

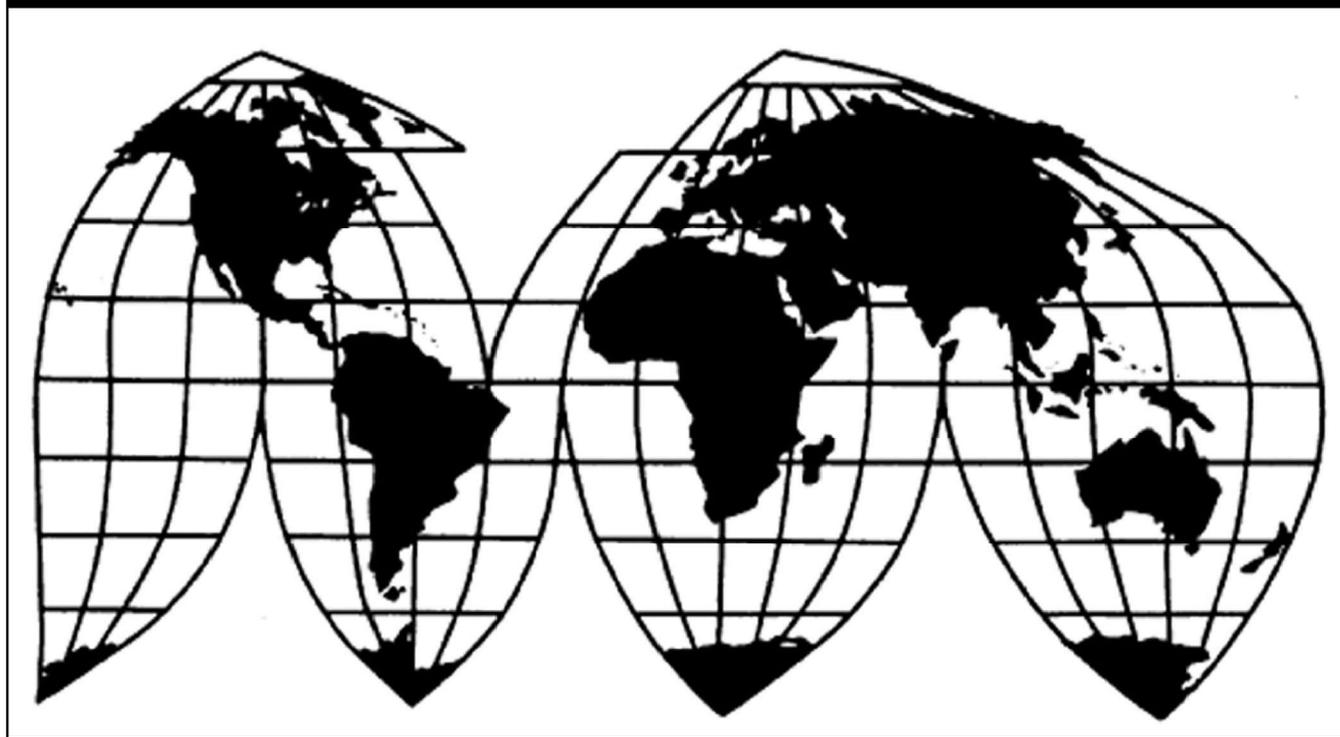
Refillable Stainless Steel Kegs from China, Germany, and Mexico

Investigation Nos. 701-TA-610 and 731-TA-1425-1427 (Preliminary)

Publication 4844

November 2018

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-610 and 731-TA-1425-1427 (Preliminary)

Refillable Stainless Steel Kegs from China, Germany, and Mexico

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of refillable stainless steel kegs from China, Germany, and Mexico that are alleged to be sold in the United States at less than fair value (“LTFV”) and by reason of imports subsidized by the government of China.²

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On September 20, 2018, American Keg Company, LLC, Pottstown, Pennsylvania filed a petition with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of refillable stainless steel kegs from China and LTFV imports of refillable stainless steel kegs from

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

² *Refillable Stainless Steel Kegs From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 52192, October 16, 2018 and *Refillable Stainless Steel Kegs From the People’s Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 52195, October 16, 2018.

China, Germany, and Mexico. Accordingly, effective September 20, 2018, the Commission, pursuant to sections 703(a) and 733(a) of the Act (19 U.S.C. 1671b(a) and 1673b(a)), instituted countervailing duty investigation No. 701-TA-610 and antidumping duty investigation Nos. 731-TA-1425-1427 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of September 26, 2018 (83 FR 48652). The conference was held in Washington, DC, on October 11, 2018, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of refillable stainless steel kegs (“steel kegs”) from China, Germany, and Mexico that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the government of China.

I. The Legal Standard for Preliminary Determinations

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

II. Background

American Keg Company LLC (“American Keg”), a domestic producer of steel kegs, filed the petitions in these investigations on September 20, 2018. American Keg appeared at the staff conference and submitted a postconference brief.

Two groups of respondents participated in the preliminary phase of these investigations. Blefa GmbH, a producer and exporter of subject merchandise in Germany, and Blefa Kegs, Inc., an importer of subject merchandise (collectively, “Blefa”), appeared at the conference and submitted a joint postconference brief. Thielmann Mexico S.A. de C.V., a producer and exporter of subject merchandise in Mexico, and Thielmann US LLC, an importer of subject merchandise (collectively, “Thielmann”), appeared at the conference and submitted a joint postconference brief.³

U.S. industry data are based on the questionnaire response of American Keg, currently the only domestic producer of steel kegs.⁴ U.S. import data are based on importer

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996).

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

³ Stout Tanks and Kettles LLC, a seller of brewing equipment to small breweries, submitted a nonparty statement in opposition to the imposition of duties.

⁴ Confidential Report, INV-QQ-124 (Oct. 29, 2018) as amended by INV-QQ-32 (Nov. 1, 2018) (“CR”) at I-5, III-1; Public Report (“PR”) at I-3, III-1. American Keg provided information concerning its predecessor company Geemacher LLC (“Geemacher”) for the period January 1, 2015 through May 31, 2016. American Keg purchased Geemacher’s assets and took over its steel keg production operations in (Continued...)

questionnaire data from 28 firms that accounted for the majority of U.S. imports of subject imports from China, Germany, and nonsubject sources and at least *** percent of U.S. imports of steel kegs from Mexico.⁵ The Commission received responses to its foreign producer/exporter questionnaires from two producers of subject merchandise in China, two producers of subject merchandise in Germany, and one producer of subject merchandise in Mexico. These producer/exporter responses account for the majority of exports from China and virtually all exports of steel kegs from Germany and Mexico.⁶

III. Domestic Like Product

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

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.¹⁰ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹¹ The Commission looks for clear dividing lines among

(...Continued)

May of 2016. CR/PR at III-1 n.2. American Keg provided data for Geemacher’s operations; accordingly, for the remainder of these views we refer to all such data as American Keg’s data.

⁵ CR at I-5, IV-1, PR at I-4, IV-1.

⁶ CR at I-5, VII-3, VII-7, VII-12, PR at I-4, VII-3, VII-4, VII-7.

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(4)(A).

⁹ 19 U.S.C. § 1677(10).

¹⁰ See, e.g., *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).

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

possible like products and disregards minor variations.¹² Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at LTFV,¹³ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁴ The Commission may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.¹⁵

A. Scope Definition

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

kegs, vessels, or containers that are approximately cylindrical in shape, made from stainless steel (*i.e.*, steel containing at least 10.5 percent chromium by weight and less than 1.2 percent carbon by weight, with or without other elements), and that are compatible with a "D Sankey" extractor (commonly known as a "D Coupler" or "Sankey") (refillable stainless steel kegs) with a nominal liquid volume capacity of 10 liters or more, regardless of the type of finish, gauge, thickness, or grade of stainless steel, and whether or not covered by or encased in other materials. Refillable stainless steel kegs may be imported assembled or unassembled, with or without all components (including spears, couplers or taps, necks, collars, and valves), and be filled or unfilled.

"Unassembled" or "unfinished" refillable stainless steel kegs include drawn stainless steel cylinders that have been welded to form the body of the keg and welded to an upper (top) chime and/or lower (bottom) chime. Unassembled refillable stainless steel kegs may or may not be welded to a neck, may or may

¹² See, e.g., *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

¹³ 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).

¹⁴ *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

¹⁵ See, e.g., *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 at 8 n.34 (Nov. 2001); *Torrington*, 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

not have a valve assembly attached, and may be otherwise complete except for testing, certification, and/or marking.

Subject merchandise also includes refillable stainless steel kegs that have been further processed in a third country, including but not limited to, attachment of necks, collars, spears or valves, heat treatment, pickling, passivation, painting, testing, certification or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope refillable stainless steel keg.

Specifically excluded are the following:

- (1) Vessels or containers that are not approximately cylindrical in nature (e.g., box, “hopper” or “cone” shaped vessels);
- (2) stainless steel kegs, vessels, or containers that have either a “ball lock” valve system or a “pin lock” valve system (commonly known as “Cornelius,” “corny” or “ball lock” kegs);
- (3) necks, spears, couplers or taps, collars, and valves that are not imported with the subject merchandise; and
- (4) stainless steel kegs that are filled with beer, wine, or other liquid and that are designated by the Commissioner of Customs as Instruments of International Traffic within the meaning of section 332(a) of the Tariff Act of 1930, as amended.

The merchandise covered by these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7310.10.0010, 7310.00.0050, 7310.29.0025, and 7310.29.0050.

These HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope of these investigations is dispositive.¹⁶

Steel kegs within the scope of these investigations, commonly known as “beer kegs,” are used for the storage and transport of beer, wine, coffee, and soda.¹⁷ They are made from stainless steel and come in a variety of sizes, with 1/2 barrel and 1/6 barrel kegs accounting for 80 percent of sales in the U.S. market.¹⁸ Steel kegs are typically sold with an extractor or “spear” that is used along with a coupler to extract the liquid contained in the keg.¹⁹

¹⁶ *Refillable Stainless Steel Kegs From the People’s Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 83 Fed. Reg. 52195, 52200-01 (Oct. 16, 2018); *Refillable Stainless Steel Kegs From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 83 Fed. Reg. 52192, 52195 (Oct. 16, 2018).

¹⁷ CR at I-10, PR at I-8.

¹⁸ CR at I-11, II-1, PR at I-9, II-1.

¹⁹ Petitioner’s Postconference Brief, Annex 1, at 51.

The scope language specifies that only refillable stainless steel kegs compatible with the D system (or Sankey) extractor or spear are subject merchandise.²⁰ Thus, other types of kegs, such as plastic kegs or Cornelius kegs (commonly used for soda), which use a "ball lock" or "pin lock" valve system, are excluded from the scope of investigation.²¹

B. Analysis

Petitioner argues that there should be a single domestic like product in these investigations that is coextensive with the scope.²² Respondents do not dispute petitioner's proposed definition of the domestic like product in the preliminary phase of these investigations.²³

Physical Characteristics and Uses. Steel kegs within the scope definition are made from stainless steel and are compatible with a Sankey extractor. The Sankey or D Coupler design permits easier cleaning of the steel kegs so they can be cleaned and refilled many times over their 15-30 year lifetime.²⁴ While all kegs are used for the storage and transportation of beverages such as beer, kegs outside of the scope definition are typically either not refillable or not compatible with a Sankey extractor.²⁵ In particular, plastic kegs are single use, disposable containers, and accordingly are not refillable.²⁶ Cornelius kegs (commonly used for soda) are refillable but have a different valve design that is not Sankey compatible.²⁷

Manufacturing Facilities, Production Processes, and Employees. American Keg, the sole domestic producer of steel kegs, produces 1/2 barrel and 1/6 barrel kegs on the same assembly line with the same employees.²⁸ Plastic kegs and Cornelius kegs use different manufacturing processes and materials than refillable stainless steel kegs. Plastic kegs are not produced with stainless steel and do not have the same manufacturing facilities or processes.²⁹

Channels of Distribution. American Keg sells the vast majority of its domestically produced steel kegs to small and craft brewers.³⁰ Cornelius kegs are not generally sold through

²⁰ CR at I-7, PR at I-6.

