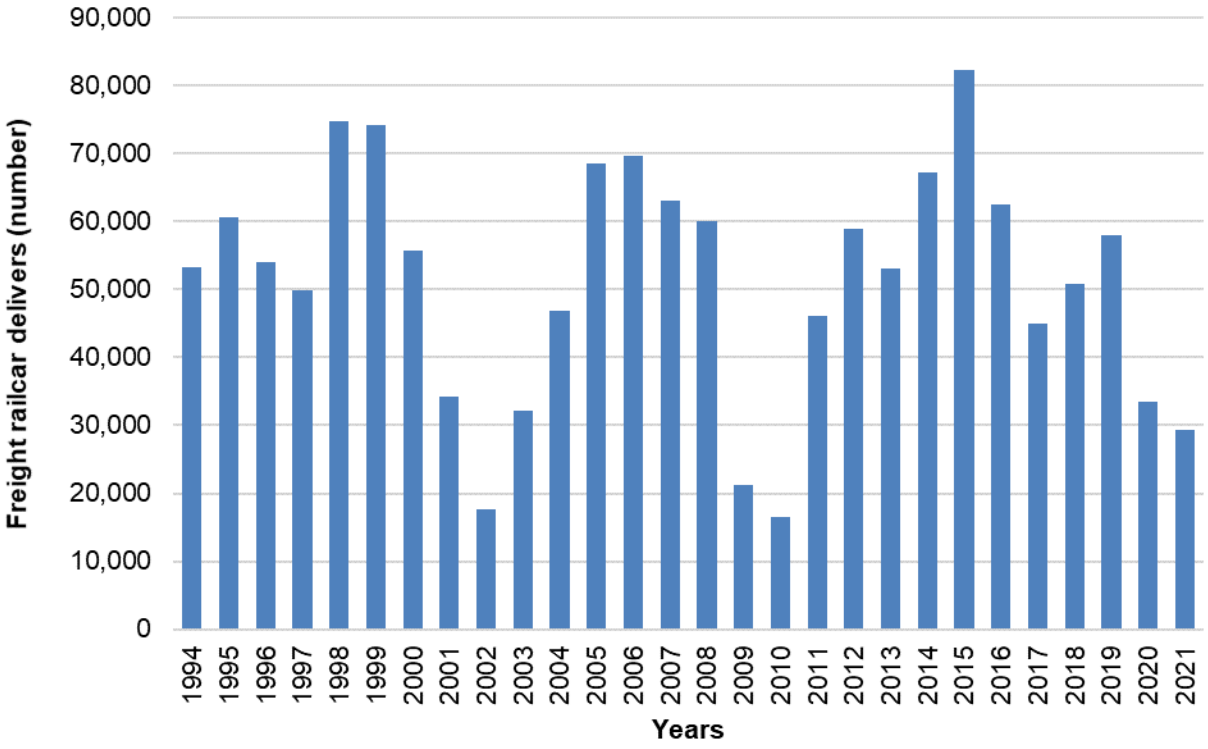
When describing demand since 2020 (after the onset of the COVID-19 pandemic), firms reported decreases in new car builds during 2020 but rebounds during 2021. Purchaser *** reported that demand started to pick up during the second quarter of 2021 and has been strong since then. When describing demand outside of the United States since 2020, importer *** reported that new car builds in Mexico dropped by more than 43 percent, the lowest levels of production and demand since 2010.

Purchasers were also asked how demand for end-use products has changed since 2019. Purchasers reported mixed demand for end-use products since 2019 (3 firms reported that it fluctuated, 2 reported that it increased, 2 that it decreased, and 1 that it did not change). Most purchasers reported that the cyclical nature of the freight railcar market drives demand for FRC. Purchaser *** reported that in addition to normal fluctuations in the

business cycle, demand for its end-use products is affected by the implementation of various efficiency initiatives (such as PSR) and the scrapping of railcars past their useful lives.

The new railcar market has experienced several surges and declines in recent decades as the market follows general trends in the overall economy (figure II-1 and table II-7).[25] New railcar deliveries to the North American market decreased by 49.5 percent from 2019 (58,026 railcars) to 2021 (29,280 railcars). The average annual number of deliveries during 1994-2021 was about 51,406.[26]

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



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

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

[26] Trinity Rail estimates industry deliveries of new railcars to be 40,000 to 50,000 railcars in 2022. https://www.railwayage.com/mechanical/freight-cars/trinity-strong-4q21-highlights-improving-market-conditions/?RAchannel=freight-cars.

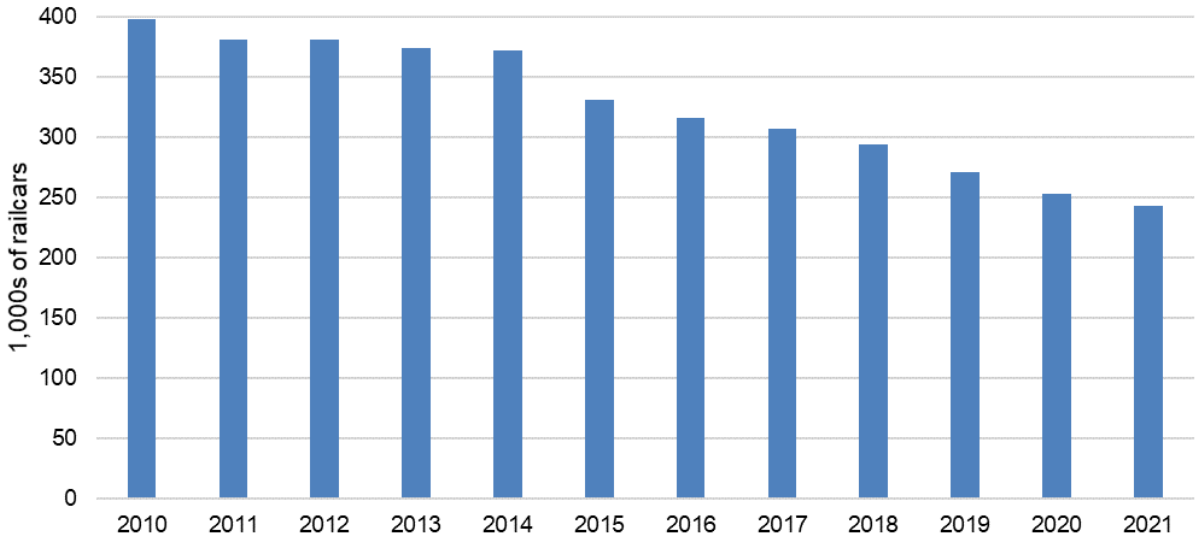
Table II-7
Freight railcars: Deliveries in North America by year

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

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

Additionally, the number of freight railcars owned and operated by Class I railroads decreased by 10.1 percent from 2019 (270,378 railcars) to 2021 (243,087 railcars) (figure II-2 and table II-8). The decrease has been attributed to improved utilization (e.g., double-stack container railcars) and the deployment of larger cars.[27] M&T reported that most of its product ends up in the Class I rail system.[28]

Figure II-2
Freight railcars: Count of freight railcars owned and operated by Class I railroads



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

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

[28] Conference transcript, p. 64 (Mautino).

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

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

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

Demand for FRC in the maintenance/replacement market is driven by several factors, including the amount of freight railroad traffic that is occurring, the number of freight railcars in storage, and the number of cars that are scrapped each year. The maintenance/replacement market is closely tied to railroad revenue per ton-miles.[29] Class I railroad revenue per ton-miles decreased by 5.0 percent from 2019 ($1,614.5 billion) to 2021 ($1,533.9 billion).[30] The average number of freight railcars in storage was *** during 2019, *** during 2020, and *** during January-September 2021.[31] Maintenance is not conducted on freight railcars that are in storage. The estimated number of freight railcars that were scrapped increased by 8.3 percent from 2019 (55,400 railcars) to 2021 (60,000 railcars).[32] An increase in steel scrap prices has been attributed to the increase in the number of freight railcars scrapped during this period.[33] Estimates for average annual FRC units in the North American

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

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

[31] Petitions, Volume I, Part I, Exhibit I-11.

[32] Strato's Conference Witness Testimony, Factors Impacting Demand, Car Build vs Car Scrapped.

[33] https://www.freightwaves.com/news/sky-high-steel-prices-bolster-market-for-railcar-scrap-metal-greenbrier. For more information on steel scrap prices, please see "Raw material costs" in Part V.

maintenance/replacement market were *** units during 2019, *** units during 2020, and *** units during January-September 2021.[34]

Substitute products

U.S. producers, importers, and purchasers reported that there were no substitutes for FRC.

Substitutability issues

This section assesses the degree to which U.S.-produced FRC and imports of FRC from China can be substituted for one another by examining the importance of certain purchasing factors and the comparability of FRC from domestic and imported sources based on those factors. Based on available information, staff believes that there is a high degree of substitutability between domestically produced FRC and FRC imported from China.[35] [36] The primary factors contributing to this level of substitutability include little preference for any particular country of origin, similarities between domestically produced FRC and FRC imported from China across multiple purchase factors, and the high degree of interchangeability between domestic and subject sources from China. Factors reducing substitutability include differences in availability, lead times, and certain purchasers' preference for certain types of FRC only available from China.

[34] Petitions, Volume I, Part I, Exhibit I-11.

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

[36] The prehearing Staff Report had a finding of "at least a moderate-to-high degree of substitutability". The moderate finding was based, in part, on certain FRC from China incorporating the Bedloe technology, whereas domestic producers of FRC do not. After information provided in posthearing briefs and hearing testimony, it is staff's understanding that the Bedloe technology may increase the useful life of FRC, but all FRC must meet AAR standards, regardless of the source or technology used. Additionally, when making purchasing decisions, purchasers may not know that certain FRC from China incorporate the Bedloe technology and may make decisions based on other factors. See "Availability of specific product types" below for more information.

Factors affecting purchasing decisions

Purchaser decisions based on source

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

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

Count in number of firms reporting

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

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

Importance of purchasing domestic product

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

Availability of specific product types

Six of 11 responding purchasers reported that all types of FRC are available from all country sources. Of the five purchasers that reported certain types of FRC only being available from certain country sources, purchasers *** reported that FRC that incorporate

the Bedloe technology are currently only available from Chinese sources.[37] [38] [39] Purchaser *** reported that U.S. suppliers could not supply certain yokes and coupler bodies.

Most important purchase factors

The most often cited top three factors firms consider in their purchasing decisions for FRC were price/cost (10 firms), availability/supply (9 firms), and quality (7 firms) as shown in table II-10. Availability/supply was the most frequently cited first-most important factor (cited by 4 firms); quality was the most frequently reported second-most important factor (4 firms); and price/cost was the most frequently reported third-most important factor (6 firms).

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

Count in number of firms reporting

Factor	First	Second	Third	Total
Price / Cost	3	1	6	10
Availability / Supply	4	3	2	9
Quality	2	4	1	7
All other factors	4	5	3	NA

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

Note: Other factors include contracts (3 firms), lead time/delivery (2 firms), total cost of ownership (2 firms), Bedloe technology, product performance and durability, delivery performance, supplier performance, and geographical proximity (1 each).

The majority of purchasers (12 of 13) reported that they usually or sometimes (6 each) purchase the lowest-priced product; one purchaser reported that it never does.

[37] Purchaser *** reported that the Bedloe technology is a patented coupler design that improves air brake hose connections during service.

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

[39] Respondent TTX reported that certain FRC from China are not substitutable with domestically produced FRC given Bedloe's superior quality and durability although the firm reported that it purchases some non-Bedloe FRC because "{t}he supply chain risk of relying too heavily on a single source is unacceptable". Respondent TTX's prehearing briefs, pp. 3, 24. TTX further testified that it "can use a non-Bedloe component in conjunction with a Bedloe component". Hearing transcript, p. 261 (Werner).

Importance of specified purchase factors

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

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

Count in number of firms reporting

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

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

Lead times

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

Supplier certification

All 13 responding purchasers require their suppliers to become certified or qualified to sell FRC to their firm. Purchasers reported that the time to qualify a new supplier ranged from 1 to 2 years and that the supplier must be approved by the AAR before purchasing. Twelve of 13 purchasers reported that domestic and/or foreign producers had not failed in their attempts to certify or qualify their FRC.[40] Respondent Strato testified that in 2015 it attempted to work with Blue Diamond {Huron Casting}, a U.S. producer in Michigan, to obtain AAR approval and to have it produce Strato's products but the project ended because Blue Diamond could not find adequate labor and the company has since lost its AAR certification.[41] Strato also reported that it has four foundries in China that it worked with to obtain AAR certification, but one of these four has since lost its certification.[42]

Minimum quality specifications

As can be seen from table II-12, a majority of responding purchasers reported that FRC from the United States, China, and Mexico always or usually met minimum quality specifications.

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

Count in number of firms reporting

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

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

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

[40] Purchaser *** reported that although no suppliers had entirely lost their certification, it had downgraded Strato Mudanjiang to a conditional approval for certain FRC due to the couplers not meeting a dimensional requirement and that these couplers must be separately inspected before being applied to its railcars.

[41] Hearing transcript, p. 196 (Cunkelman).

[42] Respondent Stato's prehearing briefs, p. 27. Strato testified in reference to the foundry that lost its certification that it "made the decision no longer to continue their certification" and that Strato had "plenty of available capacity" with its other foundries. Hearing transcript, p. 263 (Cunkelman).

Most responding purchasers reported that the quality of FRC is determined by meeting AAR standards. Other reported measures of quality include useful life, consistency of physical characteristics, defects (visible or not), fatigue life cycles, warranties, and Bedloe requirements.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2019 (table II-13). Pluralities of firms reported increasing domestic purchases and decreasing purchases of imports from China. Purchaser *** reported increasing purchases of domestic FRC and decreasing purchases of Chinese FRC after switching from new to refurbished FRC. Purchaser *** reported decreasing purchases of Chinese FRC due to overall downturns in the railroad industry and the switch to PSR at the Class I railroads. Purchaser *** reported that its decrease in Chinese FRC purchases was driven by an increase in purchases from Mexico *** and by these AD/CVD investigations. Reasons reported for decreasing purchases of domestic FRC included a decrease in finished railcar demand, reductions in both new railcar and maintenance purchases due to the COVID-19 pandemic, and a preferred U.S. producer ending FRC production.