²¹ See CR at I-8, PR at I-7; Petition at 19-20.

²² Petitioner's Postconference Brief at 4.

²³ Thielmann states that it intends to consider whether the domestic like product should be expanded to include additional types of stainless steel or plastic kegs in any final phase of these investigations. Thielmann's Postconference Brief at 3. Blefa did not address the issue of the definition of the domestic like product. If respondents wish to pursue an argument in any final phase of these investigations that the Commission should define the domestic like product differently, they should raise the argument in their comments on the Commission's draft questionnaires.

²⁴ CR at I-17, PR at I-14; Petitioner's Postconference Brief, Annex 1 at 32.

²⁵ Petitioner's Postconference Brief at 5.

²⁶ Petitioner's Postconference Brief at 5. Aluminum is no longer considered suitable for kegs. CR at I-14, PR at I-12.

²⁷ Petition at 19.

²⁸ Conf. Tr. at 68 (Czachor).

²⁹ Petitioner's Postconference Brief at 7.

³⁰ CR/PR at II-1.

the same channels as steel kegs because they are principally marketed to the home brewer or consumer.³¹ According to petitioner, plastic kegs have much narrower channels of distribution than steel kegs because of quality and durability concerns.³²

Interchangeability. According to petitioner, steel kegs are generally not interchangeable with other types of kegs because of different durability or tapping and cleaning equipment.³³ However, most importers reported that plastic kegs are a possible substitute for steel kegs.³⁴

Producer and Customer Perceptions. Petitioner contends that customers view steel kegs as a distinct product that differs from plastic kegs because steel kegs are durable and can be cleaned and refilled.³⁵

Price. According to petitioner, all steel kegs are sold within a reasonable range of similar prices based on a continuum of sizes differentiated by volume capacity.³⁶ Pricing information for other types of kegs such as Cornelius and plastic kegs is not available.

Conclusion. Evidence on the record of the preliminary phase of these investigations indicates that all domestically produced steel kegs share the same general physical characteristics and uses and have at most limited interchangeability with other types of kegs. Steel kegs are manufactured using a distinct manufacturing process, and the vast majority of domestically produced steel kegs are sold to small and craft brewers. In light of the above and the lack of any contrary argument, we define the domestic like product as all steel kegs, coextensive with the scope, for purposes of our preliminary determinations.

IV. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³⁷ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We consider whether any producer of the domestic like product should be excluded from the domestic industry pursuant to Section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are

³¹ Petitioner’s Postconference Brief at 6.

³² Petitioner’s Postconference Brief at 6.

³³ Petitioner states that plastic kegs are not interchangeable with steel kegs because plastic kegs are produced to be used one time, cannot be cleaned, and they lack the durability of steel kegs. Other kegs, such as Cornelius kegs, that do not have a D System or Sankey extractor or spear are not interchangeable with steel kegs because customers typically have tapping and cleaning equipment for Sankey-compatible steel kegs. Petitioner’s Postconference Brief at 5-6.

³⁴ CR at II-11, PR at II-7.

³⁵ Petition at 36.

³⁶ Petitioner’s Postconference Brief at 8.

³⁷ 19 U.S.C. § 1677(4)(A).

themselves importers.³⁸ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.³⁹

Thielmann contends that the Commission should exclude American Keg as a related party because its primary interest lies in importation and it is only dabbling in domestic production.⁴⁰ Petitioner argues that, although it imported subject merchandise in order to compete with low-priced unfairly traded imports, it is primarily a domestic producer.⁴¹

Petitioner American Keg is a related party because it imported subject merchandise from China during the POI.⁴² The record indicates that American Keg's principal interest increasingly lies in domestic production. While the ratio of its imports to production was high during the POI, the ratio declined to *** percent in interim 2018 as American Keg increased its U.S. production and reduced its volume of subject imports.⁴³ American Keg *** its capacity and production from 2015 to 2017 and increased its capital expenditures, thus demonstrating its commitment to its U.S. production operations.⁴⁴ Accordingly, we find that appropriate circumstances do not exist to exclude American Keg from the domestic industry, and we define

³⁸ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd mem.*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

³⁹ 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

⁴⁰ Thielmann's Postconference Brief at 4-6.

⁴¹ Petitioner's Postconference Brief, Annex 1 at 30-31.

⁴² CR/PR at Table III-6. Petitioner explained that it imported subject merchandise *** CR/PR at Table III-6; see also CR/PR at Table VI-1.

⁴³ See CR/PR at Table III-6. American Keg imported *** steel kegs from China in 2015 (the equivalent of *** percent of its domestic production), *** steel kegs from China in 2016 (the equivalent of *** percent of its domestic production), and *** steel kegs from China in 2017 (the equivalent of *** percent of its domestic production). *Id.* It imported *** steel kegs from China in interim (January-June) 2017 (the equivalent of *** percent of its domestic production) as compared to *** steel kegs from China in interim (January-June) 2018 (the equivalent of *** percent of domestic production). *Id.*

⁴⁴ See CR/PR at Table III-3 & Table VI-3. Its capital expenditures increased from \$*** in 2015 to \$*** in 2017. CR/PR at Table VI-3. Former owner Gemacher was responsible for the capital expenditures in 2015. See CR/PR at III-1 n.2

the domestic industry to include all domestic producers of steel kegs within the scope definition.⁴⁵

V. Cumulation⁴⁶

A. In General

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

⁴⁵ Because Geemacher, the predecessor to American Keg, only began steel keg production in December 2014 and American Keg subsequently acquired its assets for manufacturing steel kegs in 2016, there is a question as to whether the material retardation provision applies to these investigations. See 19 U.S.C. §§ 1671b(a), 1673b(a). In considering material retardation, the Commission first considers whether the industry is established. See, e.g., *53-Foot Domestic Dry Containers from China*, Inv. Nos. 701-TA-514 and 731-TA-1250 (Final) USITC Pub. 4537 at 10-11 (June 2015).

In this proceeding, the parties have indicated that they consider the industry to be established. Petitioner's Postconference Brief, Annex 1, at 1, 2, 9; Thielmann's Postconference Brief, Exhibit 1, at 15-17. Based on the five factors the Commission generally considers to determine if an industry is established, we view the record in the preliminary phase as mixed. The domestic industry's relatively small size and *** suggest that it is not yet established. CR at D-4, PR at D-3. The fact that neither Geemacher nor American Keg had manufacturing experience and began new production, also weighs against finding the industry established. See CR at D-3, PR at D-3. On the other hand, the duration and character of its domestic production operations may suggest that the domestic industry is established as it has increased its *** during the POI. CR at D-4 to D-5, PR at D-4.

We may consider material retardation in any final phase of these investigations and we invite the parties to address data collection pertaining to this issue in their comments on draft questionnaires. Although we are currently analyzing material injury, we are taking into account as a condition of competition the fact that American Keg is a relatively new producer.

⁴⁶ 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. 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i). The questionnaire data indicate imports from each subject country exceeded the requisite 3 percent statutory negligibility threshold for the most recent 12-month period prior to the filing of the petition for which data are available. From September 2017 to August 2018, subject imports from China accounted for *** percent of total U.S. imports of steel kegs by quantity, subject imports from Germany accounted for *** percent of total U.S. imports of steel kegs, and subject imports from Mexico accounted for *** percent of total U.S. imports. CR/PR at Table IV-4.

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁴⁷

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁴⁸ Only a “reasonable overlap” of competition is required.⁴⁹

B. Analysis

Petitioner argues that because the relevant criteria for cumulation are satisfied, the Commission should cumulate subject imports from China, Germany, and Mexico.⁵⁰ Respondents do not contest cumulation of subject imports for purposes of the Commission’s present material injury analysis in the preliminary phase of these investigations.

The threshold criterion for cumulation is satisfied because petitioner filed the antidumping duty petitions with respect to subject imports from China, Germany, and Mexico on the same day, September 20, 2018.⁵¹ We thus examine whether there is a reasonable overlap of competition between subject imports from China, Germany, and Mexico and between subject imports from each source and the domestic like product.

⁴⁷ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff’d*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff’d*, 859 F.2d 915 (Fed. Cir. 1988).

⁴⁸ See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁴⁹ The Statement of Administrative Action (“SAA”) to the Uruguay Round Agreements Act (“URAA”), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁵⁰ Petitioner’s Postconference Brief at 14-21.

⁵¹ CR/PR at I-1. None of the statutory exceptions to cumulation applies.

Fungibility. There is a moderate to high degree of substitutability between domestically produced steel kegs and steel kegs imported from subject sources.⁵² Steel kegs are a standardized product. Regardless of source, steel kegs are produced to Brewers Association Performance Guidelines⁵³ and have the standardized Sankey design.⁵⁴ The U.S. producer and most responding U.S. importers reported that the domestic like product and subject imports from and between all three subject countries are “always” or “frequently” interchangeable.⁵⁵

There is mixed evidence concerning the importance of non-price factors in purchasing decisions. The U.S. producer reported that non-price differences are “never” significant in comparisons of the domestic like product and subject imports from all three subject countries, as well as in comparisons of the imports from each subject country.⁵⁶ However, most importers reported that non-price differences are “always” or “frequently” significant in comparisons of the domestic like product and imports from each subject country, and are “sometimes” or “frequently” significant in comparisons between the subject imports.⁵⁷ Importers cited availability, quality, and lead times as important purchase factors in addition to price.⁵⁸

We find that there is sufficient fungibility between and among subject imports from China, Germany, and Mexico, and the domestic like product. As discussed above, market participants generally perceive steel kegs from different sources to be interchangeable notwithstanding distinctions between such steel kegs. The record further indicates substantial overlap in the size of steel kegs shipped in the U.S. market by importers and the domestic producer. Importers of subject imports from China, Germany, and Mexico, as well as the domestic producer, shipped small and large kegs.⁵⁹ This supports a finding that there is a

⁵² See CR at II-12, PR at II-7. Many brewers can use standardized kegs from different countries interchangeably, and have more than one brand of steel keg in their fleet of steel kegs. CR at II-12, PR at II-7.

⁵³ CR at I-18 to I-19, PR at I-15. The guidelines provide for certain ASTM International specifications for steel kegs. CR at I-19, PR at I-15.

⁵⁴ Conf. Tr. at 28, 72-73 (Rolig, Czachor, and Rickard).

⁵⁵ CR/PR at Table II-5.

⁵⁶ CR/PR at Table II-6.

⁵⁷ CR/PR at Table II-6. Blefa argues that steel kegs vary significantly in dimension and metal quality. It claims that purchasers distinguish between steel kegs based on quality, warranty, and servicing. Blefa’s Postconference Brief at 2. In any final phase of these investigations, we will examine the extent to which these factors play a role in purchasing decisions.

⁵⁸ CR at II-14, PR at II-8. In addition to these considerations, respondents have emphasized the importance of branding to purchasers of steel kegs. Thielmann’s Postconference Brief at 14-15; Blefa’s Postconference Brief at 2-3. In any final phase of these investigations, we intend to further explore the extent to which branding, quality, and availability may limit substitutability between steel kegs from different sources.

⁵⁹ CR/PR at Table IV-5. Small steel kegs include 1/6 barrel kegs while large steel kegs include 1/2 barrel kegs. Shipments of subject imports from Mexico were less concentrated in large steel kegs than were shipments of subject imports from China and Germany and the domestic product. Nonetheless, shipments of small steel kegs were a large portion of shipments from all sources. See CR/PR at Table IV-5.

sufficient degree of fungibility among the subject imports and the domestic like product for purposes of finding a reasonable overlap of competition.

Channels of Distribution. Subject imports and the domestic like product shared the same general channels of distribution. During the POI, the domestic producer and importers of subject imports from China and Mexico sold steel kegs primarily to beer manufacturers/breweries.⁶⁰ Importers sold subject imports from Germany to beer manufacturers/breweries, as well as to distributors.⁶¹

Geographic Overlap. During the POI, the domestic product and subject imports from China, Germany, and Mexico were sold in all regions of the contiguous United States.⁶²

Simultaneous Presence in Market. The domestic like product and subject imports from China, Germany, and Mexico were present in the U.S. market during all fourteen quarters from January 2015 to June 2018.⁶³

Conclusion. The record supports finding that subject imports from each subject country are fungible with the domestic like product and each other, and that subject imports from each subject country and the domestic like product are sold in similar channels of distribution, in similar geographic markets, and have been simultaneously present in the U.S. market. In light of the foregoing, we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country. Accordingly, we cumulate subject imports from China, Germany, and Mexico for our analysis of whether there is a reasonable indication of material injury by reason of subject imports.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁶⁴ In making this determination, the Commission must consider the volume of

⁶⁰ See CR/PR at Table II-1.

⁶¹ See CR/PR at Table II-1. Although the record indicates a general overlap in channels of distribution, it also suggests that American Keg focuses on the craft brewery portion of the market while subject merchandise from Germany and Mexico is sold to large brewers and keg leasing/rental companies. See Conf. Tr. at 92 (Galvez) (subject imports from Mexico do not compete for the same customers as American Keg); Conf. Tr. at 97-99 (Willenbrink) (Blefa's steel kegs are sold to large brewers and keg leasing/rental companies). See also CR at II-2 n.7, PR at II-1 n.7 (limited overlap in customers). In any final phase of these investigations, we will gather additional information concerning the overlap in channels of distribution, including data regarding specific market segments.

⁶² CR at II-4, PR at II-2.

⁶³ See CR/PR at Tables V-3 and V-4.

⁶⁴ 19 U.S.C. §§ 1671b(a), 1673b(a). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of reasonable (Continued...)

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.⁶⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁶⁷ 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.”⁶⁸

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured by reason of” unfairly traded imports,⁶⁹ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁷⁰ 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.⁷¹

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

(...Continued)

indication of material injury and threat of material injury by reason of subject imports in certain respects.

⁶⁵ 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 ... {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

⁶⁶ 19 U.S.C. § 1677(7)(A).

⁶⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁹ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁷⁰ *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).

⁷¹ The Federal Circuit, in addressing the causation standard of the statute, has 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 re-affirmed in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), in which 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).

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.⁷² In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁷³ 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.⁷⁴ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁷⁵

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”

⁷² Uruguay Round Agreements Act Statement of Administrative Action (SAA), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{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.

⁷³ 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.”).

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

⁷⁵ *See Nippon*, 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.”).

as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”⁷⁶ Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷⁷

The Federal Circuit’s decisions in *Gerald Metals*, *Bratsk*, and *Mittal Steel* all involved cases in which the relevant “other factor” was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁷⁸ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission’s interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁷⁹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.⁸⁰

⁷⁶ *Mittal Steel*, 542 F.3d at 877-78; 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 *Swift-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

⁷⁷ *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.”).

⁷⁸ *Mittal Steel*, 542 F.3d at 875-79.

⁷⁹ *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

⁸⁰ To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more (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.⁸¹ Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.⁸²

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Although steel kegs are also used for cider, wine, coffee, soda, and kombucha, U.S. demand for steel kegs primarily depends on the demand for beer, the beverage most often stored in steel kegs.⁸³ Demand for steel kegs is somewhat seasonal, reflecting increasing beer consumption in the summer months. As a result, apparent U.S. consumption of steel kegs is higher during the first six months of the year.⁸⁴

There are approximately 6,000-7,000 end users of steel kegs in the United States, more than 4,000 of which are craft brewers.⁸⁵ Large and medium-sized brewers, such as ***, ***, ***, ***, ***, ***, ***, and ***; and steel keg rental or leasing companies including ***, ***, and *** purchase large volumes of steel kegs.⁸⁶ Craft brewers purchase kegs, but because they purchase smaller volumes or lease from keg rental or leasing companies, their purchases of steel kegs appear to account for a relatively small portion of demand for steel kegs.⁸⁷ Over

(...Continued)

complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

⁸¹ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

⁸² *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.").

⁸³ CR at II-10, PR at II-6. Approximately 10.6 percent of beer by volume is sold in steel kegs. Petitioner's Postconference Brief, Annex 1, at 34.

⁸⁴ CR at II-10, PR at II-6.

⁸⁵ CR/PR at II-1. Craft brewers are defined by the Brewers Association as independent breweries that produce less than 6 million barrels of beer annually. Petitioner's Postconference Brief at Exhibit 33.

⁸⁶ CR/PR at I-4.

⁸⁷ See CR/PR at II-1. Small and independent craft brewers represent 12.7 percent market share by volume of the overall beer industry. CR/PR at II-1 n.4. The craft brewery portion of the market has experienced stronger growth than the large brewer portion. According to the Brewers Association, overall beer sales in the U.S. fell by 1.2 percent in 2017 compared to 2016, but craft brewer's sales grew (Continued...)

eighty percent of demand for steel kegs is for 1/6 barrel and 1/2 barrel steel kegs.⁸⁸ Steel kegs last 10-30 years so purchasers do not necessarily need new kegs each year.⁸⁹

Apparent U.S. consumption of steel kegs decreased from *** steel kegs in 2015 to *** steel kegs in 2016 and then increased to *** steel kegs in 2017, an overall increase of *** percent between 2015 and 2017.⁹⁰ Apparent U.S. consumption of steel kegs was *** percent lower in interim 2018, at *** steel kegs, than in interim 2017, at *** steel kegs.⁹¹

2. Supply Conditions

Subject imports were the main source of supply to the U.S. market during the POI.⁹² A few large foreign firms (Blefa, Ningbo Major Draft Beer Equipment Co., Ltd., Schaefer Werke GmbH, and Thielmann), have served the U.S. market in recent years.⁹³ Cumulated subject imports' share of apparent U.S. consumption was *** percent in 2015, *** percent in 2016, and *** percent in 2017.⁹⁴ Cumulated subject imports' share of apparent U.S. consumption was higher in interim 2018, at *** percent, than in interim 2017, at *** percent.⁹⁵

As discussed above, American Keg is the sole domestic producer of steel kegs.⁹⁶ In 2016, American Keg purchased the assets of Geemacher's steel keg manufacturing facility in Pottstown, Pennsylvania and increased production there.⁹⁷ American Keg has continued to invest in the facility and its annual capacity has increased from *** steel kegs in 2015 to *** steel kegs in 2017.⁹⁸ However, much of its capacity remained *** during the POI; its capacity

(...Continued)

in volume by 5 percent in 2017. Petitioner's Postconference Brief at 23. In any final phase of these investigations, we intend to collect additional information concerning where different types of purchasers (craft brewers, keg leasing/rental companies, and large brewers) obtain steel kegs and the size of their orders. We also will seek information concerning the extent to which craft brewers lease or buy steel kegs.

⁸⁸ CR/PR at II-1. *See also* CR/PR at Table E-1 (shipments by steel keg size)

⁸⁹ CR at II-11, PR at II-6.

⁹⁰ CR/PR at Tables IV-9, C-1.

⁹¹ CR/PR at Tables IV-9, C-1.

⁹² CR/PR at Table IV-9, C-1.

⁹³ CR at I-4, PR at I-3; Thielmann's Postconference Brief at 11. Until late 2006 or early 2007, a U.S. producer, Spartanburg Steel, manufactured refillable stainless steel kegs in the United States. At that point, it was acquired by Franke Blefa, which closed the facility after initially announcing a movement of production to Louisiana. Petitioner's Postconference Brief, Annex 1 at 60-61.

⁹⁴ CR/PR at Tables IV-9, C-1.

⁹⁵ CR/PR at Tables IV-9, C-1.

⁹⁶ CR/PR at Table III-1.

⁹⁷ CR/PR at III-1 n.2. Before Geemacher began producing steel kegs, it only imported steel kegs.

Id.

⁹⁸ CR/PR at Table III-3. It is unclear to what extent American Keg's capacity expansions resulted from its capital expenditures or increases in productivity during the POI. CR at VI-10 n.20, PR at VI-6 n.20. In any final phase of these investigations, we intend to explore the assumptions that form the basis for American Keg's estimates of its total production capacity.

utilization ranged from a low of *** percent in 2016 to a high of *** percent in 2017.⁹⁹ We are taking into consideration as a condition of competition the fact that American Keg is a relatively new producer of steel kegs.

The information available in the preliminary phase of these investigations suggests that American Keg primarily supplies small and craft brewers, and that its smaller production capacity limited its ability to compete for large orders from the larger brewers and keg leasing/rental companies, which are primarily supplied by foreign producers with larger production capacities.¹⁰⁰

The domestic industry's share of apparent U.S. consumption increased from *** percent in 2015 and 2016 to *** percent in 2017.¹⁰¹ The domestic industry's share of apparent U.S. consumption was higher in interim 2018, at *** percent, than in interim 2017, at *** percent.¹⁰²

Nonsubject imports' share of apparent U.S. consumption was *** percent in 2015, *** percent in 2016, and *** percent in 2017.¹⁰³ Nonsubject imports' share of apparent U.S. consumption was lower in interim 2018, at *** percent, than in interim 2017, at *** percent.¹⁰⁴ The largest sources of nonsubject imports were Spain and the Czech Republic.¹⁰⁵

3. Substitutability

Based on the record in the preliminary phase of these investigations, we find that there is a moderate to high degree of substitutability among domestically produced steel kegs and steel kegs from subject sources.¹⁰⁶ American Keg, the sole domestic producer of steel kegs, reported that the domestic like product and subject imports were "always" interchangeable.¹⁰⁷ The majority of importers reported that the domestic like product was "always" or "frequently" interchangeable with subject imports from each subject country and that subject imports from different subject sources were "always" or "frequently" interchangeable.¹⁰⁸

We also find that price is an important factor in purchasing decisions for steel kegs. U.S. purchasers identified price among the major factors in purchasing decisions for steel kegs.¹⁰⁹ American Keg reported that non-price differences were "never" significant in purchasing decisions for steel kegs. Most importers reported that non-price differences were "always" or "frequently" significant in comparisons of the domestic like product and subject imports from

⁹⁹ CR/PR at Table III-3.

¹⁰⁰ CR at II-1 to II-2, PR at II-1. There is evidence, however of at least ***, being supplied by American Keg. CR at II-2 n.2, PR at II-1 n.2.

¹⁰¹ CR/PR at Tables IV-9, C-1.

¹⁰² CR/PR at Tables IV-9, C-1.

¹⁰³ CR/PR at Tables IV-9, C-1.

¹⁰⁴ CR/PR at Tables IV-9, C-1.

¹⁰⁵ CR at II-9 n.11, PR at II-5 n.11.

¹⁰⁶ CR at II-12, PR at II-8.

¹⁰⁷ CR/PR at Table II-5.

¹⁰⁸ CR/PR at Table II-5.

¹⁰⁹ CR at II-13, PR at II-8.

each subject country, and as “sometimes” or “frequently” significant in comparisons between the subject imports from different sources.¹¹⁰

Purchasers identified quality, availability, and customer service as major purchasing factors other than price.¹¹¹ As noted above, the parties have emphasized that branding also plays an important role in the sale of steel kegs. These factors may influence purchasers’ perceptions of substitutability of the products.¹¹² Although steel kegs from different sources should be physically substitutable and no parties have raised significant quality distinctions between steel kegs from different sources, it appears that availability of steel kegs may be the primary limitation on substitutability between the domestic product and the subject imports.¹¹³

4. Other Conditions

Stainless steel is the primary raw material used in the production of steel kegs.¹¹⁴ The price of grade 304 cold-rolled stainless steel coil fell from January 2015 to January 2016 and then increased irregularly for the remainder of the POI.¹¹⁵ Raw materials accounted for between *** percent and *** percent of the cost of goods sold (“COGS”) for U.S. production of steel kegs during 2015-17.¹¹⁶

Additional tariffs of 25-percent ad valorem were imposed on certain steel products, including stainless steel, in March 2018 under section 232 and increased raw material costs (stainless steel coil) for American Keg.¹¹⁷ Petitioner has acknowledged that the Section 232 tariff had a negative impact on its business.¹¹⁸ Additionally, pursuant to Section 301 of the

¹¹⁰ CR/PR at Table II-6.