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

Count in number of firms reporting

Source of purchases	Decreased	Increased	Constant	Fluctuated	Did not purchase
United States	3	5	2	2	1
China	7	1	2	1	2
Mexico	3	3	2	0	4
Nonsubject sources	2	0	1	0	8
Sources unknown	1	1	3	2	5

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

Six of 13 responding purchasers reported that they had changed suppliers since January 1, 2019. Specifically, purchaser *** stopped purchasing from *** because second-hand knuckles were available from *** with no shipping cost. The firm further reported that changes in suppliers are based on the availability of reconditioned FRC. Purchaser *** reported that it had reduced knuckle purchases from *** because of reduced competitiveness due to the uncertainty of these AD/CVD investigations and increased purchases from *** at a lower cost but lesser quality. Purchaser *** reported that it had

reduced purchases from *** because of refusal of service, breach of contract, and general instability and increased purchases from *** to cover those reductions. Purchaser *** reported dropping *** because it could not meet its demands.

Purchase factor comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing FRC produced in the United States, China, nonsubject Mexico, and other nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 16 factors for which they were asked to rate the importance. Most purchasers reported that U.S. FRC and FRC imported from China were comparable on every factor (table II-14). Most purchasers reported that U.S. FRC and FRC imported from Mexico were comparable on every factor except price[43] and U.S. transportation costs[44] (table II-15). Most purchasers reported that Chinese and Mexican FRC were comparable on every factor except delivery time[45] and price[46] (table II-17). Responding purchasers reported that delivery time and price were very important factors in their purchasing decisions and U.S. transportation costs was a somewhat important factor (table II-11).

[43] Three purchasers each reported that U.S.-produced FRC was comparable or inferior (higher priced) to FRC from Mexico.

[44] Three purchasers each reported that U.S.-produced FRC comparable or inferior (higher priced) to FRC from Mexico.

[45] Three purchasers each reported that Chinese-produced FRC was comparable or inferior to FRC from Mexico.

[46] Two purchasers each reported that Chinese-produced FRC was comparable, superior, or inferior to FRC from Mexico.

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

Count in number of firms reporting

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

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

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

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

Count in number of firms reporting

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

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

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

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

Count in number of firms reporting

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

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

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

Table II-17
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

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

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

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

Table II-18
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

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

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

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

Table II-19
FRC: Count of purchasers' responses comparing U.S.-produced and imported product, by factor and country pair

Count in number of firms reporting

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

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

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

Comparison of U.S.-produced and imported FRC

In order to determine whether U.S.-produced FRC can generally be used in the same applications as imports from China, nonsubject country Mexico, and other nonsubject countries, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in tables II-20 to II-22, most U.S. producers, importers, and purchasers reported that FRC from the United States and all other countries can always or frequently be used in the same applications. Purchaser *** reported that all AAR approved materials are interchangeable regardless of the country of origin.

Table II-20
FRC: Count of U.S. producers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

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

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

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

Count in number of firms reporting

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

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

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

Count in number of firms reporting

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

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of FRC from the United States, China, nonsubject Mexico, or other nonsubject countries. As seen in tables II-23 to II-25, most U.S. producers, importers, and purchasers reported that factors other than price were sometimes or never significant in sales or purchases of FRC from the United States versus all other countries.

Table II-23
FRC: Count of U.S. producers reporting the significance of differences other than price between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

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

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

Table II-24
FRC: Count of importers reporting the significance of differences between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

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

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

Table II-25
FRC: Count of purchasers reporting the significance of differences between product produced in the United States and in other countries, by country pair

Count in number of firms reporting

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

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

Importer *** reported that availability and reliability of supply are the most important factors, and it is critical to have more than one source of FRC. The firm also reported quality, transportation, and freight as very important factors. Importer *** reported that there are always differences other than price between the products from the United States and China, citing differences in transportation network, availability, and product range. Other factors reported by purchasers include delivery/lead time and Bedloe technology.

Elasticity estimates

This section discusses elasticity estimates. Parties did not provide comments on these estimates in their prehearing or posthearing briefs.

U.S. supply elasticity

The domestic supply elasticity for FRC measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of FRC. The elasticity of domestic supply 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 FRC. Analysis of these factors above indicates that the U.S. industry has the ability to greatly increase or decrease shipments to the U.S. market; an estimate in the range of 6 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for FRC measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of FRC. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products, as well as the component share of the FRC in the production of any downstream products. Based on the available information, the aggregate demand for FRC is likely to be highly inelastic; a range of -0.25 to -0.5 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[47] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced FRC and imported FRC is likely to be in the range of 4 to 7.[48] Factors contributing to the higher-end level of substitutability include little preference for particular country of origin, similarities between domestically produced FRC and FRC imported from China across multiple purchase factors, and the high degree of interchangeability between domestic and subject sources from China. Factors reducing substitutability include differences in availability, lead times, and certain purchasers' preference for certain types of FRC only available only from China.

[47] 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 Chinese product (or vice versa) when prices change.

[48] Staff suggested a range of 4 to 6 in the prehearing Staff Report. After information provided in posthearing briefs and hearing testimony, staff believes that there is likely a higher level of substitutability.

Part III: U.S. producers' production, shipments, and employment

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in Part I of this report and information on the volume and pricing of imports of the subject merchandise is presented in Part IV and Part V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of three firms that accounted all known U.S. production of FRC during 2021.

U.S. producers

The Commission issued a U.S. producer questionnaire to the three known U.S. producers and nine possible refurbishers of FRC based on information contained in the petitions, industry sources, information from the preliminary phase of these investigations, and party comments on draft questionnaires.[1] The three U.S. producers provided usable data on their operations.[2] Staff believes that these responses represent all known U.S. production of FRC.

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

[1] The nine possible refurbishers were identified in Wabtec's comments on draft questionnaires, EDIS document 762807, pp.11-12.

[2] *** submitted a questionnaire response as a refurbisher of FRC with data that was not usable. Respondent ***.

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

Firm	Position on petition	Production location(s)	Share of production
Amsted	***	Granite City, IL	***
Huron	***	Pigeon, MI	***
M&T	Petitioner	Pittsburgh, PA	***
All firms	Various	Various	100.0

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

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

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

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

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

As indicated in U.S. producer responses presented in table III-2, one U.S. producer, ***, is related to a foreign producer of nonsubject merchandise. No U.S. producers are related to U.S. importers of the subject merchandise. In addition, as discussed in greater detail below, no U.S. producers directly import subject merchandise or purchase the subject merchandise from U.S. importers.

Table III-3 presents U.S. producers' reported changes in operations since January 1, 2019. In ***.[3] *** reported ***.[4]

[3] ***'s producer questionnaire response, section II-2a.

[4] ***'s producer questionnaire response, section II-2a-2b.

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

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

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

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. U.S. producers' capacity decreased from *** pounds in 2019 to *** pounds in 2021, a *** percent decrease during 2019-21. During the same period, U.S. producers' production decreased by *** percent, from *** pounds to *** pounds. Capacity utilization also decreased from *** percent to *** percent from 2019 to 2021.

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

Capacity

Capacity in 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

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

Production

Production in 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

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

Capacity utilization

Ratio in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Table continued.

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

Share of production

Share in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	100.0	100.0	100.0

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

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

* * * * * * *

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

Alternative products

As shown in table III-5, FRC's share of overall production by U.S. producers on shared equipment decreased from *** percent in 2019 to *** percent in 2021. *** U.S. producers reported producing other products using the same equipment, machinery, or employees as used to produce FRC. These products included ***. Overall capacity declined by *** percent from 2019 to 2021.[5]

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

[5] The decrease of overall capacity was due to the decrease in ***'s reported overall production capacity during 2018-20. ***'s producer questionnaire response, section II-3a.

production of ***. Reported factors that affect the ability to shift production capacity between products included ***.

Table III-5
FRC: U.S. producers' overall capacity and production on the same equipment used to produce FRC, by period

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

Item	Measure	2019	2020	2021
Overall capacity	Quantity	***	***	***
FRC production	Quantity	***	***	***
Passenger railcar couplers production	Quantity	***	***	***
Other products	Quantity	***	***	***
Out of scope production	Quantity	***	***	***
Total production	Quantity	***	***	***
Overall capacity utilization	Ratio	***	***	***
FRC production	Share	***	***	***
Passenger railcar couplers production	Share	***	***	***
Other products	Share	***	***	***
Out of scope production	Share	***	***	***
Total production	Share	100.0	100.0	100.0

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

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. No U.S. producers reported internal consumption or transfer to related firms shipments during 2019-21. U.S. producers' U.S. shipments decreased by quantity and by value from 2019-21, from *** pounds to *** pounds, and from $*** to $***, respectively. *** U.S. producers, ***, reported export shipments, primarily to ***, which ranged from *** to *** percent of total U.S. producers' total shipments during 2019-21. Average unit values of both U.S. shipments and export shipments ***.

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

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

Item	Measure	2019	2020	2021
U.S. shipments	Quantity	***	***	***
Export shipments	Quantity	***	***	***
Total shipments	Quantity	***	***	***
U.S. shipments	Value	***	***	***
Export shipments	Value	***	***	***
Total shipments	Value	***	***	***
U.S. shipments	Unit value	***	***	***
Export shipments	Unit value	***	***	***
Total shipments	Unit value	***	***	***
U.S. shipments	Share of quantity	***	***	***
Export shipments	Share of quantity	***	***	***
Total shipments	Share of quantity	100.0	100.0	100.0
U.S. shipments	Share of value	***	***	***
Export shipments	Share of value	***	***	***
Total shipments	Share of value	100.0	100.0	100.0

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

The Commission also asked U.S. producers to differentiate their U.S. shipments of FRC between complete FRC systems and in-scope FRC components (knuckles, coupler bodies, yokes and follower blocks). Table III-7 presents U.S. producers' U.S. shipments by product type.

While U.S. shipments of all product types decreased during 2019-21, the share of quantity (based on 1,000 pounds) of complete FRC systems decreased from *** percent in 2019 to *** percent in 2021. During the same period, the share of quantity (based on 1,000 pounds) of all FRC components increased - coupler bodies from *** percent to *** percent, knuckles from *** percent to *** percent, yokes from *** percent to *** percent, and follower blocks from *** percent to *** percent. During 2019-21, unit values (per 1,000 pounds) for shipments of complete FRC systems decreased by *** percent, while unit values for shipments of knuckles, coupler bodies, and follower blocks increased by *** percent, *** percent, and *** percent, respectively, and unit values of shipments of yokes decreased by *** percent. Overall, unit values (per 1,000 pounds) of FRC and FRC components decreased by *** percent during 2019-21.

Table III-7
FRC: U.S. producers' U.S. shipments, by product type and period

Quantity in 1,000 pounds and units; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds and dollars per unit

Item	Measure	2019	2020	2021
Complete FRC	1,000 pounds	***	***	***
Knuckles	1,000 pounds	***	***	***
Coupler bodies	1,000 pounds	***	***	***
Yokes	1,000 pounds	***	***	***
Follower blocks	1,000 pounds	***	***	***
Complete FRC	Units	***	***	***
Knuckles	Units	***	***	***
Coupler bodies	Units	***	***	***
Yokes	Units	***	***	***
Follower blocks	Units	***	***	***
Complete FRC	Value	***	***	***
Knuckles	Value	***	***	***
Coupler bodies	Value	***	***	***
Yokes	Value	***	***	***
Follower blocks	Value	***	***	***
Complete FRC	Dollars per 1,000 pounds	***	***	***
Knuckles	Dollars per 1,000 pounds	***	***	***
Coupler bodies	Dollars per 1,000 pounds	***	***	***
Yokes	Dollars per 1,000 pounds	***	***	***
Follower blocks	Dollars per 1,000 pounds	***	***	***
Complete FRC	Dollars per unit	***	***	***
Knuckles	Dollars per unit	***	***	***
Coupler bodies	Dollars per unit	***	***	***
Yokes	Dollars per unit	***	***	***
Follower blocks	Dollars per unit	***	***	***

Table continued.

Table III-7--Continued
FRC: U.S. producers' U.S. shipments, by product type and period

Shares in percent

Item	Measure	2019	2020	2021
Complete FRC	Share based on 1,000 pounds	***	***	***
Knuckles	Share based on 1,000 pounds	***	***	***
Coupler bodies	Share based on 1,000 pounds	***	***	***
Yokes	Share based on 1,000 pounds	***	***	***
Follower blocks	Share based on 1,000 pounds	***	***	***
Complete FRC	Share based on units	***	***	***
Knuckles	Share based on units	***	***	***
Coupler bodies	Share based on units	***	***	***
Yokes	Share based on units	***	***	***
Follower blocks	Share based on units	***	***	***
Complete FRC	Share of value	***	***	***
Knuckles	Share of value	***	***	***
Coupler bodies	Share of value	***	***	***
Yokes	Share of value	***	***	***
Follower blocks	Share of value	***	***	***

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

U.S. producers' inventories

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments**.** U.S. producers' end-of-period inventories decreased by *** percent during 2019-21. During the same period, the ratio of inventories to U.S. production, U.S. shipments, and total shipments increased by ***, ***, and *** percentage points, respectively.

Table III-8
FRC: U.S. producers' inventories and their ratio to select items, by period

Quantity in 1,000 pounds; ratio in percent

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

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

U.S. producers' imports from subject sources

No responding U.S. producer reported imports of FRC from subject sources during 2019-21. One firm, *** reported importing FRC from nonsubject sources (***).

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

No responding U.S. producer reported purchases of FRC from subject sources during 2019-21.

U.S. employment, wages, and productivity

Table III-9 shows U.S. producers' employment-related data. The number of production and related workers ("PRWs") decreased by *** between 2019 and 2021, with a net decline of *** PRWs from *** to ***. During 2019-21, total hours worked declined by *** percent, and hours worked per PRW also declined by *** percent. Hourly wages for PRWs increased by *** percent from $*** per hour to $*** per hour while productivity decreased by *** percent. Unit labor costs increased by *** percent, from $*** per unit in 2019 to $*** per unit in 2021.

Table III-9
FRC: U.S. producers' employment related information, by period

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

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

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

U.S. importers

The Commission issued importer questionnaires to 26 firms believed to be importers of subject FRC, as well as to all U.S. producers of FRC.[1] Usable questionnaire responses were received from six companies, representing 57.9 percent of U.S. imports from China in 2021 under HTS subheading 8607.30.10, a "basket" category.[2] Table IV-1 lists all responding U.S. importers of FRC from China and other sources, their locations, and their shares of U.S. imports, in 2021.

Five U.S. importers reported imports of FRC from China in 2021 with two firms, ***, accounting for *** percent of such imports. Four U.S. importers reported imports of FRC from nonsubject sources, primarily from Mexico, with *** accounting for *** percent of nonsubject imports. Other reported nonsubject sources of FRC imports were ***.

[1] The Commission issued questionnaires to those firms identified in the petitions, preliminary phase questionnaire responses, along with firms that, based on a review of data from third-party sources, may have accounted for more than one percent of total imports under HTS subheading 8607.30.1000 in 2021.

[2] Twelve firms reported that they did not import FRC into the United States: ***. As such, since the Commission received responses from firms that staff believes account for a substantial share of imports of FRC, staff believes that official import statistics for HTS subheading 8607.30.10 are overstated with respect to in-scope FRC.

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

Shares in percent

Firm	Headquarters	China	Mexico	All other sources	Nonsubject sources	All import sources
Amsted	Chicago, IL	***	***	***	***	***
Greenbrier	Lake Oswego, OR	***	***	***	***	***
Strato	Piscataway, NJ	***	***	***	***	***
Stucky	Moon Township, PA	***	***	***	***	***
Trinity	Dallas, TX	***	***	***	***	***
Wabtec	Pittsburgh, PA	***	***	***	***	***
All firms	Various	100.0	100.0	100.0	100.0	100.0

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

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

U.S. imports

Table IV-2 presents data for U.S. imports of FRC from China, Mexico, and all other sources.[3] U.S. imports of FRC from China decreased by 26.0 percent by quantity, and by 32.6 percent by value from 2019 to 2020 before increasing by 7.4 percent by quantity, and by 24.1 percent by value from 2020 to 2021. During 2019-21, U.S. imports of FRC from nonsubject sources decreased by *** percent by quantity and by *** percent by value. Overall, U.S. imports of FRC from all sources decreased by *** percent by quantity, and *** percent by value, between 2019 and 2021.

U.S. imports of FRC from China increased as a share of total imports of FRC by quantity from *** percent in 2019 to *** percent in 2021. Average unit values of U.S. imports from China were lower than those from Mexico but higher than those from other nonsubject sources across all periods. During 2019-21, U.S. imports of FRC as a ratio to U.S. production increased by *** percentage points for subject imports from China and by *** percentage points for imports from nonsubject sources for an overall increase of *** percentage points for imports from all sources.

[3] ***. ***'s importer questionnaire response, section II-7a. Based on this explanation, staff has removed these data *** from the data set.

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

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds; share and ratio in percent

Source	Measure	2019	2020	2021
China	Quantity	24,453	18,093	19,424
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
China	Value	36,998	24,937	30,954
Mexico	Value	***	***	***
All other sources	Value	***	***	***
Nonsubject sources	Value	***	***	***
All import sources	Value	***	***	***
China	Unit value	1,513	1,378	1,594
Mexico	Unit value	***	***	***
All other sources	Unit value	***	***	***
Nonsubject sources	Unit value	***	***	***
All import sources	Unit value	***	***	***
China	Share of quantity	***	***	***
Mexico	Share of quantity	***	***	***
All other sources	Share of quantity	***	***	***
Nonsubject sources	Share of quantity	***	***	***
All import sources	Share of quantity	100.0	100.0	100.0
China	Share of value	***	***	***
Mexico	Share of value	***	***	***
All other sources	Share of value	***	***	***
Nonsubject sources	Share of value	***	***	***
All import sources	Share of value	100.0	100.0	100.0
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***

Table continued on next page.

Table IV-2--Continued
FRC: Share of U.S. imports by source and period
%Δ in percent

Source	Measure	2019-21	2019-20	2020-21
China	%Δ Quantity	▼***	▼***	▲***
Mexico	%Δ Quantity	▼***	▼***	▼***
All other sources	%Δ Quantity	▼***	▼***	▼***
Nonsubject sources	%Δ Quantity	▼***	▼***	▼***
All import sources	%Δ Quantity	▼***	▼***	▼***
China	%Δ Value	▼***	▼***	▲***
Mexico	%Δ Value	▼***	▼***	▲***
All other sources	%Δ Value	▼***	▼***	▲***
Nonsubject sources	%Δ Value	▼***	▼***	▲***
All import sources	%Δ Value	▼***	▼***	▲***
China	%Δ Unit value	▲***	▼***	▲***
Mexico	%Δ Unit value	▼***	▼***	▲***
All other sources	%Δ Unit value	▲***	▼***	▲***
Nonsubject sources	%Δ Unit value	▼***	▼***	▲***
All import sources	%Δ Unit value	▲***	▼***	▲***

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

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

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

* * * * * * *

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

The Commission asked U.S. importers to report their U.S. imports of FRC as standalone complete FRC units or components and as FRC attached to new railcars or other out-of-scope system parts. These data are presented in table IV-3. The majority of FRC imports, both from China and nonsubject sources, were imported into the U.S. as standalone FRC units or components.

Table IV-3
FRC: U.S. imports of standalone FRC units versus FRC attached to railcars, by source and period

Quantity in 1,000 pounds

Source	Measure	2019	2020	2021
China: Standalone FRC	Quantity	***	***	***
China: FRC attached to railcars	Quantity	***	***	***
China: All FRC	Quantity	***	***	***
Mexico: Standalone FRC	Quantity	***	***	***
Mexico: FRC attached to railcars	Quantity	***	***	***
Mexico: All FRC	Quantity	***	***	***
All other sources: Standalone FRC	Quantity	***	***	***
All other sources: FRC attached to railcars	Quantity	***	***	***
All other sources: All FRC	Quantity	***	***	***
Nonsubject sources: Standalone FRC	Quantity	***	***	***
Nonsubject sources: FRC attached to railcars	Quantity	***	***	***
Nonsubject sources: All FRC	Quantity	***	***	***
All import sources: Standalone FRC	Quantity	***	***	***
All import sources: FRC attached to railcars	Quantity	***	***	***
All import sources: All FRC	Quantity	***	***	***

Table continued.

Table IV-3--Continued
FRC: U.S. imports of standalone FRC units versus FRC attached to railcars, by source and period

Share in percent

Source	Measure	2019	2020	2021
China: standalone FRC	Share of quantity	***	***	***
China: FRC attached to railcars	Share of quantity	***	***	***
China: all FRC	Share of quantity	***	***	***
Mexico: standalone FRC	Share of quantity	***	***	***
Mexico: FRC attached to railcars	Share of quantity	***	***	***
Mexico: all FRC	Share of quantity	***	***	***
All other sources: standalone FRC	Share of quantity	***	***	***
All other sources: FRC attached to railcars	Share of quantity	***	***	***
All other sources: all FRC	Share of quantity	***	***	***
Nonsubject sources: standalone FRC	Share of quantity	***	***	***
Nonsubject sources: FRC attached to railcars	Share of quantity	***	***	***
Nonsubject sources: all FRC	Share of quantity	***	***	***
All import sources: standalone FRC	Share of quantity	***	***	***
All import sources: FRC attached to railcars	Share of quantity	***	***	***
All import sources: all FRC	Share of quantity	100.0	100.0	100.0

Table continued.

Table IV-3--Continued
FRC: U.S. imports of standalone FRC units versus FRC attached to railcars, by source and period

%Δ in percent

Source	Measure	2019-21	2019-20	2020-21
China: standalone FRC	%Δ Quantity	▼***	▼***	▲***
China: FRC attached to railcars	%Δ Quantity	▼***	▼***	▼***
China: all FRC	%Δ Quantity	▼***	▼***	▲***
Mexico: standalone FRC	%Δ Quantity	▼***	▼***	▼***
Mexico: FRC attached to railcars	%Δ Quantity	▼***	▼***	▲***
Mexico: all FRC	%Δ Quantity	▼***	▼***	▼***
All other sources: standalone FRC	%Δ Quantity	▼***	▼***	▼***
All other sources: FRC attached to railcars	%Δ Quantity	***	***	***
All other sources: all FRC	%Δ Quantity	▼***	▼***	▼***
Nonsubject sources: standalone FRC	%Δ Quantity	▼***	▼***	▼***
Nonsubject sources: FRC attached to railcars	%Δ Quantity	▼***	▼***	▲***
Nonsubject sources: all FRC	%Δ Quantity	▼***	▼***	▼***
All import sources: standalone FRC	%Δ Quantity	▼***	▼***	▼***
All import sources: FRC attached to railcars	%Δ Quantity	▼***	▼***	▼***
All import sources: all FRC	%Δ Quantity	▼***	▼***	▼***

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

Note: Data are based on the country of origin of the FRC, not on the location of the manufacture of the railcar that FRC are mounted on or the country from which the railcar the FRC is mounted on enters the United States.

The Commission also asked U.S. importers to report their U.S. shipments of U.S. imports of FRC between complete FRC and in-scope components – knuckles, coupler bodies, yokes, and follower blocks. These data for subject imports from China are presented in table IV-4 and Appendix E for imports from nonsubject sources. From 2019 to 2021, shares of quantity (per 1,000 pounds) decreased from *** percent to *** percent for complete FRC, from *** percent to *** percent for yokes, and from *** percent to *** percent for follower blocks, while increasing from *** percent to *** percent for knuckles, and from *** percent to *** percent for coupler bodies.

Table IV-4
FRC: U.S. importers' U.S. shipments of imports from China, by product type and by period

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

Item	Measure	2019	2020	2021
Complete FRC	1,000 pounds	***	***	***
Knuckles	1,000 pounds	***	***	***
Coupler bodies	1,000 pounds	***	***	***
Yokes	1,000 pounds	***	***	***
Follower blocks	1,000 pounds	***	***	***
FRC components	1,000 pounds	***	***	***
Total FRC	1,000 pounds	***	***	***
Complete FRC	Units	***	***	***
Knuckles	Units	***	***	***
Coupler bodies	Units	***	***	***
Yokes	Units	***	***	***
Follower blocks	Units	***	***	***
FRC components	Units	***	***	***
Total FRC	Units	***	***	***
Complete FRC	Value	***	***	***
Knuckles	Value	***	***	***
Coupler bodies	Value	***	***	***
Yokes	Value	***	***	***
Follower blocks	Value	***	***	***
FRC components	Value	***	***	***
Total FRC	Value	***	***	***
Complete FRC	Dollars per 1,000 pounds	***	***	***
Knuckles	Dollars per 1,000 pounds	***	***	***
Coupler bodies	Dollars per 1,000 pounds	***	***	***
Yokes	Dollars per 1,000 pounds	***	***	***
Follower blocks	Dollars per 1,000 pounds	***	***	***
FRC components	Dollars per 1,000 pounds	***	***	***
Total FRC	Dollars per 1,000 pounds	***	***	***
Complete FRC	Dollars per unit	***	***	***
Knuckles	Dollars per unit	***	***	***
Coupler bodies	Dollars per unit	***	***	***
Yokes	Dollars per unit	***	***	***
Follower blocks	Dollars per unit	***	***	***

Table continued.

Table IV-4--Continued
FRC: U.S. importers' U.S. shipments of imports from China, by product type and by period

Shares in percent

Item	Measure	2019	2020	2021
Complete FRC	Share of 1,000 pounds	***	***	***
Knuckles	Share of 1,000 pounds	***	***	***
Coupler bodies	Share of 1,000 pounds	***	***	***
Yokes	Share of 1,000 pounds	***	***	***
Follower blocks	Share of 1,000 pounds	***	***	***
FRC components	Share of 1,000 pounds	***	***	***
Total FRC	Share of 1,000 pounds	100.0	100.0	100.0
Complete FRC	Share of units	***	***	***
Knuckles	Share of units	***	***	***
Coupler bodies	Share of units	***	***	***
Yokes	Share of units	***	***	***
Follower blocks	Share of units	***	***	***
FRC components	Share of units	***	***	***
Total FRC	Share of units	100.0	100.0	100.0
Complete FRC	Share of value	***	***	***
Knuckles	Share of value	***	***	***
Coupler bodies	Share of value	***	***	***
Yokes	Share of value	***	***	***
Follower blocks	Share of value	***	***	***
FRC components	Share of value	***	***	***
Total FRC	Share of value	100.0	100.0	100.0

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

In its questionnaire, the Commission asked importers to indicate whether they enter FRC into, or withdraw FRC from, foreign trade zones or bonded warehouses as well as indicate whether they import FRC under the temporary importation under bond program. Only one U.S. importer, *** responded in the affirmative. *** admitted *** pounds of FRC into a bonded warehouse in 2019, withdrawing all of it for export shipments in the same year,[4] and *** pounds of FRC in 2020, withdrawing all of it for U.S. consumption in the same year.[5]

[4] These figures only include export shipments that were exported without clearing them first through U.S. Customs.

[5] These withdrawals into U.S. consumption are included as U.S. imports in the Commission's data set in this report.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[6] Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[7] Imports from China accounted for *** percent of total imports of FRC by quantity during September 2020 through August 2021, as presented in table IV-5.

Table IV-5
FRC: U.S. imports in the twelve-month period preceding the filing of the petition, September 2020 through August 2021

Quantity in 1,000 pounds; share in percent

Source of imports	Quantity	Share of quantity
China	***	***
Mexico	***	***
All other sources	***	***
Nonsubject sources	***	***
All import sources	***	100.0

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

[6] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

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

Apparent U.S. consumption and market shares

Quantity

Table IV-6 and figure IV-2 present data on apparent U.S. consumption and U.S. market shares by quantity for FRC. Overall, from 2019 to 2021, apparent U.S. consumption by quantity declined by *** percent, from *** pounds to *** pounds. U.S. producers' share of apparent U.S. consumption decreased from *** percent to *** percent. Subject imports' share of the U.S. market increased from *** percent in 2019 to *** percent in 2020 before declining to *** percent in 2021. The share of nonsubject imports (***) increased from *** percent to *** percent, during 2019-21.

Table IV-6
FRC: Apparent U.S. consumption and market shares based on quantity, by source and period

Quantity in 1,000 pounds; shares in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	22,655	17,687	15,346
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0

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

Note: Import source data are based on U.S. shipments of imports from questionnaire responses.

Figure IV-2
FRC: Apparent U.S. consumption based on quantity, by source and period

* * * * * * *

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

Value

Table IV-7 and figure IV-3 present data on apparent U.S. consumption and U.S. market shares by value for FRC. Overall, from 2019 to 2021, apparent U.S. consumption by value declined by *** percent, from *** dollars to *** dollars. U.S. producers' share of apparent U.S. consumption decreased from *** percent to *** percent. Subject imports' share of the U.S. market increased from *** percent to *** percent. The share of nonsubject imports (***) increased from *** percent to *** percent, during 2019-21.

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

Value in 1,000 dollars; shares in percent

Source	Measure	2019	2020	2021
U.S. producers	Value	***	***	***
China	Value	40,330	29,366	26,988
Mexico	Value	***	***	***
All other sources	Value	***	***	***
Nonsubject sources	Value	***	***	***
All import sources	Value	***	***	***
All sources	Value	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0

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

Note: Import source data are based on U.S. shipments of imports from questionnaire responses.

Figure IV-3
FRC: Apparent U.S. consumption based on value, by source and period

* * * * * * *

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

Maintenance/replacement market

The Commission asked U.S. importers to report their U.S. shipments of U.S. imports of FRC by channels of distribution, between the OEM (end users) and maintenance/replacement markets. Table IV-8 presents data on apparent U.S. consumption and U.S. market shares by quantity for FRC for the maintenance/replacement market.