¹¹¹ CR at II-13, PR at II-8.

¹¹² In any final phase of these investigations, the Commission will reexamine the extent to which these factors limit substitutability between steel kegs from different sources.

¹¹³ CR at II-1 to II-2, PR at II-1. We also note that American Keg is not certified or qualified with major brewers or distributors. Conf. Tr. at 80-81 (Rickard). Petitioner downplays the significance of the qualification process, claiming it takes 3 to 6 months because the manufacturing process is not complicated for steel kegs. Petitioner’s Postconference Brief, Annex 1 at 65. In any final phase of these investigations, we intend to gather additional information concerning the qualification process and the extent to which American Keg has attempted to qualify with large brewers, distributors, or keg leasing companies.

¹¹⁴ CR/PR at V-1.

¹¹⁵ CR at Fig. V-1.

¹¹⁶ CR/PR at Table VI-1. The ratio was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

¹¹⁷ CR at V-2, PR at V-1. Section 232 of the Trade Expansion Act of 1962, as amended, 19 U.S.C. § 1862, authorizes the Secretary of Commerce to conduct investigations to determine the effects of imports on the national security of the United States and authorizes the President to take action to restrict such imports. *** and a majority of responding importers indicated that the imposition of Section 232 tariffs on imported steel in March 2018 affected raw material costs. CR/PR at V-1. Steel kegs themselves are not subject to the Section 232 tariffs.

¹¹⁸ American Keg publicly attributed its layoff of 10 employees in 2018 to the additional raw material costs it expected to incur as a result of the Section 232 tariff. CR at III-8 n.8, PR at III-5 n.8. (Continued...)

Trade Act of 1974, subject imports from China are subject to an additional 10-percent ad valorem tariff, which will increase to 25-percent ad valorem on January 1, 2019.¹¹⁹

C. Volume of Cumulated 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.”¹²⁰

Cumulated subject imports had a predominant presence in the U.S. market throughout the POI. Based on importer questionnaire data,¹²¹ subject imports increased from 814,510

(...Continued)

Thielmann argued that this accounts for American Keg’s poor performance in the first six months of 2018 (“interim 2018”). Thielmann’s Postconference Brief at 35-36.

¹¹⁹ CR at I-10, PR at I-8. Section 301 of the Trade Act of 1974, as amended, 19 U.S.C. § 2411, authorizes the USTR, at the direction of the President, to take appropriate action to respond to a foreign country’s unfair trade practices. On September 17, 2018, the United States Trade Representative (“USTR”) released a list of approximately \$200 billion worth of imports from China that will be subject to Section 301 tariffs, which, as noted, initially will be in the amount of 10 percent. See “USTR Finalizes Tariffs on \$200 Billion of Chinese Imports in Response to China’s Unfair Trade Practices,” Press Release, Office of the United States Trade Representative, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200> (visited Nov. 4, 2018).

¹²⁰ 19 U.S.C. § 1677(7)(C)(i).

¹²¹ The Commission issued importer questionnaires to 154 firms in these investigations. These included firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS subheading HTS subheadings 7310.10.0010, 7310.00.0050, 7310.29.0025, and 7310.29.0050 in 2017. CR/PR at IV-1 n.1. Twenty-eight importers provided usable questionnaire responses. CR/PR at IV-1.

The parties acknowledge that official import statistics include substantial quantities of out-of-scope merchandise and petitioner argues that the Commission should consider the volume of imports it calculated from the bills of lading it collected. According to its calculations from the bill of lading data, subject imports increased from 1.2 million steel kegs in 2015 to 1.4 million steel kegs in 2017. Petitioner’s Postconference Brief at 26-28. Thielmann urges the Commission to rely upon exports to the United States reported in the foreign producer questionnaires for subject imports from Germany and Mexico, and official statistics for subject imports from China. Thielmann’s Postconference Brief, Exhibit 1, at 10-12.

The record indicates that U.S. import data coverage is high for Mexico, since the Commission collected data from the dominant producer in Mexico (CR at VII-14, PR at VII-8 to VII-9), and that firm’s exports aligned closely with reported U.S. imports from Mexico (compare CR/PR tables IV-2 and VII-11; imports marginally exceed exports in 2017). Coverage is less high for Germany (compare CR/PR tables IV-2 and IV-7, imports equivalent to *** percent of exports in 2017) and for China (compare CR/PR tables IV-2 and VII-3, imports marginally exceed exports in 2017, but based on only two exporting firms (CR at VII-3, PR at VII-3)). We find for purposes of the preliminary phase of these investigations that the importer questionnaire data are more reliable and probative of the volume of subject imports than the alternatives proposed by parties. In any final phase of these investigations, we will seek to increase (Continued...)

steel kegs in 2015 to 882,445 steel kegs in 2016 and then decreased to 873,437 steel kegs in 2017, a level 7.2 percent above that of 2015.¹²² Subject imports were 16.0 percent lower in interim 2018, at 429,207 steel kegs, than in interim 2017, at 360,428 steel kegs.¹²³

Cumulated subject imports' share of apparent U.S. consumption was *** percent in 2015, *** percent in 2016 and *** percent in 2017.¹²⁴ Their share of apparent U.S. consumption was *** percentage points higher in interim 2018, at *** percent of apparent U.S. consumption, than in interim 2017, at *** percent.¹²⁵

We have also considered subject imports relative to domestic production. The ratio of cumulated subject imports to U.S. production was high throughout the POI. The ratio increased from *** percent in 2015 to *** percent in 2016 and then decreased to *** percent in 2017.¹²⁶ This ratio was *** percent in interim 2017 and *** percent in interim 2018.¹²⁷

In light of the foregoing, we find that the volume of cumulated subject imports is significant in both absolute terms and relative to U.S. production and consumption.

D. Price Effects of the Cumulated Subject Imports

As addressed in section VI.B.3 above, we have found that there is a moderate to high degree of substitutability among subject imports and the domestically produced product, and that price is an important consideration in purchasing decisions.

The Commission collected quarterly data for the total quantity and f.o.b. value of two pricing products (1/2 barrel kegs and 1/6 barrel kegs) shipped to unrelated U.S. customers between January 2015 and June 2018.¹²⁸ American Keg and 13 importers provided usable

(...Continued)

coverage of subject imports, and parties are encouraged to provide any comments on the possible means of doing so in their comments on draft questionnaires.

¹²² CR/PR at Table IV-2.

¹²³ CR/PR at Table IV-2. Shipments of subject imports declined from 848,937 steel kegs in 2015 to 785,173 steel kegs in 2016 and then increased to 855,628 steel kegs in 2017, a level 0.8 percent above that of 2015. CR/PR at Tables IV-8, C-1. Shipments of subject imports were 11.7 percent lower in interim 2018, at 410,010 steel kegs, than in interim 2017, at 464,139 steel kegs. *Id.*

¹²⁴ CR/PR at Tables IV-9, C-1.

¹²⁵ CR/PR at Table IV-9, C-1. The domestic industry's market share was *** percent in 2015 and 2016, and *** percent in 2017. *Id.* It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

¹²⁶ CR/PR at Table IV-2.

¹²⁷ CR/PR at Table IV-2.

¹²⁸ CR at V-6; PR at V-3.

The complete product descriptions are the following:

Product 1-- 1/2 barrel (also known as a keg); Assembled with no accessories; 300 series stainless steel; volume of 15.5 gallons (58.7 liters); approximately 23.25 inches tall (+/- 0.5 inches) with diameters ranging from 14.5 inches to 17.5 inches, thickness ranging from 0.050 to 0.060 inches for the body and 0.070 to 0.090 inches for the handles; rated to a maximum of 60 PSI of pressure; unfilled;

(Continued...)

pricing data for sales of the requested products, although not all firms reported pricing data for all products for all quarters.¹²⁹ Cumulated subject imports consisting of *** steel kegs undersold the domestic like product in 60 of 81 quarterly comparisons, at margins ranging from *** percent to *** percent.¹³⁰ Cumulated subject imports consisting of *** steel kegs oversold the domestic like product in 21 of 81 quarterly comparisons, at margins up to *** percent.¹³¹

End users also directly imported subject imports for their own use.¹³² The Commission received import purchase cost data for both pricing products from 14 importers who directly imported steel kegs from subject countries for their own use.¹³³ The record shows that the direct import purchase costs of cumulated subject imports were lower than the sales prices for the domestically produced product in *** quarterly comparisons, or *** percent of comparisons.¹³⁴ Moreover, on a quantity basis, there were *** steel kegs directly imported in quarters in which the purchase cost was lower than the price for the domestic like product, and *** steel kegs in the quarters for which the purchase cost was higher than the price for the domestic like product.¹³⁵

Because direct import purchase costs may not account for the total costs of importing, the questionnaires also requested that direct importers provide additional estimated costs above landed duty paid value associated with importing. We attempted to collect such data, consistent with our practice in other investigations, to enable us to assess the direct import purchase cost data in light of purchasers' costs for direct importing. While none of the direct

(...Continued)

finish may be dull, polished, painted, or encapsulated in a rubber or plastic material.

Product 2-- 1/6 barrel; Assembled with no accessories; 300 series stainless steel; volume of 5.16 gallons (19.5 liters); approximately 23.25 inches tall (+/- 0.5 inches) with diameters ranging from 8.5 inches to 9.7 inches, thickness ranging from 0.045 to 0.055 inches for the body and 0.055 to 0.070 inches for the handles; rated to a maximum of 60 PSI of pressure; unfilled; finish may be dull, polished, painted, or encapsulated in a rubber or plastic material.

CR at V-6, PR at V-3 to V-4.

¹²⁹ CR at V-4; PR at V-3. Reported pricing data accounted for all of the domestic producer's U.S. commercial shipments in 2017, *** percent of U.S. shipments of subject imports from China in 2017, *** percent of U.S. shipments of subject imports from Germany in 2017, and *** percent of U.S. shipments of subject imports from Mexico in 2017. CR at V-6, PR at V-4.

¹³⁰ CR/PR at Table V-8.

¹³¹ CR/PR at Table V-8.

¹³² CR at V-13, PR at V-5. Approximately *** percent of subject imports were imported for internal consumption. This included *** percent of total imports from China, *** percent of total imports from Germany, and *** percent of total imports from Mexico. See Investigator's Worksheet (EDIS No. 660742, attachment 1381330).

¹³³ CR at V-13; PR at V-5.

¹³⁴ Derived from CR/PR at Tables V-5 & V-6.

¹³⁵ Derived from CR/PR at Tables V-5 & V-6.

importers provided estimates of these costs,¹³⁶ four importers estimated saving between 5 and 14 percent of the landed duty-paid value of their imports by having directly imported.¹³⁷

Therefore, the quarterly pricing data and the purchase cost data for direct imports demonstrate that subject imports were generally available at a lower cost to importers/end-users than the domestic like product.¹³⁸ In light of the record evidence indicating that cumulated subject import prices were generally lower than the prices for the domestic like product, we find for purposes of our preliminary determinations that the underselling by cumulated subject imports was significant.¹³⁹

We have also considered price trends for the domestic like product and cumulated subject imports. During the POI, prices declined for both domestically produced pricing products.¹⁴⁰ Prices and purchase costs for cumulated subject imports generally declined more than prices for the domestic like product.¹⁴¹ Further, when prices for the domestic product stabilized and increased somewhat later in POI, subject import prices recovered to a lesser extent.¹⁴²

¹³⁶ Importer *** described the additional costs related to direct imports but not included in landed duty-paid values as domestic shipping, supply chain management, rent, unloading, and palletizing. We intend to collect information on additional costs associated with importing in any final phase of these investigations.

¹³⁷ CR at V-13, PR at V-6.