Overall, from 2019 to 2021, total U.S. shipments for the maintenance/replacement market by quantity declined by *** percent, from *** pounds to *** pounds. U.S. producers' share of such U.S. shipments increased from *** percent in 2019 to *** percent in 2020 before declining to *** percent in 2021. Subject imports' share of such U.S. shipments decreased from *** percent in 2019 to *** percent in 2020 before increasing to *** percent in 2021 while the share of nonsubject imports of such U.S. shipments (***) decreased from *** percent in 2019 to *** percent in 2020 before increasing to *** percent in 2021.

Table IV-8
FRC: U.S. producers' and U.S. importers' U.S. shipments to maintenance/replacement market, by sources and period

Quantity in 1,000 pounds; shares in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio to overall apparent consumption	***	***	***
China	Ratio to overall apparent consumption	***	***	***
Mexico	Ratio to overall apparent consumption	***	***	***
All other sources	Ratio to overall apparent consumption	***	***	***
Nonsubject sources	Ratio to overall apparent consumption	***	***	***
All import sources	Ratio to overall apparent consumption	***	***	***
All sources	Ratio to overall apparent consumption	***	***	***

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

OEM market

Table IV-9 presents data on apparent U.S. consumption and U.S. market shares by quantity for the OEM market.

Overall, from 2019 to 2021, total U.S. shipments for the OEM market by quantity declined by *** percent, from *** pounds to *** pounds. U.S. producers' share of such U.S. shipments decreased from *** percent in 2019 to *** percent in 2020 before increasing to *** percent in 2021. Subject imports' share of such U.S. shipments increased from *** percent in 2019 to *** percent in 2020 before decreasing to *** percent in 2021 while the share of nonsubject imports of such U.S. shipments (***) increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.

Table IV-9
FRC: U.S. producers' and U.S. importers' U.S. shipments to OEM market, by sources and period

Quantity in 1,000 pounds; shares in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio to overall apparent consumption	***	***	***
China	Ratio to overall apparent consumption	***	***	***
Mexico	Ratio to overall apparent consumption	***	***	***
All other sources	Ratio to overall apparent consumption	***	***	***
Nonsubject sources	Ratio to overall apparent consumption	***	***	***
All import sources	Ratio to overall apparent consumption	***	***	***
All sources	Ratio to overall apparent consumption	***	***	***

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

Part V: Pricing data

Factors affecting prices

Raw material costs

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

Steel scrap prices fluctuated between January 2019 and December 2021, with *** in October 2019 and *** in July 2021 (figure V-1). Steel scrap prices generally decreased during 2019 and increased during 2020-21. Overall, prices for no. 1 busheling scrap increased by *** percent during January 2019-December 2021, no. 1 heavy melt scrap increased by *** percent, and shredded auto scrap increased by *** percent.[4]

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

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

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

[4] Prices for no. 1 busheling scrap increased by *** percent during January 2022-March 2022, no. 1 heavy melt scrap increased by *** percent, and shredded auto scrap increased by *** percent.

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

* * * * * * *

Source: American Metal Market LLC. Accessed April 5, 2022.

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

All three U.S. producers and five responding importers reported that the cost of raw materials has increased since January 1, 2019; one importer reported that these costs fluctuated. U.S. producer *** reported an increase in surcharges associated with the increase in the cost of raw materials.[5] U.S. producer *** reported a cost-price squeeze due to the rising costs of scrap steel. U.S. producer *** reported no change to the market price for FRC due to raw material price changes. Three importers reported an increase in FRC selling price due to the cost of raw materials.

Nine of 13 purchasers reported that they were familiar with the prices of raw materials used in the production of FRC. Nine of 11 responding purchasers reported that information on raw material prices had affected their negotiations or contracts to purchase FRC since 2019. Several purchasers reported that price fluctuations in the steel market and associated scrap surcharges have impacted contracts.

[5] *** reported being able to pass on some (but not all) of the increased costs of raw materials via surcharges.

Impact of section 232 tariffs

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

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

Count in number of firms reporting

Market	Firm type	Increase	No change	Decrease	Fluctuate
Impact on raw materials costs for FRC	U.S. producers	0	2	0	1
Impact on raw materials costs for FRC	Importers	2	4	0	0
Impact on prices of FRC	U.S. producers	0	2	0	1
Impact on prices of FRC	Importers	0	4	0	0

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

Transportation costs to the U.S. market

Transportation costs for FRC shipped from China to the United States averaged 19.8 percent during 2021, up 12.2 percentage points from 7.6 percent during 2020; and FRC transported from Mexico to the United States averaged 1.8 percent during 2021, up 0.5 percentage points from 1.3 percent during 2020. These estimates were derived from official import data and represent the transportation and other charges on imports.[6] Importer Strato reported that prices to ship containers from Asia to the United States are surging due to supply chain issues resulting from the COVID-19 pandemic.[7]

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

[7] Strato's postconference brief, p. 43.

U.S. inland transportation costs

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

Pricing practices

Pricing methods

U.S. producers and importers reported typically setting prices using transaction-by-transaction negotiations, contracts, and price lists (table V-2).[8] Two importers reported price setting using other methods.[9]

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

Count in number of firms reporting

Method	U.S. producers	U.S. importers
Transaction-by-transaction	3	3
Contract	2	4
Set price list	2	3
Other	0	2
Responding firms	3	5

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

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

U.S. producers reported selling a substantial amount of FRC under annual contracts, but also considerable portions on the spot market (table V-3). Importers reported selling a substantial share of FRC pursuant to long-term contracts, but also considerable portions under annual contracts and on the spot market.

[8] Multiple firms reported using more than one way to set prices.
[9] *** reported using the AAR Field Manual to obtain average rates for specific FRC components.

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

Share in percent

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

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

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

Two U.S. producers reported using annual contracts to set prices; one firm allowed for price renegotiations, one did not. U.S. producers' annual contracts had a fixed price.[10] One U.S. producer reported that annual contracts were indexed to raw material prices.[11] Two U.S. producers reported using long-term contracts, and one firm reported an average of three years. One firm allowed for price negotiations, both firms fixed the price, and neither firm indexed to raw material prices on long-term contracts.[12]

[10] *** reported allowing for price renegotiation but also reported fixing the price.

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

[12] ***. ***.

Two importers reported using long-term contracts averaging from about 2 to 5 years.[13] [14] One firm allowed for price renegotiations and one did not. One firm fixed the price and one firm fixed both the quantity and price.[15] Both firms indexed to raw material prices on long-term contracts.[16] Three firms reported using annual contracts; none allowed for price negotiations, one firm fixed the price and one firm fixed both the quantity and price, and all three firms indexed to raw material prices.

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

Sales terms and discounts

U.S. producers and importers typically quote FRC prices on an f.o.b. basis. U.S. producers and importers offer quantity, total volume, and rail part package discounts. U.S. producer *** reported offering discounts to support long-term customer relationships but does not offer discounts on spot sales. U.S. producer *** reported offering rebates on quarterly, annual, or contractual bases and that these discounts have increased due

[13] Importer ***. ***.

[14] ***. ***.

[15] *** reported allowing for price renegotiation but also reported fixing the price and quantity.

[16] *** reported making price adjustments based on the Producer Price Index and scrap steel indexes. *** reported using X-Rates.com, Freightos Baltic, and CUSTEEL average scrap steel.

to Chinese competition in the market. Importer *** reported offering 1 to 2 percent cash discounts for early payments from certain customers.

Importer Wabtec testified that it bundles freight car components as packages, noting that "{c}omponent suppliers will reduce prices on packages, at times losing money on some products to increase sales on others in order to increase the average content per railcar," which simplifies the buying process and creates cost savings in the OEM market.[17] Wabtec can quote packages up to $18,000.[18]

Price leadership

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

Price data

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following FRC products shipped to unrelated U.S. customers during 2019-21.

Product 1.--SE60, grade E steel complete coupler assembly, double shelves, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Product 2.--SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Product 3.--E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Product 4.--SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Product 5.--SBE60, grade E steel coupler body, bottom shelf, 21.5" shank length, produced to AAR M-211 and/or AAR M-215 specifications.

[17] Conference transcript, pp. 84-85 (Korzeniowski).

[18] The firm noted that Amsted can quote packages up to $30,000 and M&T up to $2,000, where the dollar value of the package reflects the size of the portfolio of products that can be offered. Wabtec's postconference brief, pp. 11-12.

Three U.S. producers and three importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[19] [20] Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' U.S. commercial shipments in terms of value of FRC and *** percent of U.S. shipments in terms of value of subject imports from China in 2021.[21]

Price data for products 1-5 are presented in tables V-4 to V-8 and figures V-2 to V-6.[22] Nonsubject Mexico prices are presented in Appendix D.[23]

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

[20] U.S. producer ***. Email from *** to USITC Staff dated May 16, 2022 (EDIS Doc. 770912).

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

[22] ***. Strato reported that "{a}ll of the *** that Strato sells are Bedloe products; the only non-Bedloe products are ***". Respondents Strato's and Wabtec's posthearing briefs, Attachment II, Strato Response to Posthearing Questions, p. 5.

[23] ***. Email from *** to USITC Staff dated May 16, 2022 (EDIS Doc. 770913).

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

Price in dollars per unit, quantity in units, margin in percent.

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

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

Note: Product 1: SE60, grade E steel complete coupler assembly, double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-2
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by source and quarter

Price of product 1

* * * * * * *

Volume of product 1

* * * * * * *

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

Note: Product 1: SE60, grade E steel complete coupler assembly, double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Price in dollars per unit, quantity in units, margin in percent.

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

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

Note: Product 2: SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-3
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by source and quarter

Price of product 2

* * * * * * *

Volume of product 2

* * * * * * *

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

Note: Product 2: SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Price in dollars per unit, quantity in units, margin in percent.

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

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

Note: Product 3: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-4
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by source and quarter

Price of product 3

* * * * * * *

Volume of product 3

* * * * * * *

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

Note: Product 3: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

Table V-7
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by source and quarter

Price in dollars per unit, quantity in units, margin in percent.

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

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

Note: Product 4: SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M- 215 specifications.

Figure V-5
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 4, by source and quarter

Price of product 4

* * * * * * *

Volume of product 4

* * * * * * *

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

Note: Product 4: SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M- 215 specifications.

Table V-8
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 5 and margins of underselling/(overselling), by source and quarter

Price in dollars per unit, quantity in units, margin in percent.

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

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

Note: Product 5: SBE60, grade E steel coupler body, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure V-6
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, by source and quarter

Price of product 5

* * * * * * *

Volume of product 5

* * * * * * *

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

Note: Product 5: SBE60, grade E steel coupler body, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Price trends

In general, prices were mixed during 2019-21. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** to *** percent during 2019-21, while domestic price decreases ranged from *** to *** percent. Import price increases ranged from *** to *** percent during 2019-21, while import prices decreased by *** percent for product 2.

Table V-9
FRC: Summary of price data, by product and source, January 2019-December 2021

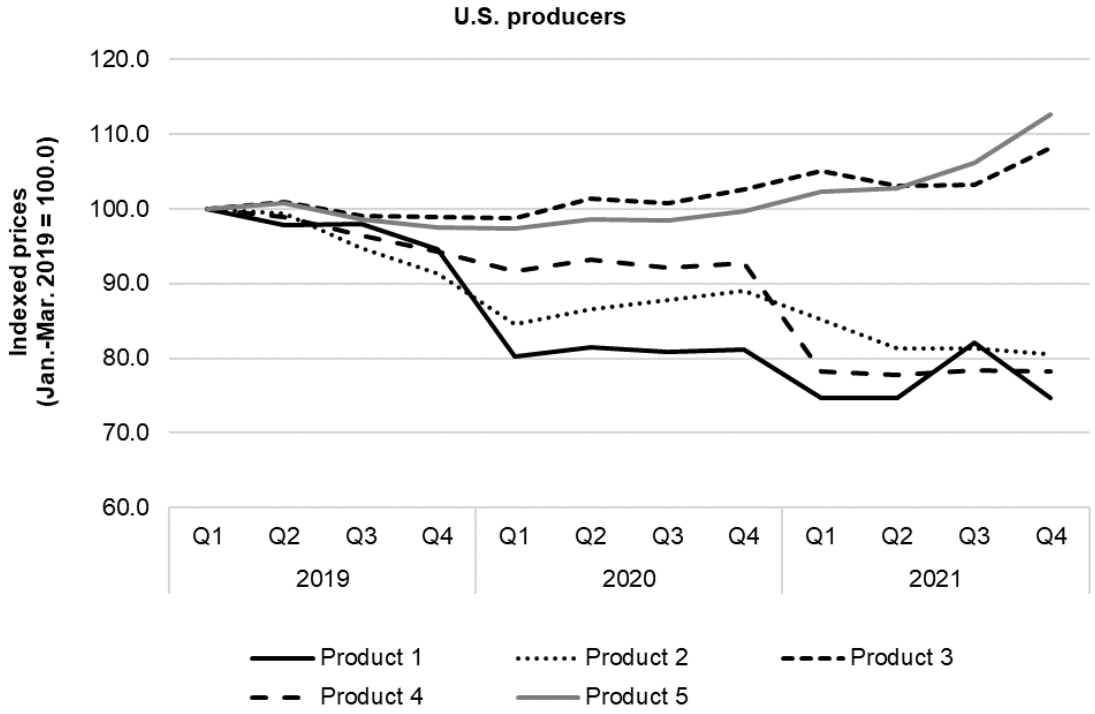
Quantity in units, price in dollars per unit

Product	Source	Number of quarters	Quantity	Low price	High price	First quarter price	Last quarter price	Change over period
Product 1	United States	***	***	***	***	***	***	***
Product 1	China	***	***	***	***	***	***	***
Product 2	United States	***	***	***	***	***	***	***
Product 2	China	***	***	***	***	***	***	***
Product 3	United States	***	***	***	***	***	***	***
Product 3	China	***	***	***	***	***	***	***
Product 4	United States	***	***	***	***	***	***	***
Product 4	China	***	***	***	***	***	***	***
Product 5	United States	***	***	***	***	***	***	***
Product 5	China	***	***	***	***	***	***	***