¹³⁸ The Commission requested information concerning the domestic industry's lost sales and lost revenue due to competition from subject imports during the POI. American Keg identified *** firms that it believed it had lost sales due to subject imports. CR at V-22 to V-23, PR at V-8. Of the 11 purchasers that responded to the preliminary phase lost sales/lost revenue survey, two reported purchasing the domestic industry's steel kegs. CR at V-21, V-23, PR at V-8 to V-9. Although three of the nine purchasers that only purchased from subject sources reported that subject imports were priced lower than the domestic product, none reported purchasing imported steel kegs from China, Germany, or Mexico instead of domestically produced product because of lower prices. CR at V-23, PR at V-9.

¹³⁹ Thielmann argues that petitioner's strategy is to obtain a price premium for its "American made" steel kegs. Thielmann's Postconference Brief at 26-27. Petitioner does not dispute that it tries to sell its domestically produced steel kegs at a premium and then will sell an imported keg if the purchaser is unwilling to pay a premium for a domestically produced steel keg. See Petitioner's Postconference Brief, Annex 1, at 24-25. In any final phase of these investigations, we intend to examine further the extent to which American Keg's pricing strategy enables it to extract some price premium for its domestically produced steel kegs. We will also examine the extent to which the relatively small volume purchase orders for steel kegs from American Keg compared to the larger volume orders of subject imports may account for any higher average prices for American Keg's steel kegs.

¹⁴⁰ CR/PR at Tables V-3, V-4, and Fig. V-6. During the POI, domestic prices declined by *** percent for Product 1 and *** percent for Product 2. CR /PR at Table V-7.

¹⁴¹ Price declines for subject imports ranged from *** percent to *** percent for Product 1 while declines for Product 2 ranged from *** percent to *** percent. CR/PR at Table V-7. Changes in purchase costs for Product 1 ranged from an increase of *** percent to a decline of *** percent. For product 2, the change in purchase costs ranged from an increase of *** percent to a decline of *** percent. *Id.*

¹⁴² See CR/PR at Fig. V-6.

The price declines for the domestic product occurred when demand was generally strong, as apparent U.S. consumption increased overall during 2015-17.¹⁴³ The cost of cold-rolled stainless steel coil, the primary raw material for production of steel kegs, also increased during most of the POI, suggesting the price declines for domestically produced steel kegs were not a result of the domestic industry's declining costs.¹⁴⁴ The domestic industry's COGS as a ratio to net sales remained high during the POI, increasing from *** percent in 2015 to *** percent in 2016, before declining to *** percent in 2017.¹⁴⁵ Accordingly, we find evidence that cumulated low-priced subject imports depressed prices for domestically produced steel kegs during the POI.¹⁴⁶ We will examine further the extent to which low priced subject imports affected domestic prices for steel kegs in any final phase of these investigations.

In light of the foregoing, we find for purposes of these preliminary determinations that there was a significant volume of cumulated subject imports that significantly undersold the domestic like product. Moreover, domestic and subject import prices declined as raw material costs increased and demand was strong. We consequently find that the cumulated subject imports appear to have had significant adverse price effects.

E. Impact of the Cumulated Subject Imports¹⁴⁷

The domestic industry's performance was poor over the POI, notwithstanding that it saw some improvements in some of its output-related and financial indicators. After American Keg acquired Geemacher's assets in 2016, American Keg made investments in equipment to increase capacity and productivity.¹⁴⁸ It *** its production capacity and increased its production from 2015 to 2017, as apparent U.S. consumption increased overall by ***

¹⁴³ CR/PR at Table C-1.

¹⁴⁴ See Fig. V-1. Respondents have asserted that the price of steel kegs closely tracks raw material prices. Thielmann's Postconference Brief at 18-19. We will seek additional information concerning the extent to which prices for domestically produced steel kegs track raw material prices in any final phase of these investigations.

¹⁴⁵ As a ratio to net sales, the domestic industry's COGS was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table VI-1. The large fluctuations in American Keg's COGS to net sales ratio may have resulted from the transfer of operations from Geemacher to American Keg that occurred in 2016. See CR at VI-6 n.13, PR at VI-3 n.13.

¹⁴⁶ None of the eleven purchasers who responded to the preliminary phase lost sales/lost revenue survey indicated that the domestic producer had reduced its prices to compete with subject imports. CR at V-24, PR at V-9. Nonetheless, petitioner submitted correspondence with *** showing that purchasers either used subject import pricing to extract price concessions from petitioner or purchased subject imports instead of American Keg's domestically produced steel kegs. See Petitioner's Postconference Brief at 34.

¹⁴⁷ In its notice initiating antidumping duty investigations, Commerce reported estimated antidumping duty margins of 204.42 percent for China, 72.80 percent for Germany, and 18.48 percent for Mexico. *Refillable Stainless Steel Kegs From the People's Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 83 Fed. Reg. 52195, 52200-01 (Oct. 16, 2018).

¹⁴⁸ CR/PR at Table III-2; CR at VI-10, PR at VI-5.

percent.¹⁴⁹ The domestic industry increased its U.S. shipments (by quantity), and net sales (by quantity) during the three full years of the POI.¹⁵⁰ Nevertheless, the domestic industry operated at relatively low capacity utilization throughout the POI,¹⁵¹ and its inventories increased sharply during the latter part of the POI.¹⁵²

When apparent U.S. consumption was lower in interim 2018 than in interim 2017, the domestic industry's production, net sales, U.S. shipments (by quantity), and capacity utilization were all lower than in interim 2017.¹⁵³ However, end-of-year inventories were also *** percent higher in interim 2018 at *** steel kegs than in interim 2017 when inventories were *** steel kegs. The industry's capacity was unchanged in the interim period comparison.¹⁵⁴

The domestic industry's employment indicia improved over much of the POI. From 2015 to 2017, the domestic industry's number of production related workers ("PRWs"),¹⁵⁵ hours worked,¹⁵⁶ and wages paid¹⁵⁷ increased, while hourly wages declined.¹⁵⁸ However, these indicia, except for hourly wages, were all lower in interim 2018 than in interim 2017.¹⁵⁹ Worker

¹⁴⁹ CR at D-6, n.11, PR at D-5 n.11. The domestic industry's capacity increased from *** steel kegs in 2015 to *** steel kegs in 2016 and *** steel kegs in 2017. CR/PR at Table III-3. Its production decreased from *** steel kegs in 2015 to *** steel kegs in 2016 and then increased to *** steel kegs in 2017. *Id.* Apparent U.S. consumption of steel kegs decreased from *** steel kegs in 2015 to *** steel kegs in 2016 and then increased to *** steel kegs in 2017. CR/PR at Table IV-9.

¹⁵⁰ The domestic industry's net sales (by quantity) and U.S. shipments declined from *** steel kegs in 2015 to *** steel kegs in 2016 and then increased *** steel kegs in 2017. CR/PR at Tables III-4, VI-1.

¹⁵¹ The domestic industry's capacity utilization declined from *** percent in 2015 to *** percent in 2016 and then increased to *** percent in 2017. CR/PR at Table III-3.

¹⁵² The U.S. producer's end-of-year inventories were *** steel kegs in 2015, *** steel kegs in 2016, and inventories sharply increased to *** steel kegs in 2017. CR/PR at Table III-5; CR at III-6, PR at III-3 to III-4.

¹⁵³ The domestic industry's production was *** steel kegs in interim 2017 and *** steel kegs in interim 2018. Its capacity utilization was *** percent in interim 2017 and *** percent in interim 2018. CR/PR at Table III-3. The domestic industry's net sales, by quantity, and U.S. shipments were *** steel kegs in interim 2017 and *** steel kegs in interim 2018. CR/PR at Tables, III-4 & VI-1.

¹⁵⁴ The domestic industry's capacity was *** steel kegs in interim 2017 and interim 2018. CR/PR at Table III-3.

¹⁵⁵ The number of PRWs were *** in 2015 and 2016, and *** in 2017. CR/PR at Table III-7.

¹⁵⁶ Total hours worked declined from *** hours in 2015 to *** hours in 2016 and then increased to *** hours in 2017. CR/PR at Table III-7.

¹⁵⁷ Wages paid increased from \$*** in 2015 to \$*** in 2016 and \$*** in 2017. CR/PR at Table III-7.

¹⁵⁸ Hourly wages increased from \$*** in 2015 to \$*** in 2016 and then declined to \$*** in 2017. CR/PR at Table III-7.

¹⁵⁹ The number of PRWs were *** in interim 2017 and *** in interim 2018. CR/PR at Table III-7. Total hours worked were *** hours in interim 2017 and *** in interim 2018. *Id.* Wages paid were \$*** in interim 2017 and \$*** in interim 2018. *Id.* Hourly wages were \$*** in interim 2017 and \$*** in interim 2018. *Id.*

productivity increased irregularly from 2015 to 2017, and was higher in interim 2018 than in interim 2017.¹⁶⁰

The domestic industry's financial performance was poor during the POI, as the industry reported *** throughout the period. The domestic industry's sales revenues increased irregularly over the POI.¹⁶¹ Its *** increased by *** percent from 2015 to 2017, and were *** percent higher in interim 2018 than in interim 2017.¹⁶² Its *** increased by *** percent between 2015 and 2017, but were lower in interim 2018 than in interim 2017.¹⁶³ Its *** margin decreased from 2015 to 2017, and was lower in interim 2018 than in interim 2017.¹⁶⁴ The industry reported *** throughout the three full years of the POI and during the interim periods.¹⁶⁵

The domestic industry generally increased its capital expenditures during the three years of the POI, but expenditures were lower in interim 2018 than in interim 2017.¹⁶⁶ The domestic industry's assets increased and its return on assets improved, but remained negative from 2015 to 2017.¹⁶⁷ Finally, American Keg reported negative effects on investment and on growth and development due to subject imports during the POI, including ***.¹⁶⁸

Despite some improvements in output that led to American Keg increasing its modest market share,¹⁶⁹ it operated at relatively low capacity utilization during the POI. Its unused capacity partly reflected its status as a new producer ramping up production, yet its end-of-period inventories were much higher in 2017 and interim 2018 than earlier in the POI. These

¹⁶⁰ Productivity was *** steel kegs per 1,000 hours in 2015, *** steel kegs per 1,000 hours in 2016, *** steel kegs per 1,000 hours in 2017, *** steel kegs per 1,000 hours in interim 2017, and *** steel kegs per 1,000 hours in interim 2018. CR/PR at Table III-7.

¹⁶¹ The domestic industry's net sales revenues were \$*** in 2015, \$*** in 2016, \$*** in 2017, and \$*** in interim 2017 and interim 2018. CR/PR at Tables VI-1, C-1.

¹⁶² The domestic industry's *** were \$*** in 2015, \$*** in 2016, \$*** in 2017, \$*** in interim 2017, and \$*** in interim 2018. CR/PR at Tables VI-1, C-1.

¹⁶³ The domestic industry's *** was \$*** in 2015, \$*** in 2016, \$*** in 2017, \$*** in interim 2017, and \$*** in interim 2018. CR/PR at Tables VI-1, C-1.

¹⁶⁴ The domestic industry's *** as a share of net sales was *** percent in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. CR/PR at Tables VI-1, C-1.

¹⁶⁵ The domestic industry's *** was \$*** in 2015, \$*** in 2016, \$*** in 2017, \$*** in interim 2017, and \$*** in interim 2018. CR/PR at Tables VI-1, C-1. The domestic industry's *** as a share of net sales was *** percent in 2015, *** percent in 2016, *** percent in 2017, *** percent in interim 2017, and *** percent in interim 2018. *Id.*

¹⁶⁶ CR/PR at Tables VI-5, C-1. The domestic industry's capital expenditures were \$*** in 2015, \$*** in 2016, \$*** in 2017, \$*** in interim 2017, and \$*** in interim 2018. *Id.* CR/PR at Table VI-5. The domestic industry did not *** during the POI. *Id.*

¹⁶⁷ Total net assets were \$*** in 2015, \$*** in 2016, and \$*** in 2017. CR/PR at Table VI-4. The return on assets was *** percent in 2015, *** percent in 2016, and *** percent in 2017. *Id.*

¹⁶⁸ CR/PR at Tables VI-6.