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

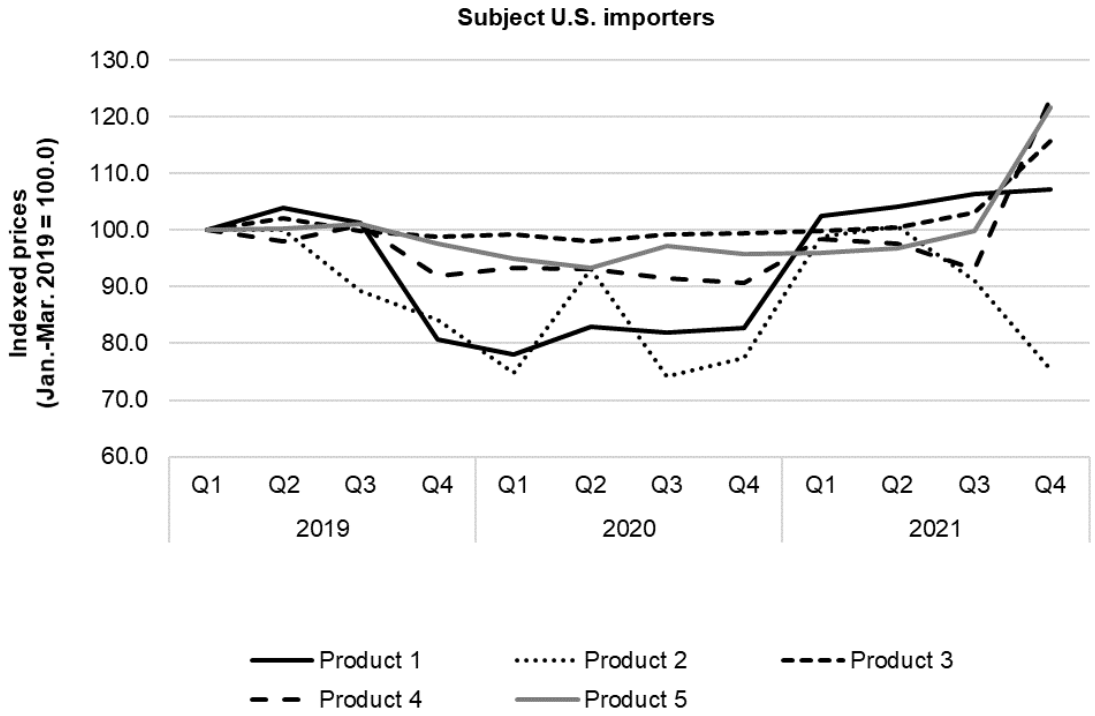
Note: Percent change column is percentage change from the first quarter 2019 to the last quarter in 2021.

Figure V-7
FRC: Indexed U.S. producer prices, by quarter



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

Figure V-8
FRC: Indexed subject U.S. importer prices, by quarter



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

Table V-10
FRC: Indexed U.S. producer prices, by quarter

Period	Product 1	Product 2	Product 3	Product 4	Product 5
2019 Q1	100.0	100.0	100.0	100.0	100.0
2019 Q2	97.8	99.4	100.8	98.9	100.7
2019 Q3	97.9	94.8	99.1	96.4	98.6
2019 Q4	94.5	91.4	98.9	94.2	97.4
2020 Q1	80.3	84.6	98.8	91.6	97.4
2020 Q2	81.4	86.5	101.3	93.1	98.6
2020 Q3	80.9	87.8	100.8	92.1	98.4
2020 Q4	81.2	89.1	102.6	92.7	99.7
2021 Q1	74.7	85.2	105.0	78.2	102.2
2021 Q2	74.7	81.3	103.1	77.8	102.8
2021 Q3	82.1	81.4	103.2	78.4	106.2
2021 Q4	74.7	80.5	108.2	78.2	112.6

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

Table V-11
FRC: Indexed subject U.S. importer prices, by quarter

Period	Product 1	Product 2	Product 3	Product 4	Product 5
2019 Q1	100.0	100.0	100.0	100.0	100.0
2019 Q2	103.9	100.1	102.1	98.0	100.3
2019 Q3	101.2	89.3	99.8	100.9	101.1
2019 Q4	80.7	84.3	98.9	92.0	97.6
2020 Q1	78.0	74.8	99.3	93.4	95.0
2020 Q2	83.0	93.1	98.0	93.1	93.3
2020 Q3	82.0	74.1	99.3	91.5	97.3
2020 Q4	82.7	77.4	99.5	90.8	95.8
2021 Q1	102.4	98.8	99.8	98.4	96.0
2021 Q2	104.1	100.6	100.4	97.6	96.7
2021 Q3	106.3	91.1	103.2	93.1	99.8
2021 Q4	107.2	75.4	115.8	123.4	121.8

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

Price comparisons

As shown in table V-12, prices for product imported from China were below those for U.S.-produced product in 27 of 60 instances (*** units); margins of underselling ranged from *** to *** percent. In the remaining 33 instances (*** units), prices for product from China were between *** and *** percent above prices for the domestic product.

Table V-12
FRC: Instances of underselling and overselling and the range and average of margins, by product

Quantity in units; margin in percent

Products	Type	Number of quarters	Quantity	Average margin	MIn margin	Max margin
Product 1	Underselling	8	***	***	***	***
Product 2	Underselling	6	***	***	***	***
Product 3	Underselling	5	***	***	***	***
Product 4	Underselling	8	***	***	***	***
Product 5	Underselling	---	***	***	***	***
All products	Underselling	27	***	***	***	***
Product 1	Overselling	4	***	***	***	***
Product 2	Overselling	6	***	***	***	***
Product 3	Overselling	7	***	***	***	***
Product 4	Overselling	4	***	***	***	***
Product 5	Overselling	12	***	***	***	***
All products	Overselling	33	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Lost sales and lost revenue

In the preliminary phase of these investigations, the Commission requested that U.S. producers of FRC report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of FRC from China during January 2018-June 2021. One U.S. producer submitted lost sales and lost revenue allegations and identified three purchasers with which it lost sales and revenue. The reported lost sales and lost revenue from these firms were from ***. The estimated value of these allegations was $***.

In the final phase of these investigations, of the three responding U.S. producers, *** reported either reducing prices or rolling back announced price increases, and *** reported lost sales.

Staff contacted 18 purchasers and received responses from 13 purchasers. Responding purchasers reported purchasing *** pounds of FRC during 2019-21 (table V-13).

Table V-13
FRC: Purchasers' reported purchases and imports, by firm and source

Quantity in 1,000 pounds, share in percent

Firm	Domestic quantity	Subject quantity	All other quantity	Change in domestic share	Change in subject share
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	***	***	***	***	***

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

Note: All other includes all other sources and unknown sources. Change is the percentage point change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

Of the 13 responding purchasers, 10 reported that, since 2019, they had purchased imported FRC from China instead of U.S.-produced product. Five of these purchasers reported that subject import prices were lower than U.S.-produced product, and one of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. One purchaser estimated it purchased *** pounds of FRC from China instead of domestic product (table V-14). Purchasers identified availability, customer requests, quality, shipping cost, and supplier stability as non-price reasons for purchasing imported rather than U.S.-produced product.

No responding purchaser reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China; five reported that they did not know.

Table V-14
FRC: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in 1,000 pounds

Firm	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Narrative on reasons for purchasing imports
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***

Table continued.

Table V-14 Continued
FRC: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in 1,000 pounds

Firm	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Narrative on reasons for purchasing imports
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	Yes--10; No--3	Yes--5; No--5	Yes--1; No--9	***	NA

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

Part VI: Financial experience of U.S. producers

Background[1]

Three U.S. producers, Amsted, Huron, and M&T provided usable financial results on their FRC operations. *** responding U.S. producers reported financial data on the basis of GAAP and *** responding U.S. producers provided their financial data on a calendar year basis.[2]

*** produced complete FRC systems and FRC components while *** did not produce any complete FRC systems from January 2019 through January 2021.[3] [4] [5]

Figure VI-1 presents each responding firm's share of the total reported net sales quantity in 2021. As depicted in figure VI-1 and the data tables that follow, ***.

[1] The following abbreviations may be used in the tables and/or text of this section: generally accepted accounting principles ("GAAP"), fiscal year ("FY"), net sales ("NS"), cost of goods sold ("COGS"), selling, general, and administrative expenses ("SG&A expenses"), average unit values ("AUVs"), research and development expenses ("R&D expenses"), and return on assets ("ROA").

[2] ***.

[3] ***, Emails from ***, October 14, and November 1, 2021.

[4] ***. Calculated from data in U.S. producers' questionnaire response, sections II-9 and III-9a.

[5] Staff conducted a verification of *** U.S. producer questionnaire data, and changes from the verification are incorporated within the report.

Figure VI-1
FRC: Share of net sales quantity, by firm, 2021

* * * * * * *

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

Operations on FRC

Table VI-1 presents aggregated data on U.S. producers' operations in relation to FRC, while table VI-2 presents corresponding changes in AUVs. Table VI-3 presents selected company-specific financial data.

Table VI-1
FRC: Results of operations of U.S. producers, by item and period

Quantity in 1,000 pounds; value in 1,000 dollars; ratios in percent

Item	Measure	2019	2020	2021
Total net sales	Quantity	***	***	***
Total net sales	Value	***	***	***
COGS: Raw materials	Value	***	***	***
COGS: Direct labor	Value	***	***	***
COGS: Other factory	Value	***	***	***
COGS: Total	Value	***	***	***
Gross profit or (loss)	Value	***	***	***
SG&A expenses	Value	***	***	***
Operating income or (loss)	Value	***	***	***
All other expense / (income), net	Value	***	***	***
Net income or (loss)	Value	***	***	***
Depreciation/amortization	Value	***	***	***
Cash flow	Value	***	***	***
COGS: Raw materials	Ratio to NS	***	***	***
COGS: Direct labor	Ratio to NS	***	***	***
COGS: Other factory	Ratio to NS	***	***	***
COGS: Total	Ratio to NS	***	***	***
Gross profit	Ratio to NS	***	***	***
SG&A expense	Ratio to NS	***	***	***
Operating income or (loss)	Ratio to NS	***	***	***
Net income or (loss)	Ratio to NS	***	***	***

Table continued on next page.

Table VI-1 Continued
FRC: Results of operations of U.S. producers, by item and period

Shares in percent; unit values in dollars per 1,000 pounds; count in number of firms reporting

Item	Measure	2019	2020	2021
COGS: Raw materials	Share	***	***	***
COGS: Direct labor	Share	***	***	***
COGS: Other factory	Share	***	***	***
COGS: Total	Share	***	***	***
Total net sales	Unit value	***	***	***
COGS: Raw materials	Unit value	***	***	***
COGS: Direct labor	Unit value	***	***	***
COGS: Other factory	Unit value	***	***	***
COGS: Total	Unit value	***	***	***
Gross profit or (loss)	Unit value	***	***	***
SG&A expenses	Unit value	***	***	***
Operating income or (loss)	Unit value	***	***	***
Net income or (loss)	Unit value	***	***	***
Operating losses	Count	***	***	***
Net losses	Count	***	***	***
Data	Count	***	***	***

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

Note: Shares represent the share of COGS.

Table VI-2
FRC: Changes in AUVs between comparison periods

Changes in percent

Item	2019-21	2019-20	2020-21
Total net sales	▼ ***	▼ ***	▲ ***
COGS: Raw materials	▲ ***	▲ ***	▲ ***
COGS: Direct labor	▲ ***	▲ ***	▲ ***
COGS: Other factory	▲ ***	▲ ***	▼ ***
COGS: Total	▲ ***	▲ ***	▲ ***

Table continued.

Table VI-2 Continued
FRC: Changes in AUVs between comparison periods

Changes in dollars per 1,000 pounds

Item	2019-21	2019-20	2020-21
Total net sales	▼ ***	▼ ***	▲ ***
COGS: Raw materials	▲ ***	▲ ***	▲ ***
COGS: Direct labor	▲ ***	▲ ***	▲ ***
COGS: Other factory	▲ ***	▲ ***	▼ ***
COGS: Total	▲ ***	▲ ***	▲ ***
Gross profit or (loss)	▼ ***	▼ ***	▲ ***
SG&A expense	▲ ***	▲ ***	▲ ***
Operating income or (loss)	▼ ***	▼ ***	▲ ***
Net income or (loss)	▼ ***	▼ ***	▲ ***

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

Table VI-3
FRC: Firm-by-firm total net sales quantity, by period

Net sales quantity

Quantity in 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm total net sales value, by period

Net sales value

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm COGS, by period

COGS

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm gross profit or (loss), by period

Gross profit or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3 Continued
FRC: Firm-by-firm SG&A expenses, by period

SG&A expenses

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm operating income or (loss), by period

Operating income or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm net income or (loss), by period

Net income or (loss)

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm ratio of COGS to net sales value, by period

COGS to net sales ratio

Ratios in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3 Continued
FRC: Firm-by-firm ratio of gross profit or (loss) to net sales value, by period

Gross profit or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm ratio of SG&A expenses to net sales value, by period

SG&A expenses to net sales ratio

Ratios in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm ratio of operating income or (loss) to net sales value, by period

Operating income or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm ratio of net income or (loss) to net sales value, by period

Net income or (loss) to net sales ratio

Ratios in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3 Continued
FRC: Firm-by-firm unit net sales value, by period

Unit net sales value

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit raw material cost, by period

Unit raw material costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit direct labor cost, by period

Unit direct labor costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit other factory costs, by period

Unit other factory costs

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3 Continued
FRC: Firm-by-firm unit COGS, by period

Unit COGS

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit gross profit or (loss), by period

Unit gross profit or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit SG&A expenses, by period

Unit SG&A expenses

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued.

Table VI-3 Continued
FRC: Firm-by-firm unit operating income or (loss), by period

Unit operating income or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

Table continued on next page.

Table VI-3 Continued
FRC: Firm-by-firm unit net income or (loss), by period

Unit net income or (loss)

Unit values in dollars per 1,000 pounds

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Net sales

Total net sales reflects commercial sales and exports of complete FRC systems and FRC components. As shown in part III of this report complete FRC systems, knuckles, coupler bodies, follower blocks and all other components accounted for *** of total FRC sales quantity, respectively, in 2021 (table III-7).

As shown in table VI-1, total net sales quantity and value declined by *** and *** percent, respectively, from 2019 to 2021. *** U.S. producers reported a decline in sales quantities and values from 2019 to 2020, and *** reported declining sales trends from 2020 to 2021.[6] [7] [8] On an average per unit basis of dollars per thousand pounds, net sales

[6] ***. U.S. producers' questionnaire response, section II-2b, email from ***, October 19, 2021, and email from ***, April 13, 2022.

[7] ***. Email from ***, November 2, 2021, and email from ***, April 14, 2022.

[8] ***. Email from ***, April 12, 2022.

decreased from $ *** in 2019 to $ *** in 2020 before increasing to $ *** in 2021. As shown in table VI-3, per unit net sales of *** increased during 2019-21, while those of *** continuously declined during the same period.[9]

Cost of goods sold and gross profit or loss

Raw material costs, direct labor and other factory costs accounted for *** percent of total COGS, respectively, in 2021.

Raw material costs, which accounted for the *** component of COGS, declined by *** percent from 2019 to 2020 and further declined by *** percent from 2020 to 2021. The average unit value of raw material costs increased from $*** in 2019 to $ *** in 2020 and $*** in 2021. As seen in table VI-3, *** U.S. producers showed an increase in their average unit values of raw material costs from 2019 to 2021. As a ratio to net sales, raw material costs increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.

Table VI-4 presents details on specific raw material inputs as a share of total raw material costs in 2021. Scrap steel accounted for the largest share of raw material costs at *** percent. Other material inputs accounted for the remaining *** percent and included sand, resin, and alloys such as (ferrosilicon, silicomanganese, molybdenum, and ferrochrome).[10] [11] [12]

[9] ***. Email from ***, April 14, 2022.

[10] U.S. producers' questionnaire response, section III-9c.

[11] ***. U.S. producers' questionnaire responses, sections III-9d and IV-18.

[12] ***. Email from ***, May 6, 2022.

Table VI-4
FRC: Raw material costs in 2021

Value in 1,000 dollars; unit values in dollars per 1,000 pounds; share of value in percent

Item	Value	Unit value	Share of value
Scrap steel	***	***	***
Other material inputs	***	***	***
All raw materials	***	***	***

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

Direct labor costs, which accounted for the *** share of total COGS, declined by *** percent from 2019 to 2020 and further declined by *** in 2021; this category of costs decreased overall by *** percent from 2019 to 2021. The average unit value of direct labor costs increased from $*** in 2019 to $*** in 2020 and $*** in 2021. *** U.S. producers reported an overall increase in their average per unit labor costs from 2019 to 2021.[13] As a ratio to net sales, direct labor costs increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.

Other factory costs, which was the *** component of COGS, decreased by *** percent from 2019 to 2020 and *** percent from 2020 to 2021, with an overall decline of *** percent during 2019-21. The average unit value of other factory costs increased from $*** in 2019 to $*** in 2020, then declined to $*** in 2021. As shown in table VI-3, ***'s average unit values increased from $*** in 2019 to $*** in 2020 before slightly declining to $*** in 2021; while the average unit values of *** increased in each year from 2019 to 2021. [14] As a ratio to net sales, other factory costs increased from *** percent in 2019 to *** percent in 2020 before decreasing to *** percent in 2021.

Total COGS reflected the overall trends of its components and sales, declining by *** percent from 2019 to 2021. The average unit value of total COGS increased from $ *** in 2019 to $*** in 2020 and $*** in 2021. As a ratio to net sales, total COGS increased from *** percent in 2019 to *** percent in 2020 and *** percent in 2021.

[13] M&T testified that the firm relies heavily on skilled expensive labor during the melting and molding parts of the production process. ***. Conference transcript, p.70 (Mautino) and email from ***, October 27, 2021.

[14] ***. Email from ***, May 19, 2022.

As shown in table VI-1, gross profit decreased from $ *** in 2019 to a gross loss of $ *** in 2020 and $*** in 2021. As a ratio to net sales, gross profit decreased from *** percent in 2019 to a negative *** percent in 2020 and *** percent in 2021. On a firm-by-firm basis, *** reported gross losses in 2020 and 2021 compared with positive gross profits in 2019; while *** did not report any losses and its gross profit declined from 2019 to 2020 and slightly improved in 2021 compared with 2020.

SG&A expenses and operating income or loss

U.S. producers' SG&A expenses declined from $*** in 2019 to $*** in 2020 and further declined to $*** in 2021. The overall decline from 2019 to 2021 was *** percent. The corresponding SG&A expense ratio increased from *** percent in 2019 to *** percent in 2021.[15]

Operating income decreased from $ *** in 2019 to an operating loss of $*** in 2020 and a loss of $*** in 2021. On a firm-by-firm basis, the operating profits of *** declined to operating losses in 2020 and 2021; *** reported declining operating profits from 2019 to 2021 but ***. As a ratio to net sales, operating income declined from *** percent in 2019 to a negative *** percent in 2020 and a negative *** percent in 2021.

All other expenses and net income or loss

Classified below the operating income level are interest expenses, other expenses, and other income. In table VI-1, these items are aggregated with the net amount shown. *** of the U.S. producers reported either interest expenses or other income. All other expenses, which were reported *** in 2020 and 2021 decreased during that same period.[16]

Net income declined from $*** in 2019 to losses of $ *** and $ *** in 2020 and 2021, respectively. Similar to the trends of operating income ***'s positive net income in 2019 declined to losses in 2020 and 2021; while *** did not report any losses, its net income declined from 2019 to 2021.[17]

[15] ***. Email from ***, November 3, 2021.

[16] Other expenses reported by ***, Email from ***, October 28, 2021.

[17] Given the mix of complete FRC systems and FRC components and changes in product mix during the period, a variance analysis is not shown in this section of the report.

Capital expenditures and research and development expenses

Table VI-5 presents capital expenditures, by firm, and table VI-7 presents R&D expenses, by firm. Tables VI-6 and VI-8 present the firms' narrative explanations of the nature, focus, and significance of their capital expenditures and R&D expenses, respectively. Capital expenditures declined overall by *** percent from 2019 to 2021. R&D expenses, reported by *** only, increased from 2019 to 2020 before declining in 2021.

Table VI-5
FRC: U.S. producers' capital expenditures, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Table VI-6
FRC: Narrative descriptions of U.S. producers' capital expenditures, by firm

Firm	Narrative on capital expenditures
Amsted	***
Huron	***
M&T	***

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

Table VI-7
FRC: U.S. producers' R&D expenses, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021
***	***	***	***
All firms	***	***	***

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

Table VI-8
FRC: Narrative descriptions of U.S. producers' R&D expenses, by firm

Firm	Narrative on R&D expenses
***	***
***	***

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

Assets and return on assets

Table VI-9 presents data on the U.S. producers' total assets while table VI-10 presents their operating ROA.[18] Table VI-11 presents U.S. producers' narrative responses explaining their major asset categories and any significant changes in asset levels over time. Total assets declined from $*** in 2019 to $*** in 2021. Return on assets also declined from a positive *** percent in 2019 to a negative *** percent in 2021.[19]

Table VI-9
FRC: U.S. producers' total net assets, by firm and period

Value in 1,000 dollars

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

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

[19] ***. Email from ***, November 3, 2021.

Table VI-10
FRC: U.S. producers' ROA, by firm and period

Ratio in percent

Firm	2019	2020	2021
Amsted	***	***	***
Huron	***	***	***
M&T	***	***	***
All firms	***	***	***

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

Table VI-11
FRC: Narrative descriptions of U.S. producers' total net assets, by firm

Firm	Narrative on assets
Amsted	***
Huron	***
M&T	***

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

Capital and investment

The Commission requested U.S. producers of FRC to describe any actual or potential negative effects of imports of FRC from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-12 presents the number of firms reporting an impact in each category and table VI-13 provides the U.S. producers' narrative responses.

Table VI-12
FRC: Count of firms indicating actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2019, by effect

Number of firms reporting

Effect	Category	Count
Cancellation, postponement, or rejection of expansion projects	Investment	1
Denial or rejection of investment proposal	Investment	0
Reduction in the size of capital investments	Investment	1
Return on specific investments negatively impacted	Investment	1
Other investment effects	Investment	0
Any negative effects on investment	Investment	1
Rejection of bank loans	Growth	0
Lowering of credit rating	Growth	0
Problem related to the issue of stocks or bonds	Growth	0
Ability to service debt	Growth	0
Other growth and development effects	Growth	1
Any negative effects on growth and development	Growth	1
Anticipated negative effects of imports	Future	1

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

Note: ***.

Table VI-13
FRC: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2019

Item	Firm name and narrative on impact of imports
Cancellation, postponement, or rejection of expansion projects	***
Reduction in the size of capital investments	***
Return on specific investments negatively impacted	***
Other effects on growth and development	***
Anticipated effects of imports	***
Anticipated effects of imports	***

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

Part VII: Threat considerations and information on nonsubject countries

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

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products,

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

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

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

Information on the nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

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

The industry in China

According to the Global Trade Atlas ("GTA") HS subheading 8607.30 (a broad category that in addition to FRC includes hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles), China leads the world in such exports in terms of value, accounting for 20.7 percent of exports in 2021 – up from 20.6 percent in 2019.[3]

The Commission issued foreign producers' or exporters' questionnaires to ten firms believed to produce and/or export FRC from China.[4] Usable responses to the Commission's questionnaire were received from three firms: Baotou Shengyu Machinery Mfg. Co. LTD ("Baotou"), Qingdao Sanheshan Precision Casting Co., Ltd. ("Sanheshan"), and Tongyao.[5] These firms' exports to the United States accounted for approximately *** percent of U.S. imports of FRC from China, by quantity, in 2021.[6] According to estimates requested of the responding producers in China, the production of FRC in China reported in the questionnaires accounted for less than *** percent of overall production of FRC in China in 2020. Table VII-1 presents information on the FRC operations of the responding producers and exporters in China.

[3] Official exports statistics under HS subheading 8607.30 as reported by various national statistical authorities in the Global Trade Atlas database, accessed April 13, 2022. HS subheading 8607.30 includes hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles.

[4] These firms were identified through a review of information submitted in the petitions, preliminary questionnaire responses, and presented in third-party sources.

[5] Qingdao Lianshan Casting Co., Ltd ("Lianshan") provided an incomplete questionnaire response missing several data during the preliminary phase of these investigations but did not submit a response in the final phase. The Commission received responses from one firm, ***, certifying that they had not produced or exported FRC to the U.S. since January 2019. *** certified that they had not produced or exported FRC to the U.S. since January 1, 2018 in the preliminary phase of these investigations but did not provide a response in this final phase.

[6] This calculation is based on the ratio of reported exports of FRC from China to the United States to official import statistics (which may be overstated, as statistical reporting number 8607.30.1000 is a "basket" category). The firms' reported exports to the United States compared to questionnaire imports data accounted for *** percent of U.S. imports of FRC from China, by quantity, in 2021.

Table VII-1
FRC: Summary data for producers in China, 2020

Quantity in 1,000 pounds; share in percent

Firm	Production (1,000 pounds)	Share of reported production (percent)	Exports to the United States (1,000 pounds)	Share of reported exports to the United States (percent)	Total shipments (1,000 pounds)	Share of firm's total shipments exported to the United States (percent)
Sanheshan	***	***	***	***	***	***
Shengyu	***	***	***	***	***	***
Tongyao	***	***	***	***	***	***
All firms	***	100.0	***	100.0	***	***

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

Changes in operations

Table VII-2 presents operational and organizational changes since January 1, 2019 reported by responding producers in China.

Table VII-2
FRC: Reported changes in operations by producers in China, since January 1, 2018

Item	Firm name and accompanying narrative response
Prolonged shutdowns or Curtailments	***

Source: Compiled from data submitted in response to Commission questionnaires in the preliminary phase of these investigations.

Operations on FRC

Table VII-3 presents information on the FRC operations of the responding producers and exporters in China. Reported FRC capacity, *** in 2021, declined by *** percent during 2019-21 and was projected to increase by *** percent by 2023. FRC production decreased by *** percent from 2018 to 2019, and by *** percent from 2019 to 2020, a decrease from *** million pounds to *** million pounds during 2019-21 and is projected to decrease further in 2022 and 2023. This trend reflects the reported impact of *** in their questionnaire response. Capacity utilization decreased from *** percent in 2019 to *** percent in 2021 and was projected to ***.

Total home market shipments and export shipments both decreased during 2019-21, by *** percent and by *** percent, respectively. Export shipments to the United States decreased by *** percent while export shipments to Mexico decreased by *** percent and export shipments to Canada decreased by *** percent during the same period. Export shipments to the United States as a share of total shipments increased from *** percent to *** percent during 2019-21. Total home market shipments as a share of total shipments decreased from *** percent to *** percent during 2019-21, while export shipments to Mexico and Canada as a share of total shipments increased by *** and *** percentage points, respectively.

Table VII-3
FRC: Data for producers in China, by period

Quantity in 1,000 pounds

Item	2019	2020	2021	Projection 2022	Projection 2023
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Internal consumption	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Home market shipments	***	***	***	***	***
Exports to the United States	***	***	***	***	***
Exports to Mexico	***	***	***	***	***
Exports to Canada	***	***	***	***	***
Exports to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Table continued.

Table VII-3 Continued
FRC: Data on producers in China, by period

Shares and ratios in percent

Item	2019	2020	2021	Projection 2022	Projection 2023
Capacity utilization ratio	***	***	***	***	***
Inventory ratio to production	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***
Internal consumption share	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***
Home market shipments share	***	***	***	***	***
Exports to the United States share	***	***	***	***	***
Exports to Mexico share	***	***	***	***	***
Exports to Canada share	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***
Export shipments share	***	***	***	***	***
Total shipments share	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires in the preliminary phase of these investigations.

Alternative products

As shown in table VII-4, responding firms in China produced other products on the same equipment and machinery used to produce FRC. Other products included *** with FRC production accounting for about *** of total production during 2019-21. FRC's share of total production on the same equipment decreased from *** percent in 2019 to *** percent in 2021. Reported factors affecting the ability to switch production include ***.

Table VII-4
FRC: Overall capacity and production on the same equipment as in-scope production by producers in China, by period

Quantities in 1,000 pounds; shares and ratios in percent

Item	Measure	2019	2020	2021
Overall capacity	Quantity	***	***	***
Production: FRC	Quantity	***	***	***
Production: Passenger railcar couplers	Quantity	***	***	***
Production: Other products	Quantity	***	***	***
Production: Out-of-scope products	Quantity	***	***	***
Production: Total	Quantity	***	***	***
Overall capacity utilization	Ratio	***	***	***
Production: FRC	Share	***	***	***
Production: Passenger railcar couplers	Share	***	***	***
Production: Other products	Share	***	***	***
Production: Out-of-scope products	Share	***	***	***
Production: Total	Share	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires in the preliminary phase of these investigations.

Exports

According to GTA, the leading export markets for hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles from China are the United States, Mexico, and Australia (table VII-5). During 2021, the United States was the top export market for such merchandise from China, accounting for 47.6 percent, followed by Mexico, accounting for 17.4 percent, and Australia, accounting for 9.7 percent.