¹⁶⁹ See CR/PR at Table IV-9. The domestic industry's market share was *** percent in 2015 and 2016, and *** percent in 2017. *Id.* It was *** percent in interim 2017 and *** percent in interim 2018. *Id.*

elevated inventories correspond to declining market prices for steel kegs likely due to low-priced subject imports and appear to demonstrate that subject imports prevented American Keg from further increasing its sales of domestically produced steel kegs.¹⁷⁰

We recognize that American Keg is a relatively new producer and may be expected to report losses initially before breaking even. The record indicates that its net losses declined and that its operating loss and net loss ratios improved because of factors such as its increased output enabling it to spread its fixed factory costs over more units of production so that it became less unprofitable.¹⁷¹ However, the record also indicates that American Keg faced large volumes of low-priced subject imports that significantly undersold American Keg's domestically produced kegs. Despite strong demand, the subject imports depressed American Keg's prices and sales values resulting in reduced sales revenues and worse financial performance for the domestic industry than would have otherwise occurred.

In sum, it appears that the domestic industry's prices, revenues, and financial losses were worse than they would have been otherwise because of the subject imports. We therefore find that cumulated subject imports had an adverse impact on the domestic industry.

We have also considered whether there are other factors that may have had an impact on the domestic industry during the POI to ensure that we are not attributing injury from such other factors to subject merchandise. Indeed, respondents argue that subject imports are not responsible for the domestic industry's performance because they do not compete with the domestic producer of steel kegs. They claim that, due to its limited production capacity, American Keg cannot supply large brewers or keg rental/leasing companies that are supplied by subject imports. They argue that American Keg sells to customers in the craft brewery portion of the market that subject imports do not supply.¹⁷² American Keg asserts that subject imports are competing for sales to craft brewers and that it also competes for sales to distributors and keg leasing companies.¹⁷³ We intend to examine the nature of competition between American Keg and the subject imports further in any final phase of these investigations.

Respondents also highlight American Keg's public statements attributing its problems to an increase in raw material costs resulting from the Section 232 tariff imposed on steel products in March 2018.¹⁷⁴ We plan to examine more closely the effects of the Section 232 tariff on American Keg's raw material costs in any final phase of the investigations.

¹⁷⁰ See Petitioner's Postconference Brief at 40-41; CR/PR at Table III-5. American Keg's end-of-period inventories were equivalent to *** and *** percent of U.S. producer's total shipments in 2015 and 2016, respectively, but increased to *** percent of total shipments in 2017. *Id.* Its inventories were also higher in interim 2018 at *** percent of total shipments, compared to *** percent of total shipments in interim 2017. *Id.*

¹⁷¹ See CR/PR at Table VI-1 (reflecting overall declines in per unit factory costs and SG&A expense).

¹⁷² Thielmann's Postconference Brief at 39-40; Blefa's Postconference Brief at 2.

¹⁷³ See Petitioner's Postconference Brief at 33-34.

¹⁷⁴ See Thielmann's Postconference Brief at 40-41. American Keg attributed its layoff of 10 employees in 2018 to the additional raw material costs it expected to incur due to the Section 232 tariff. CR at III-8 n.8, PR at III-5 n.8.

Finally, we have considered the role of nonsubject imports and demand in the U.S. market. Nonsubject imports maintained a not insubstantial presence in the U.S. market during the POI.¹⁷⁵ While nonsubject imports increased during 2015-2017, their market share fluctuated in a relatively narrow range between *** percent and *** percent during the three full years of the POI, and their volume and market share were lower in interim 2018 than in interim 2017.¹⁷⁶ Further, the unit values of U.S. shipments of nonsubject imports in small, medium, and large keg sizes did not decline to nearly the same extent as the unit values of U.S. shipments of subject imports.¹⁷⁷ As described above, demand remained relatively strong from 2015 to 2017.¹⁷⁸ Accordingly, neither nonsubject imports nor trends in demand can explain the domestic industry's performance during the POI.

VII. Conclusion

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

¹⁷⁵ CR/PR at Tables IV-8 & IV-9.

¹⁷⁶ CR/PR at Tables IV-8 & IV-9.

¹⁷⁷ See CR at E-11 & E-13, PR at E-9 & E-11.

¹⁷⁸ See CR/PR at Table C-1.

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 American Keg Company, LLC, Pottstown, Pennsylvania, on September 20, 2018, alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of subsidized refillable stainless steel kegs (“refillable stainless steel kegs”)¹ from China and less-than-fair-value (“LTFV”) imports of refillable stainless steel kegs from China, Germany, and Mexico. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
September 20, 2018	Petitions filed with Commerce and the Commission; institution of Commission investigations (83 FR 48652, September 26, 2018)
October 11, 2018	Commission’s conference
October 15, 2018	Commerce’s notice of initiation, China CVD, (83 FR 52192, October 16, 2018)
October 15, 2018	Commerce’s notice of initiation, China, Germany, and Mexico AD (83 FR 52195, October 16, 2018)
November 2, 2018	Commission’s vote
November 5, 2018	Commission’s determinations
November 13, 2018	Commission’s views

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject in this proceeding.

² Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website (www.usitc.gov).

³ A list of witnesses appearing at the conference is presented in appendix B of this report.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--⁴

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

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

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.

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

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

Organization of report

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

MARKET SUMMARY

Refillable stainless steel kegs are generally used to store beer as well as wine, coffee, cider, soda, and kombucha.⁶ The only known U.S. producer of refillable stainless steel kegs is American Keg Company, LLC (“American Keg”), while leading producers of refillable stainless steel kegs outside the United States include Ningbo Major Draft Beer Equipment Co., Ltd (“Major Draft”) of China, Blefa GmbH (“Blefa”) of Germany, and Thielmann Mexico SA de CV (“Thielmann Mexico”) of Mexico. The leading U.S. importer of refillable stainless steel kegs from China is ***. The leading U.S. importer of refillable stainless steel kegs from Germany is ***, while the leading importer of refillable stainless steel kegs from Mexico are *** and ***. Importers of refillable stainless steel kegs from nonsubject countries (Spain and the Czech Republic) include ***.

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

⁶ Petition, p. 8.

U.S. purchasers of refillable stainless steel kegs are firms that store and sell beverages such as beer, cider, wine, coffee, or kombucha; along with firms that lease or rent refillable stainless steel kegs to end-users. The vast majority of U.S. purchasers of refillable stainless steel kegs are brewers and leasing companies that lease or rent kegs to brewers. Leading purchasers include brewing companies such as ***, ***, ***, ***, ***, ***, ***, and ***; as well as keg rental or leasing companies including ***, ***, and ***.

Apparent U.S. consumption of refillable stainless steel kegs totaled *** units *** in 2017. Currently, one firm is known to produce refillable stainless steel kegs in the United States. The U.S. producer's U.S. shipments of refillable stainless steel kegs totaled *** units *** in 2017, and accounted for *** percent of apparent U.S. consumption by quantity in units and *** percent by value. U.S. imports from subject sources totaled 855,628 units (\$61.6 million) in 2017 and accounted for *** percent of apparent U.S. consumption by quantity in units and *** percent by value. U.S. imports from nonsubject sources totaled *** units *** in 2017 and accounted for *** percent of apparent U.S. consumption by quantity in units and *** 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 one firm that accounted for all U.S. production of refillable stainless steel kegs during 2017. U.S. imports are based on questionnaire data from 28 firms that accounted for the majority of U.S. imports from China, Germany, and nonsubject sources, as well as at least *** percent of U.S. imports from Mexico. Foreign industry data are based on questionnaire responses from *** firms that accounted for the majority of exports from China, and all or virtually all of exports from Germany and Mexico.

PREVIOUS AND RELATED INVESTIGATIONS

Refillable stainless steel kegs have not been the subject of any prior countervailing/or antidumping duty investigations in the United States.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On October 16, 2018, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on refillable stainless steel kegs from China.⁷ Commerce identified the following government programs in China:⁸

⁷ *Refillable Stainless Steel Kegs From the People's Republic of China: Initiation of Countervailing Duty Investigation*, 83 FR 52192, October 16, 2018.

- Policy Loans to the Refillable Stainless Steel Kegs Industry
- Northeast Area Revitalization Program
- Export Loans
- Treasury Bond Loans
- Preferential Lending to Producers and Exporters Classified as “Honorable Enterprises”
- Tax Programs
 - Income Tax Deductions for High or New Technology Enterprises
 - Income Tax Benefits for Domestically Owned Enterprises Engaging in Research and Development
 - Preferential Income Tax Policy for Enterprises in the Northeast Region
- VAT and Tariff Exemptions for Purchases of Fixed Assets under the Foreign Trade Development Fund
- Grant Programs
 - Grants for Energy Conservation and Emission Reduction
 - Special Funds for International Market Expansion
 - China State-Owned Enterprises Restructuring Fund
 - State Key Technology Project Fund
 - “Famous Brands” Awards
 - Guangdong Province HNTA Incubation Program
 - Grants for the Retirement of Capacity
 - Export Assistance Grants
- Government Provision of Goods for LTAR
 - Provision of Land for LTAR to State-Owned Enterprises
 - Provision of Land for LTAR in Economic Development Zones
 - Provision of Stainless Steel Coil for LTAR
 - Provision of Electricity for LTAR

Alleged sales at LTFV

On October 16, 2018, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on refillable stainless steel kegs from China, Germany, and Mexico.⁹ Commerce has initiated antidumping duty investigations based on estimated dumping margins of 204.42 percent for refillable stainless steel kegs from China,

(...continued)

⁸ Enforcement and Compliance Office of AD/CVD Operations Countervailing Duty Investigations Initiation Checklist, Refillable Stainless Steel Kegs from the People’s Republic of China, Case Number, C-570-094, pp. 7-28.

⁹ *Refillable Stainless Steel Kegs From the People’s Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 521195, October 16, 2018.

72.80 percent for refillable stainless steel kegs from Germany, and 18.48 percent for refillable stainless steel kegs from Mexico.¹⁰

THE SUBJECT MERCHANDISE

Commerce's scope

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

The merchandise covered by these investigations are kegs, vessels, or containers that are approximately cylindrical in shape, made from stainless steel (i.e., steel containing at least 10.5 percent chromium by weight and less than 1.2 percent carbon by weight, with or without other elements), and that are compatible with a "D Sankey" extractor (commonly known as a "D Coupler" or "Sankey") (refillable stainless steel kegs) with a nominal liquid volume capacity of 10 liters or more, regardless of the type of finish, gauge, thickness, or grade of stainless steel, and whether or not covered by or encased in other materials. Refillable stainless steel kegs may be imported assembled or unassembled, with or without all components (including spears, couplers or taps, necks, collars, and valves), and be filled or unfilled.

"Unassembled" or "unfinished" refillable stainless steel kegs include drawn stainless steel cylinders that have been welded to form the body of the keg and welded to an upper (top) chime and/or lower (bottom) chime. Unassembled refillable stainless steel kegs may or may not be welded to a neck, may or may not have a valve assembly attached, and may be otherwise complete except for testing, certification, and/or marking.

Subject merchandise also includes refillable stainless steel kegs that have been further processed in a third country, including but not limited to, attachment of necks, collars, spears or valves, heat treatment, pickling, passivation, painting, testing, certification or any other processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the in-scope refillable stainless steel keg.

¹⁰ Ibid.