Table VII-5
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: Exports from China, by destination market and by period

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

Destination market	Measure	2019	2020	2021
United States	Quantity	56,027	27,823	37,592
Mexico	Quantity	17,200	7,103	13,759
Australia	Quantity	8,995	9,834	7,690
Canada	Quantity	6,813	4,937	4,019
India	Quantity	2,714	2,243	2,845
Germany	Quantity	1,403	1,641	1,428
Indonesia	Quantity	124	29	1,423
Poland	Quantity	1,016	1,119	1,256
France	Quantity	823	797	1,035
All other destination markets	Quantity	12,703	11,762	7,869
All destination markets	Quantity	107,817	67,288	78,916
United States	Value	65,880	34,722	43,318
Mexico	Value	15,624	6,629	14,819
Australia	Value	22,842	30,085	23,160
Canada	Value	9,343	5,932	5,233
India	Value	9,253	7,544	11,734
Germany	Value	8,773	11,378	12,991
Indonesia	Value	735	131	3,189
Poland	Value	4,311	4,675	5,244
France	Value	5,309	5,438	6,594
All other destination markets	Value	42,029	87,832	38,718
All destination markets	Value	184,097	194,365	165,001

Table continued.

Table VII-5
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: Exports from China, by destination market and by period

Unit value in dollars per 1,000 pounds; shares in percent

Destination market	Measure	2019	2020	2021
United States	Unit value	1,176	1,248	1,152
Mexico	Unit value	908	933	1,077
Australia	Unit value	2,539	3,059	3,012
Canada	Unit value	1,371	1,201	1,302
India	Unit value	3,409	3,364	4,125
Germany	Unit value	6,252	6,934	9,096
Indonesia	Unit value	5,944	4,532	2,240
Poland	Unit value	4,244	4,176	4,174
France	Unit value	6,450	6,820	6,369
All other destination markets	Unit value	3,309	7,467	4,920
All destination markets	Unit value	1,707	2,889	2,091
United States	Share of quantity	52.0	41.3	47.6
Mexico	Share of quantity	16.0	10.6	17.4
Australia	Share of quantity	8.3	14.6	9.7
Canada	Share of quantity	6.3	7.3	5.1
India	Share of quantity	2.5	3.3	3.6
Germany	Share of quantity	1.3	2.4	1.8
Indonesia	Share of quantity	0.1	0.0	1.8
Poland	Share of quantity	0.9	1.7	1.6
France	Share of quantity	0.8	1.2	1.3
All other destination markets	Share of quantity	11.8	17.5	10.0
All destination markets	Share of quantity	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8607.30 as reported by China Customs in the Global Trade Atlas database, accessed April 13, 2022.

Note: United States is shown at the top. All remaining top export destinations are shown in descending order of 2021 data.

U.S. inventories of imported merchandise

Table VII-6 presents data on U.S. importers' reported inventories of FRC. Inventories of FRC imports from China decreased by *** percent from 2019 to 2021, while inventories of FRC imports from nonsubject sources increased by *** percent.[7] The ratio of importers' inventories to U.S. shipments of imports of FRC from China decreased from *** percent in 2019 to *** percent in 2020 before increasing to *** percent in 2021. The ratio of importers' inventories to U.S. shipments of imports of FRC from nonsubject sources increased from *** percent in 2019 to *** percent in 2020 before decreasing to *** percent in 2021.

Table VII-6
FRC: U.S. importers' end-of-period inventories and their ratio to select items, by source and period

Quantity in 1,000 pounds; ratio in percent

Measure	Source	2019	2020	2021
Inventories quantity	China	***	***	***
Ratio to imports	China	***	***	***
Ratio to U.S. shipments of imports	China	***	***	***
Ratio to total shipments of imports	China	***	***	***
Inventories quantity	Mexico	***	***	***
Ratio to imports	Mexico	***	***	***
Ratio to U.S. shipments of imports	Mexico	***	***	***
Ratio to total shipments of imports	Mexico	***	***	***
Inventories quantity	All other	***	***	***
Ratio to imports	All other	***	***	***
Ratio to U.S. shipments of imports	All other	***	***	***
Ratio to total shipments of imports	All other	***	***	***
Inventories quantity	Nonsubject	***	***	***
Ratio to imports	Nonsubject	***	***	***
Ratio to U.S. shipments of imports	Nonsubject	***	***	***
Ratio to total shipments of imports	Nonsubject	***	***	***
Inventories quantity	All	***	***	***
Ratio to imports	All	***	***	***
Ratio to U.S. shipments of imports	All	***	***	***
Ratio to total shipments of imports	All	***	***	***

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

[7] *** accounted for *** increased inventory of FRC from nonsubject sources (Mexico) during 2019-21.

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of FRC from China and other sources after December 31, 2021. Four of six responding firms indicated they had arranged FRC imports, *** from China and *** from nonsubject sources. No arranged subject FRC imports from China were reported past the first quarter of 2022. These data are presented in table VII-7.

Table VII-7
FRC: U.S. importers' arranged imports, by source and period

Quantity in 1,000 pounds

Source	Jan-Mar 2022	Apr-Jun 2022	Jul-Sept 2022	Oct-Dec 2022	Total
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Third-country trade actions

There are no known antidumping or countervailing duty orders on FRC in third-country markets.

Information on nonsubject countries

Global exports for China and the largest nonsubject countries are presented in table VII-8. There are AAR certified manufacturing plants for FRC components in Mexico and India, in addition to facilities in the United States and China. ASF-K de Mexico, S. de R. L. de C.V. Sahagun manufactures freight couplers, knuckles, and yokes in Mexico.[8] Texmaco Rail and Engineering Limited ("Texmaco") manufactures freight yokes in India.[9] Texmaco recently added new yoke designs, hoping to increase its exports to the U.S. market.[10]

Petitioner believes that production of freight cars in Mexico increased after implementation of Section 301 duties on FRC. It asserts that instead of importing FRC from China into the United States that would be subject to Section 301 tariffs, U.S. railcar producers

[8] ASF-K de Mexico, S. de R. L. de C.V. Sahagun is owned by ASF-Keystone, which is a division of Amsted Industries' Amsted Rail Group.

[9] Petitions, Exhibit I-3.

[10] Texmaco, Annual Report 2020-21, p. 26.

moved manufacturing to Mexico. FRC from China would then be installed on freight cars in Mexico, and those freight cars would subsequently be exported to the United States.[11]

Table VII-8
Hooks and other coupling devices, buffers and parts thereof, for railway or tramway vehicles: Global exports, by reporting country and by period

Value in 1,000 dollars, shares in percent

Exporting country	Measure	2019	2020	2021
United States	Value	173,140	95,692	114,617
China	Value	184,097	194,365	165,001
Germany	Value	151,104	141,756	150,260
Poland	Value	96,742	95,686	118,159
Sweden	Value	66,045	56,557	41,733
Czech Republic	Value	34,349	45,694	43,362
United Kingdom	Value	30,873	27,924	31,666
Russia	Value	27,754	19,807	21,356
Hong Kong	Value	23,137	72,129	2,809
Mexico	Value	18,373	17,405	20,673
Ukraine	Value	15,857	8,792	6,690
Japan	Value	15,769	12,558	11,653
All other exporters	Value	54,979	52,575	69,223
All reporting exporters	Value	892,218	840,941	797,202
United States	Share of value	19.4	11.4	14.4
China	Share of value	20.6	23.1	20.7
Germany	Share of value	16.9	16.9	18.8
Poland	Share of value	10.8	11.4	14.8
Sweden	Share of value	7.4	6.7	5.2
Czech Republic	Share of value	3.8	5.4	5.4
United Kingdom	Share of value	3.5	3.3	4.0
Russia	Share of value	3.1	2.4	2.7
Hong Kong	Share of value	2.6	8.6	0.4
Mexico	Share of value	2.1	2.1	2.6
Ukraine	Share of value	1.8	1.0	0.8
Japan	Share of value	1.8	1.5	1.5
All other exporters	Share of value	6.2	6.3	8.7
All reporting exporters	Share of value	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 8607.30 as reported by various national statistical authorities in the Global Trade Atlas database, accessed April 13, 2022.

Note: United States is shown at the top followed by the countries under investigation, all remaining top exporting countries in descending order of 2020 data.

[11] Petitions, pp. 23-24.

APPENDIX A

FEDERAL REGISTER NOTICES

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, Federal Register notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
86 FR 54997, October 5, 2021	*Freight Rail Coupler Systems and Components From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2021-10-05/pdf/2021-21725.pdf
86 FR 58864, October 25, 2021	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*	https://www.govinfo.gov/content/pkg/FR-2021-10-25/pdf/2021-23231.pdf
86 FR 58878, October 25, 2021	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Initiation of Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2021-10-25/pdf/2021-23232.pdf
86 FR 64958, November 19, 2021	*Freight Rail Coupler Systems and Components From China*	https://www.govinfo.gov/content/pkg/FR-2021-11-19/pdf/2021-25233.pdf
86 FR 70113, December 9, 2021	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Postponement of Preliminary Determination in the Countervailing Duty Investigation*	https://www.govinfo.gov/content/pkg/FR-2021-12-09/pdf/2021-26642.pdf
87 FR 12662, March 7, 2022	*Freight Rail Coupler Systems and Certain Components Thereof: Preliminary Affirmative Countervailing Duty Determination*	https://www.govinfo.gov/content/pkg/FR-2022-03-07/pdf/2022-04692.pdf
87 FR 14037, March 11, 2022	*Freight Rail Coupler Systems and Components From China; Scheduling of the Final Phase of Countervailing Duty and Anti-Dumping Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2022-03-11/pdf/2022-05236.pdf

Citation	Title	Link
87 FR 14511, March 15, 2022	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less-Than-Fair Value*	https://www.govinfo.gov/content/pkg/FR-2022-03-15/pdf/2022-05381.pdf
87 FR 30869, May 20, 2022	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Final Affirmative Countervailing Duty Determination*	https://www.govinfo.gov/content/pkg/FR-2022-05-20/pdf/2022-10933.pdf
87 FR 32121, May 27, 2022	*Freight Rail Coupler Systems and Certain Components Thereof From the People's Republic of China: Final Affirmative Determination of Sales at Less-Than-Fair Value*	https://www.govinfo.gov/content/pkg/FR-2022-05-27/pdf/2022-11480.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

Those listed below appeared in the United States International Trade Commission's hearing via videoconference:

Subject: Freight Rail Coupler Systems and Components from China

Inv. Nos.: 701-TA-670 and 731-TA-1570 (Final)

Date and Time: May 12, 2022 - 9:30 a.m.

OPENING REMARKS:	**TIME ALLOCATION:**
Petitioner (**Daniel B. Pickard**, Buchanan Ingersoll & Rooney PC)	5 minutes
Respondents (**David M. Morrell**, JONES DAY)	5 minutes

In Support of the Imposition of Antidumping and Countervailing Duty Orders:	**TIME ALLOCATION:**
Buchanan Ingersoll & Rooney PC Washington, DC on behalf of	60 minutes

The Coalition of Freight Coupler Producers

Scott Mautino, Executive Vice President, McConway & Torley

Chris LeFevre, Director of Sales, McConway & Torley

Antonio Wellmaker, President of USW Local 1063

Seth Kaplan, President, International Economic Research LLC

Travis Pope, Project Manager, Capital Trade Inc.

Daniel B. Pickard)
) – OF COUNSEL
Amanda Wetzel)

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

TIME ALLOCATION:

Grunsfeld Desiderio Lebowitz Silverman & Klestadt LLP — 60 minutes total
Covington & Burling
Washington, DC
on behalf of

Strato Inc. ("Strato")

Mike Foxx, CEO, Strato Inc.

Brian Cunkelman, President, Strato Inc.

Dan Foxx, CIO, Strato Inc.

Jennifer Lutz, Partner, ION Economics, LLC

Jerrie Mirga, Director, ION Economics, LLC

Cara Groden, Senior Economic Consultant, ION Economics LLC

Ned H. Marshak)
Andrew T. Schutz)
Michael S. Holton) – OF COUNSEL
James M. Smith)
Shara L. Aranoff)

Covington & Burling
Washington, DC
on behalf of

TTX Company ("TTX")

Maureen Werner, Assistant Vice President of Engineering and Research, New Product Development, TTX

James M. Smith)
) – OF COUNSEL
Shara L. Aranoff)

In Opposition of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

JONES DAY
Washington, DC
on behalf of

Wabtec Corporation ("Wabtec")

Mickey Korzeniowski, Freight Car Product Specialist, Wabtec

David M. Morrell) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

Petitioners (**Daniel B. Pickard**, Buchanan Ingersoll & Rooney PC)
5 minutes + time remaining from direct
Respondents (**James M. Smith**, Covington & Burling)
5 minutes + time remaining from direct

-END-

APPENDIX C

SUMMARY DATA

Table C-1
FRC: Summary data concerning the U.S. market, 2019-21
Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per 1,000 pounds; Period changes=percent--exceptions noted

	Reported data			Period changes		
	Calendar year			Comparison years		
	2019	2020	2021	2019-21	2019-20	2020-21
U.S. consumption quantity:						
Amount	***	***	***	▼***	▼***	▼***
Producers' share (fn1)	***	***	***	▼***	▼***	▼***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Mexico	***	***	***	▲***	▲***	▲***
All other sources	***	***	***	▼***	▼***	▲***
Nonsubject sources	***	***	***	▲***	▲***	▲***
All import sources	***	***	***	▲***	▲***	▲***
U.S. consumption value:						
Amount	***	***	***	▼***	▼***	▼***
Producers' share (fn1)	***	***	***	▼***	▼***	▼***
Importers' share (fn1):						
China	***	***	***	▲***	▲***	▼***
Mexico	***	***	***	▲***	▲***	▲***
All other sources	***	***	***	▲***	▼***	▲***
Nonsubject sources	***	***	***	▲***	▼***	▲***
All import sources	***	***	***	▲***	▲***	▲***
U.S. importers' U.S. shipments of imports from:						
China:						
Quantity	22,655	17,687	15,346	▼(32.3)	▼(21.9)	▼(13.2)
Value	40,330	29,366	26,988	▼(33.1)	▼(27.2)	▼(8.1)
Unit value	$1,780	$1,660	$1,759	▼(1.2)	▼(6.7)	▲5.9
Ending inventory quantity	***	***	***	▼***	▼***	▲***
Mexico:						
Quantity	***	***	***	▼***	▼***	▲***
Value	***	***	***	▼***	▼***	▲***
Unit value	***	***	***	▼***	▼***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
All other sources sources:						
Quantity	***	***	***	▼***	▼***	▲***
Value	***	***	***	▼***	▼***	▲***
Unit value	***	***	***	▲***	▼***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
Nonsubject sources:						
Quantity	***	***	***	▼***	▼***	▲***
Value	***	***	***	▼***	▼***	▲***
Unit value	***	***	***	▼***	▼***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
All import sources:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▲***
Unit value	***	***	***	▼***	▼***	▲***
Ending inventory quantity	***	***	***	▲***	▲***	▲***

Table continued.