Specifically excluded are the following:

- (1) Vessels or containers that are not approximately cylindrical in nature (e.g., box, “hopper” or “cone” shaped vessels);*
- (2) stainless steel kegs, vessels, or containers that have either a “ball lock” valve system or a “pin lock” valve system (commonly known as “Cornelius,” “corny” or “ball lock” kegs);*
- (3) necks, spears, couplers or taps, collars, and valves that are not imported with the subject merchandise; and*
- (4) stainless steel kegs that are filled with beer, wine, or other liquid and that are designated by the Commissioner of Customs as Instruments of International Traffic within the meaning of section 332(a) of the Tariff Act of 1930, as amended.*

The merchandise covered by these investigations are currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7310.10.0010, 7310.00.0050, 7310.29.0025, and 7310.29.0050. These HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope of these investigations is dispositive.¹¹

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is imported under Harmonized Tariff Schedule of the United States (“HTSUS” or “HTS”) statistical reporting numbers 7310.10.0010, 7310.10.0050, 7310.29.0025, and 7310.29.0050. The 2018 general rate of duty is “Free” for HTS subheadings 7310.10 and 7310.29. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.¹²

Excluded product (4) from the scope refers to refillable stainless steel kegs that are “Instruments of International Trade” (IIT). Items that are IIT are not subjected to duty and exempt from other aspects of the normal entry process. Items that are classified as IIT fall under HTSUS 9803.50.00¹³ and 19 U.S.C. 1322; 19 CFR10.41a.

Sections 232 and 301 tariff treatment

HTS subheadings 7310.10.00 and 7310.29.00 were not included in the enumeration of iron and steel articles subject to the additional 25-percent *ad valorem* national-security duties

¹¹ *Refillable Stainless Steel Kegs From the People’s Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations*, 83 FR 52195, October 16, 2018.

¹² *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, p. 73-24.

¹³ *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, p. 98-III-2.

under Section 232 of the *Trade Expansion Act of 1962*, as amended.¹⁴ See U.S. notes 16(a) and 16(b), subchapter III of chapter 99.¹⁵ However, coiled stainless steel sheet, the feedstock for producing refillable stainless steel kegs, was included among the articles subject to these additional 25-percent *ad valorem* national-security duties.¹⁶ See U.S. notes 16(a) and 16(b), subchapter III of chapter 99.¹⁷

HTS subheadings 7310.10.00 and 7310.29.00 are subject to an additional initial 10-percent *ad valorem* duty, to rise to 25-percent *ad valorem* (annexes A and C of 83 FR 47974) on January 1, 2019 (annex B of 83 FR 47974), under Section 301 of the *Trade Act of 1974*.¹⁸ See U.S. notes 20(e) and 20(f), subchapter III of chapter 99.¹⁹

THE PRODUCT

Description and applications²⁰

A refillable stainless steel keg, commonly called a “beer keg” or simply a “keg,” is a cylindrical container that stores, transports, and serves various types of beverages whether alcoholic/non-alcoholic or carbonated/noncarbonated. The most common use of a keg is to store beer, wine, coffee, and soda. According to the Petitioner, the keg consists of two body halves, two chimes (rims on the bottom and top (with handle holes) of the keg), a neck piece, and a spear/extractor (for filling, dispensing, and cleaning).²¹ Kegs may or may not be imported with the neck and spear. However, necks or spears imported separately from the keg body are excluded from the scope of these investigations. Figure I-1 shows the components and characteristics of a refillable stainless steel keg.

¹⁴ *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

¹⁵ *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, pp. 99-III-5 - 99-III-6, 99-III-59.

¹⁶ *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

¹⁷ *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, pp. 99-III-5 - 99-III-6, 99-III-59, 99-III-62.

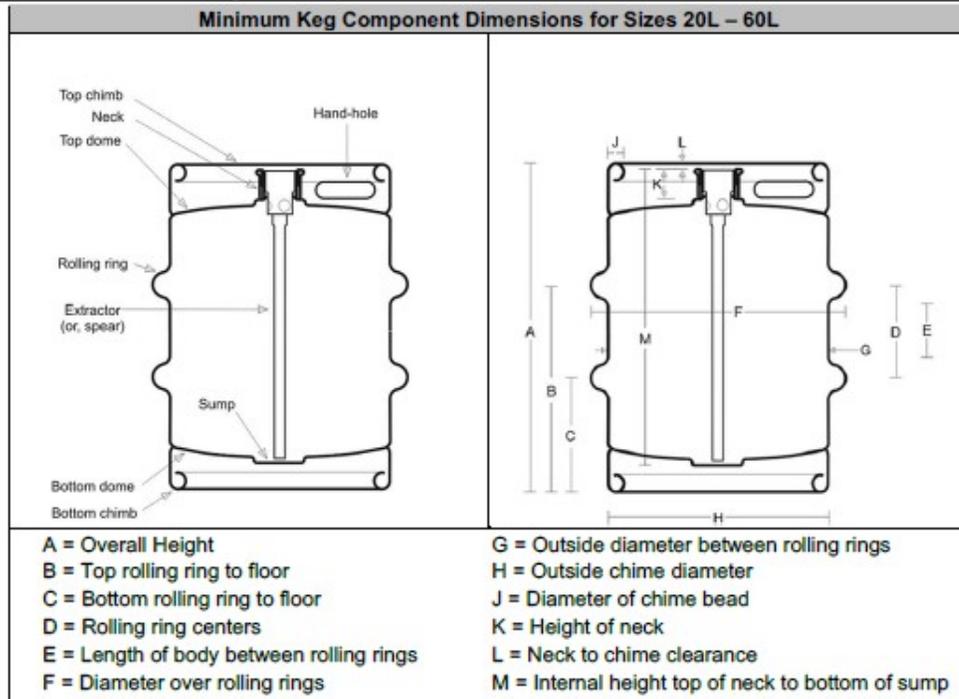
¹⁸ *Notice of Modification of Section 301 Action: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 47974, September 21, 2018.

¹⁹ *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, pp. 99-III-21 - 99-III-22, 99-III-40, 99-III-67.

²⁰ Unless otherwise noted, information in this section is from the Petition, pp. 8-15, 19-22.

²¹ Petition, p. 8.

Figure I-1
Refillable stainless steel kegs: Components and characteristics



Source: Brewers Association, “Performance Guidelines for Refillable Kegs,” August 2017, Revision 1, https://s3-us-west-2.amazonaws.com/brewersassoc/wp-content/uploads/2017/08/Performance_Guidelines_for_Refillable_Kegs.pdf (accessed September 28, 2018).

Refillable stainless steel kegs are produced in various sizes but are typically of 10-liter, one-eighth barrel, one-sixth barrel, 20-liter, one-quarter-barrel, 30-liter, 50 liter, one-half barrel, and European one-half barrel capacities (table I-1). However, the most popular sizes in the United States are the one-half barrel and the one-sixth barrel kegs.

Table I-1

Refillable stainless steel kegs: Characteristics by type and size

Characteristic	10 Liter	1/8 Barrel¹	Cornelius Keg	1/6 Barrel	European 1/2 Barrel
Scope status	In-scope	In-scope	<i>Out-of-scope</i>	In-scope	In-scope
Appearance ²					
Capacity (gallons)	2.64	3.88	5	5.16	6.6
Capacity (liters)	10	14.7	18.9	19.5	25
Nicknames	(³)	(³)	<i>Corny Keg, Soda Keg, Home Brew Keg</i>	Torpedo Keg, Log, Sixth Barrel, Sixtel	25 Litre
End users	(³)	Micro-breweries, home brewers, craft brewers	<i>Home brewers, craft brewers</i>	Micro-breweries, home brewers, craft brewers, restaurants and bars	European breweries
Servings (number):					
12-ounce beers	28	41	53	55	70
16-ounce beers	21	31	40	41	53
Cases (of 12-ounce beers) per keg (number)	1.2	1.8	2.2	2.3	2.9
Dimensions (inches):					
Height	14½	23¾	23	23¾	10½
Diameter	9¼	9¼	9	9¼	16
Weight (pounds):					
Full	(³)	(³)	55	58	(³)
Empty (tare)	9.3	(³)	9	16.5	20.9

Table continued on the next page

Table I-1--Continued
Refillable stainless steel kegs: Characteristics by type and size

Characteristic	Pony Keg	1/4 Barrel	30 Liter	50 Litre	1/2 Barrel
Scope status	In-scope	In-scope	In-scope	In-scope	In-scope
Appearance ²					
Capacity (gallons)	7.75	7.75	7.9	13.2	15.5
Capacity (liters)	29.3	29.3	30	50	58.7
Nicknames	Pony Keg, Quarter Barrel, Stubby Quarter	Slim Quarter, Tall Quarter, Half Keg	Euro Standard 30 Liter Keg	Import Keg, European Barrel, 50 Liter	Half Barrel, Full Keg, Keg
End users	Small parties and other events	Small parties and other events	European breweries	European breweries	American breweries, large parties and other events
Servings (number):					
12-ounce beers	82	82	88	140	165
16-ounce beers	62	62	66	105	124
Cases (of 12-ounce beers) per keg (number)	3.4	3.4	3.7	5.8	6.9
Dimensions (inches):					
Height	13 ³ / ₈	23 ³ / ₈	13 ³ / ₄	20.94	23 ³ / ₈
Diameter	16 ¹ / ₈	11 ¹ / ₈	16	16.06	16 ¹ / ₈
Weight (pounds):					
Full	87	87	91	130	160
Empty (tare)	22	22	25	28	30

¹ The one-eighth barrel keg, an uncommon size, is of the same dimensions and shape as the one-sixth barrel keg, but its bottom 7 inches are hollow. Bestbeer Refrigerator, "Beer Keg Sizes," November 24, 2015.

² Not to exact scale.

³ Not readily available.

Source: Angotti Beverage Co., "Keg Details," 2010; Bestbeer Refrigerator, "Beer Keg Sizes," November 24, 2015; Bestbeer Refrigerator, "How Much Beer is in a Keg?," December 4, 2015; BLEFA Beverage Systems, *Stainless Steel Keg*, Kreutzal, Germany: BLEFA GmbH, 2018; Buy Keg Beer, "Keg Sizes," no date; Flowers, Jeff, "Keg Size Comparison Chart," *Kegeerator.com*, July 24, 2014; JES Restaurant Equipment, "Draft Beer Keg Size Comparison Chart," 2017; Kegworks, "Guide to Beer Keg Sizes and Dimensions," May 9, 2016; Minnetonka Brewing and Equipment Co., "10 Liter Keg," 2018; NDL Keg, "Euro Standard 30 Liter Keg," 2016; The Beer Store, "Keg Sizing," no date.

Raw materials

The primary input material for a refillable stainless steel keg is stainless steel sheet in coil form.²² Stainless steel is a suitable raw material for making kegs due to its sanitary nature, ease of fabrication, corrosion resistance, and other mechanical and physical properties. Wood, copper and aluminum, which historically were used to make kegs, are now largely considered obsolete.

Refillable stainless steel kegs are commonly produced using austenitic stainless steels that conform to American Iron and Steel Institute (“AISI”) designations 301, 304, and 316. Austenitic stainless steel exhibits excellent strength properties at high or cryogenic temperatures and is the most weldable of the high-alloy steels. Austenitic stainless steels have moderate strength in the annealed condition and can be further strengthened by cold-working, but not by heat treatment.²³

Two required components of a refillable stainless steel keg are the neck and the spear. A spear is made out of stainless steel and is based on the type of coupler system. According to the Petitioner, the length of the spear is determined by the internal height of the keg. Some features of the spear may include a carbon-dioxide valve and color and year coding for preventative maintenance. The neck of the keg is made out of cast or forged stainless steel. Generally, the spear and neck are purchased from a secondary source. A keg manufacturer typically sells the spear and neck with the keg, although a keg also can be sold without them.²⁴

Another component is the coupler. Reportedly, kegs are rarely imported with the coupler and if a coupler is imported separately, it is outside the scope of these investigations.²⁵ A coupler is a fitting that has one or two valves that control the flow of liquid out of and gas into a keg.²⁶ There are seven different types of keg coupler systems:

²² Stainless steels are alloy steels that contain, by weight 1.2 percent or less of carbon and 10.5 percent or more of chromium with or without other elements. The most common other alloying elements include: nickel, molybdenum, nitrogen, sulfur, manganese, aluminum, copper, niobium, silicon, titanium, calcium, and selenium. *HTSUS (2018) Revision 13*, USITC Publication No. 4832, October 2018, p. 73-24.