Table C-1 continued
FRC: Summary data concerning the U.S. market, 2019-21
Quantity=1,000 pounds; Value=1,000 dollars; Unit values and unit expenses=dollars per 1,000 pounds;Unit labor costs = dollars per 1,000 pounds; Period changes=percent--exceptions noted

	Reported data			Period changes		
	Calendar year			Comparison years		
	2019	2020	2021	2019-21	2019-20	2020-21
U.S. producers':						
Average capacity quantity	***	***	***	▼***	▼***	▼***
Production quantity	***	***	***	▼***	▼***	▼***
Capacity utilization (fn1)	***	***	***	▼***	▼***	▼***
U.S. shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▼***	▲***
Export shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▲***	▼***
Inventories/total shipments (fn1)	***	***	***	▲***	▲***	▲***
Production workers	***	***	***	▼***	▼***	▲***
Hours worked (1,000s)	***	***	***	▼***	▼***	▼***
Wages paid ($1,000)	***	***	***	▼***	▼***	▼***
Hourly wages (dollars per hour)	***	***	***	▲***	▲***	▲***
Productivity (pounds per hour)	***	***	***	▼***	▼***	▼***
Unit labor costs	***	***	***	▲***	▲***	▲***
Net sales:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▼***	▼***
Unit value	***	***	***	▼***	▼***	▲***
Cost of goods sold (COGS)	***	***	***	▼***	▼***	▼***
Gross profit or (loss) (fn2)	***	***	***	▼***	▼***	▲***
SG&A expenses	***	***	***	▼***	▼***	▼***
Operating income or (loss) (fn2)	***	***	***	▼***	▼***	▲***
Net income or (loss) (fn2)	***	***	***	▼***	▼***	▲***
Unit COGS	***	***	***	▲***	▲***	▲***
Unit SG&A expenses	***	***	***	▲***	▲***	▲***
Unit operating income or (loss) (fn2)	***	***	***	▼***	▼***	▲***
Unit net income or (loss) (fn2)	***	***	***	▼***	▼***	▲***
COGS/sales (fn1)	***	***	***	▲***	▲***	▼***
Operating income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▲***
Net income or (loss)/sales (fn1)	***	***	***	▼***	▼***	▲***
Capital expenditures	***	***	***	▼***	▼***	▼***
Research and development expenses	***	***	***	▲***	▲***	▼***
Net assets	***	***	***	▼***	▼***	▼***

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

Source: Compiled from data submitted in response to Commission questionnaires. 508-compliant tables containing these data are contained in parts III, IV, VI, and VII of this report.

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

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

Quantity in units; Prices in dollars per unit; Margins in percent

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

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

Note: Product 1: SE60, grade E steel complete coupler assembly, double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Price of product 1

* * * * * * *

Volume of product 1

* * * * * * *

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

Note: Product 1: SE60, grade E steel complete coupler assembly, double shelves, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Quantity in units; Prices in dollars per unit; Margins in percent

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

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

Note: Product 2: SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Price of product 2

* * * * * * *

Volume of product 2

* * * * * * *

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

Note: Product 2: SBE60, grade E steel complete coupler assembly, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

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

Quantity in units; Prices in dollars per unit; Margins in percent

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

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

Note: Product 3: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

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

Price of product 3

* * * * * * *

Volume of product 3

* * * * * * *

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

Note: Product 3: E50 coupler knuckle, grade E steel, produced to AAR M-211 and/or AAR M-215 specifications.

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

Quantity in units; Prices in dollars per unit; Margins in percent

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

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

Note: Product 4: SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M- 215 specifications.

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

Price of product 4

* * * * * * *

Volume of product 4

* * * * * * *

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

Note: Product 4: SY40 coupler yoke, grade E steel, produced to AAR M-211 and/or AAR M- 215 specifications.

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

Quantity in units; Prices in dollars per unit; Margins in percent

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

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

Note: Product 5: SBE60, grade E steel coupler body, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Figure D-5
FRC: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, by source and quarter

Price of product 5

* * * * * * *

Volume of product 5

* * * * * * *

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

Note: Product 5: SBE60, grade E steel coupler body, bottom shelf, 21.5” shank length, produced to AAR M-211 and/or AAR M-215 specifications.

Table D-6
FRC: Summary of price data, by product and source, January 2019-December 2021

Quantity in units; Price in dollars per unit; Change in percent

Product	Source	Number of quarters	Quantity	Low price	High price	First quarter price	Last quarter price	Change over period
Product 1	United States	***	***	***	***	***	***	***
Product 1	China	***	***	***	***	***	***	***
Product 1	Mexico	***	***	***	***	***	***	***
Product 2	United States	***	***	***	***	***	***	***
Product 2	China	***	***	***	***	***	***	***
Product 2	Mexico	***	***	***	***	***	***	***
Product 3	United States	***	***	***	***	***	***	***
Product 3	China	***	***	***	***	***	***	***
Product 3	Mexico	***	***	***	***	***	***	***
Product 4	United States	***	***	***	***	***	***	***
Product 4	China	***	***	***	***	***	***	***
Product 4	Mexico	***	***	***	***	***	***	***
Product 5	United States	***	***	***	***	***	***	***
Product 5	China	***	***	***	***	***	***	***
Product 5	Mexico	***	***	***	***	***	***	***

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

Note: Percent change column is percentage change from the first quarter 2019 to the last quarter in 2021.

Table D-7
FRC: Summary of higher/(lower) unit values for nonsubject price data, by source, January 2019-December 2021

Quantity in units

Comparison source	Benchmark source	Number of quarters lower	Quantity lower	Number of quarters higher	Quantity higher
Mexico	United States	***	***	***	***
Mexico	China	***	***	***	***

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

APPENDIX E

U.S. SHIPMENTS OF NONSUBJECT U.S. IMPORTS BY PRODUCT TYPE

Table E-1
FRC: U.S. importers' U.S. shipments of imports from Mexico, by type and period

Quantity in 1,000 pounds and units; value in 1,000 dollars; unit values in dollars per 1,000 pounds and dollars per unit

Item	Measure	2019	2020	2021
Complete FRC	1,000 pounds	***	***	***
Knuckles	1,000 pounds	***	***	***
Coupler bodies	1,000 pounds	***	***	***
Yokes	1,000 pounds	***	***	***
Follower blocks	1,000 pounds	***	***	***
FRC components	1,000 pounds	***	***	***
Total FRC	1,000 pounds	***	***	***
Complete FRC	Units	***	***	***
Knuckles	Units	***	***	***
Coupler bodies	Units	***	***	***
Yokes	Units	***	***	***
Follower blocks	Units	***	***	***
FRC components	Units	***	***	***
Total FRC	Units	***	***	***
Complete FRC	Value	***	***	***
Knuckles	Value	***	***	***
Coupler bodies	Value	***	***	***
Yokes	Value	***	***	***
Follower blocks	Value	***	***	***
FRC components	Value	***	***	***
Total FRC	Value	***	***	***
Complete FRC	Dollars per 1,000 pounds	***	***	***
Knuckles	Dollars per 1,000 pounds	***	***	***
Coupler bodies	Dollars per 1,000 pounds	***	***	***
Yokes	Dollars per 1,000 pounds	***	***	***
Follower blocks	Dollars per 1,000 pounds	***	***	***
FRC components	Dollars per 1,000 pounds	***	***	***
Total FRC	Dollars per 1,000 pounds	***	***	***
Complete FRC	Dollars per unit	***	***	***
Knuckles	Dollars per unit	***	***	***
Coupler bodies	Dollars per unit	***	***	***
Yokes	Dollars per unit	***	***	***
Follower blocks	Dollars per unit	***	***	***

Table continued.

Table E-1--Continued
FRC: U.S. importers' U.S. shipments of imports from Mexico, by type and period

Shares in percent

Item	Measure	2019	2020	2021
Complete FRC	Share of 1,000 pounds	***	***	***
Knuckles	Share of 1,000 pounds	***	***	***
Coupler bodies	Share of 1,000 pounds	***	***	***
Yokes	Share of 1,000 pounds	***	***	***
Follower blocks	Share of 1,000 pounds	***	***	***
FRC components	Share of 1,000 pounds	***	***	***
Total FRC	Share of 1,000 pounds	100.0	100.0	100.0
Complete FRC	Share of units	***	***	***
Knuckles	Share of units	***	***	***
Coupler bodies	Share of units	***	***	***
Yokes	Share of units	***	***	***
Follower blocks	Share of units	***	***	***
FRC components	Share of units	***	***	***
Total FRC	Share of units	100.0	100.0	100.0
Complete FRC	Share of value	***	***	***
Knuckles	Share of value	***	***	***
Coupler bodies	Share of value	***	***	***
Yokes	Share of value	***	***	***
Follower blocks	Share of value	***	***	***
FRC components	Share of value	***	***	***
Total FRC	Share of value	100.0	100.0	100.0

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

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

Table E-2
FRC: U.S. importers' U.S. shipments of imports from all other sources, by type and period

Quantity in 1,000 pounds and units; Value in 1,000 dollars; Unit values in dollars per 1,000 pounds and dollars per unit

Item	Measure	2019	2020	2021
Complete FRC	1,000 pounds	***	***	***
Knuckles	1,000 pounds	***	***	***
Coupler bodies	1,000 pounds	***	***	***
Yokes	1,000 pounds	***	***	***
Follower blocks	1,000 pounds	***	***	***
FRC components	1,000 pounds	***	***	***
Total FRC	1,000 pounds	***	***	***
Complete FRC	Units	***	***	***
Knuckles	Units	***	***	***
Coupler bodies	Units	***	***	***
Yokes	Units	***	***	***
Follower blocks	Units	***	***	***
FRC components	Units	***	***	***
Total FRC	Units	***	***	***
Complete FRC	Value	***	***	***
Knuckles	Value	***	***	***
Coupler bodies	Value	***	***	***
Yokes	Value	***	***	***
Follower blocks	Value	***	***	***
FRC components	Value	***	***	***
Total FRC	Value	***	***	***
Complete FRC	Dollars per 1,000 pounds	***	***	***
Knuckles	Dollars per 1,000 pounds	***	***	***
Coupler bodies	Dollars per 1,000 pounds	***	***	***
Yokes	Dollars per 1,000 pounds	***	***	***
Follower blocks	Dollars per 1,000 pounds	***	***	***
FRC components	Dollars per 1,000 pounds	***	***	***
Total FRC	Dollars per 1,000 pounds	***	***	***
Complete FRC	Dollars per unit	***	***	***
Knuckles	Dollars per unit	***	***	***
Coupler bodies	Dollars per unit	***	***	***
Yokes	Dollars per unit	***	***	***
Follower blocks	Dollars per unit	***	***	***

Table continued.

Table E-2--Continued
FRC: U.S. importers' U.S. shipments of imports from all other sources, by type and period

Shares in percent

Item	Measure	2019	2020	2021
Complete FRC	Share of 1,000 pounds	***	***	***
Knuckles	Share of 1,000 pounds	***	***	***
Coupler bodies	Share of 1,000 pounds	***	***	***
Yokes	Share of 1,000 pounds	***	***	***
Follower blocks	Share of 1,000 pounds	***	***	***
FRC components	Share of 1,000 pounds	***	***	***
Total FRC	Share of 1,000 pounds	100.0	100.0	100.0
Complete FRC	Share of units	***	***	***
Knuckles	Share of units	***	***	***
Coupler bodies	Share of units	***	***	***
Yokes	Share of units	***	***	***
Follower blocks	Share of units	***	***	***
FRC components	Share of units	***	***	***
Total FRC	Share of units	100.0	100.0	100.0
Complete FRC	Share of value	***	***	***
Knuckles	Share of value	***	***	***
Coupler bodies	Share of value	***	***	***
Yokes	Share of value	***	***	***
Follower blocks	Share of value	***	***	***
FRC components	Share of value	***	***	***
Total FRC	Share of value	100.0	100.0	100.0

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

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

APPENDIX F

RAW MATERIAL PRICES

Table F-1
Raw materials: Monthly U.S. ferrous scrap prices, January 2019-March 2022

Year	Month	Steel Scrap Prices No1 busheling $/gross ton	No1 heavy melt $/gross ton	Shredded auto scrap $/gross ton
2019	January	***	***	***
2019	February	***	***	***
2019	March	***	***	***
2019	April	***	***	***
2019	May	***	***	***
2019	June	***	***	***
2019	July	***	***	***
2019	August	***	***	***
2019	September	***	***	***
2019	October	***	***	***
2019	November	***	***	***
2019	December	***	***	***
2020	January	***	***	***
2020	February	***	***	***
2020	March	***	***	***
2020	April	***	***	***
2020	May	***	***	***
2020	June	***	***	***
2020	July	***	***	***
2020	August	***	***	***
2020	September	***	***	***
2020	October	***	***	***
2020	November	***	***	***
2020	December	***	***	***

Table Continued.

Table F-1 Continued
Raw materials: Monthly U.S. ferrous scrap prices, January 2019-March 2022

Year	Month	Steel Scrap Prices No1 busheling $/gross ton	No1 heavy melt $/gross ton	Shredded auto scrap $/gross ton
2021	January	***	***	***
2021	February	***	***	***
2021	March	***	***	***
2021	April	***	***	***
2021	May	***	***	***
2021	June	***	***	***
2021	July	***	***	***
2021	August	***	***	***
2021	September	***	***	***
2021	October	***	***	***
2021	November	***	***	***
2021	December	***	***	***
2022	January	***	***	***
2022	February	***	***	***
2022	March	***	***	***

Source: American Metal Market LLC. Accessed April 5, 2022.

APPENDIX G

U.S. MARKET FOR COMPLETE FRC AND FRC COMPONENTS

Table G-1
FRC: Market for complete FRC, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table G-2
FRC: Market for all FRC components, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report. All FRC components is the subtotal of knuckles, coupler bodies, yokes, and follower blocks tables below.

Table G-3
FRC: Market for knuckles, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table G-4
FRC: Market for coupler bodies, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table G-5
FRC: Market for yokes, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.

Table G-6
FRC: Market for follower blocks, by source and period

Quantity in 1,000 pounds; shares and ratios in percent

Source	Measure	2019	2020	2021
U.S. producers	Quantity	***	***	***
China	Quantity	***	***	***
Mexico	Quantity	***	***	***
All other sources	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	***	***	***
U.S. producers	Share	***	***	***
China	Share	***	***	***
Mexico	Share	***	***	***
All other sources	Share	***	***	***
Nonsubject sources	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0
U.S. producers	Ratio	***	***	***
China	Ratio	***	***	***
Mexico	Ratio	***	***	***
All other sources	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
All import sources	Ratio	***	***	***
All sources	Ratio	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Ratios are ratio to overall apparent consumption quantity as presented in Part IV of the report.