²³ There are three general classifications used to identify stainless steels: (1) metallurgical structure; (2) the AISI numbering system, and (3) the Unified Numbering System (“UNS”). In terms of metallurgical structure, stainless steels are divided into five major classes: martensitic, ferritic, austenitic, precipitation-hardened, and duplex. The AISI numbering system uses the 200, 300, and 400 series for stainless steel. The UNS was developed by the American Society for Testing and Materials (“ASTM”) and Society of Automotive Engineers (“SAE”) to be applicable to all commercial metals and alloys. New grades use a 1-letter and 5-digit UNS number. There are also grades known by a common name that resemble the AISI designation, but are not formally recognized by AISI-- some of which are proprietary.

²⁴ Petitioner’s postconference brief, pp. 110-112.

²⁵ Petition, p. 8.

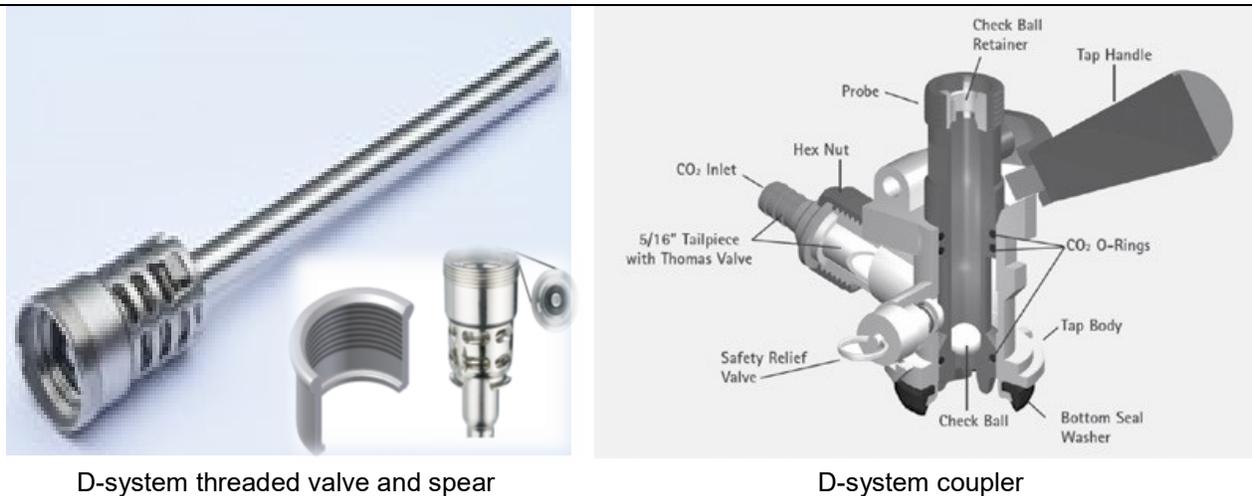
²⁶ Petition, p. 9.

- (1) D Coupler– fits U.S. Sankey keg valves,
- (2) A Coupler– fits most German keg valves.
- (3) G Coupler– fits some European keg valves,
- (4) M Coupler– fits some German keg valves,
- (5) S Coupler– fits European Sankey keg valves,
- (6) U Coupler– fits some European keg valves,²⁷ and the
- (7) L Coupler.

The most common is the D-system spear matched with the D-system coupler (figure I-2).

Figure I-2

Refillable stainless steel kegs: The D-system threaded valve and spear and The D-system coupler



Source: Brewers Association, Performance Guidelines for Refillable Kegs, August 2017, Revision 1, https://s3-us-west-2.amazonaws.com/brewersassoc/wp-content/uploads/2017/08/Performance_Guidelines_for_Refillable_Kegs.pdf (accessed September 28, 2018).

Keg design

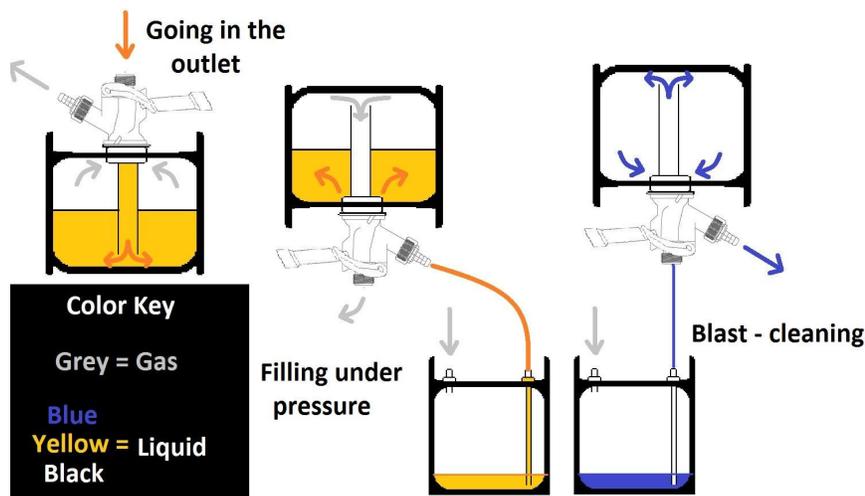
There are many different designs for producing a keg. However, the Petitioner noted that stainless steel kegs are produced using a “Sankey” or “Sanke” technology, a style developed in Europe during the 1960’s. The Sankey keg is designed to have a domed head, dome bottom, straight sidewalls and the ability to be automatically cleaned and filled through the same fitting. Utilizing the same opening for cleaning and filling made this keg design superior to counterparts with two separate openings, and reduces the exposure of the keg’s

²⁷ Flowers, Jeff, “What is a Keg Coupler?” Kegerators Learning Center, December 4, 2013, <https://learn.kegator.com/keg-couplers/> (accessed October 3, 2018).

interior to human and atmospheric contaminants. The Sankey keg is also stackable, has ergonomic handles, and is easier to transport because of the rolling rings protruding from its side.²⁸

Cleaning, filling, and dispensing has become more efficient due to the Sankey design. The cleaning process involves pumping the cleaning solution through the self-closing keg valve and up the internal spear (figure I-3). Unlike the past irregularly shape kegs, the Sankey keg's domed structure for the bottom and head along with its straight sidewalls, allows the cleaning solution to cover the entire interior surface of the keg.²⁹

Figure I-3
Refillable stainless steel kegs: The Sankey keg design, dispensing, filling, and cleaning



Source: Petition, p. 8.

A stainless steel keg also incorporates the keg coupler, which attaches to the valve of the keg and to a carbon-dioxide or nitrogen compressed-gas line. The coupler allows the compressed air to enter the keg and push out the liquid.³⁰ The D-system spear/extractor removes the liquid from the keg using two concentric spring-loaded valves, which are bi-directional and extend to the bottom of the keg body. Dispensed gas enters through the outer valve which forces liquid up the spear and through the inner valve to the dispensing point.³¹

²⁸ Petition, pp. 8-9.

²⁹ Petition, pp. 8-9.

³⁰ Flowers, Jeff, "What is a Keg Coupler?" Kegerators Learning Center, December 4, 2013, <https://learn.kegerator.com/keg-couplers/> (accessed October 3, 2018).

³¹ Petition, p. 10.

The Sankey keg can be filled in either an upright or inverted position—automatic kegging systems fill the Sankey keg in the inverted position. Knowing the tare (empty) weight³² and the capacity weight³³ of a keg is important to avoid either over- or under-filling. For carbonated beverages, the keg is attached to a container filled with the desired fluid, which in turn is attached to the carbon-dioxide container. Pressure from the keg is monitored as it is filled with the liquid.³⁴

Guidelines and specifications for refillable stainless steel kegs

The Petitioner claims that both domestic and imported kegs meet or exceed the Brewers Association Performance Guidelines.³⁵ These guidelines for refillable stainless steel kegs can be broken down into two groups: (1) general industry specifications for the product and (2) the welding guidelines based on the raw-material feedstock. Both the American Society for Testing and Materials (“ASTM”) and American Society of Mechanical Engineers (“ASME”) provide industry guidelines for refillable stainless steels kegs as well as guidelines for welding stainless steels.

The general specifications that cover stainless steel kegs are ASTM A-967, ASTM A-380, ASTM B-912, ASTM D5276-92, ASTM D4003-92, ASTM D4577, ASTM D642, ASTM 117, ASTM D880-92, ASTM D3332-92, ASTM F1115, and ASTM D3070-00.³⁶ The general specifications for welding stainless steel are ASTM A372/ASME SA-312 and ASTM A-358.³⁷

Refillable stainless steel kegs bear a warning label required by the Alcoholic Beverage and Label Act (“ABLA”) as well as three other pressure warning labels related to safe handling and use (table I-2). The Petitioners note that these warning labels, while appearing to be best practice across the industry, are not required by U.S. law. Kegs do bear a country-of-origin stamping, required by U.S. Custom Border Protection.³⁸

³² The tare weight is the officially accepted weight of an empty car, vehicle, or container that when subtracted from gross weight yields the net weight of cargo or shipment upon which charges can be calculated.

³³ The capacity weight is the maximum amount weight that can be contained or accommodated.

³⁴ For more details about the keg washing and filling process, see: IDD Process and Packaging Inc., “Kegs & Keg System Theory & Practice,” <https://www.iddeas.com/s/Kegs-and-Keg-System-Theory-and-Practice.pdf> (accessed October 2, 2018).

³⁵ Petitioner’s postconference brief, p. 112.

³⁶ Brewers Association, “Performance Guidelines for Refillable Kegs,” August 2017, Revision 1, https://s3-us-west-2.amazonaws.com/brewersassoc/wp-content/uploads/2017/08/Performance_Guidelines_for_Refillable_Kegs.pdf (accessed September 28, 2018).

³⁷ ASTM International, *Steel Standards*, <https://www.astm.org/Standards/steel-standards.html> (accessed various dates).

³⁸ Petitioner’s postconference brief, pp. 114-115.

Table I-2
Refillable stainless steel kegs: Warning labels

Type	Text
Alcoholic Beverage Labeling Act	Government Warning: (1) According to the Surgeon General, women should not drink alcoholic beverages during pregnancy because of the risk of birth defects. (2) Consumption of alcoholic beverages impairs your ability to drive a car or operate machinery and may cause health problems.
First pressure warning	Warning: Contents under pressure. Do not remove valve.
Second pressure warning	Warning: Never exceed maximum working pressure of 60 p.s.i.g.
Third pressure warning	Use only tapping equipment and pressure regulator each equipped with a pressure-relief valve.

Source: Petitioner’s postconference brief, p. 114-115.

Manufacturing processes³⁹

The manufacturing processes for domestic and foreign producers of a refillable stainless steel keg are generally the same and use stainless steel sheet in coils as the raw-material feedstock.⁴⁰ The process for creating a stainless steel keg can be broken down into the following steps: (1) stamping and trimming, (2) fabrication and assembly, (3) painting, and (4) valve assembly and final inspection.

Stamping and trimming

In the first step, coiled stainless sheet is loaded onto a decoiler and unwound. The sheet is then fed through a punch press, which creates circular blanks — this is referred to as a “body half.” A hydraulic press draws the circular blanks into the shape of a half cylinder. These half cylinders are produced in various sizes based on the intended capacity of the keg. To avoid gaps, an automatic trimmer cleans the half cylinder.

Stainless steel strip is used to form the chimes of the keg, which is curled by rolling it into a circle. Two elongated (hand) holes are punched into the upper chime to create handles when strip is flat or curled.⁴¹ The Petitioner noted that the top of the chime is stamped with the manufacturer’s name, country of origin, year of production, tare weight, fillable capacity, body material, thickness of the body and chime, and ABLA and other warning labels.⁴² Some kegs also have bar codes at the top of the keg.

³⁹ Unless otherwise noted, information in this section is from the Petition, pp. 15-18.

⁴⁰ Conference transcript, p. 18 (Rolig).

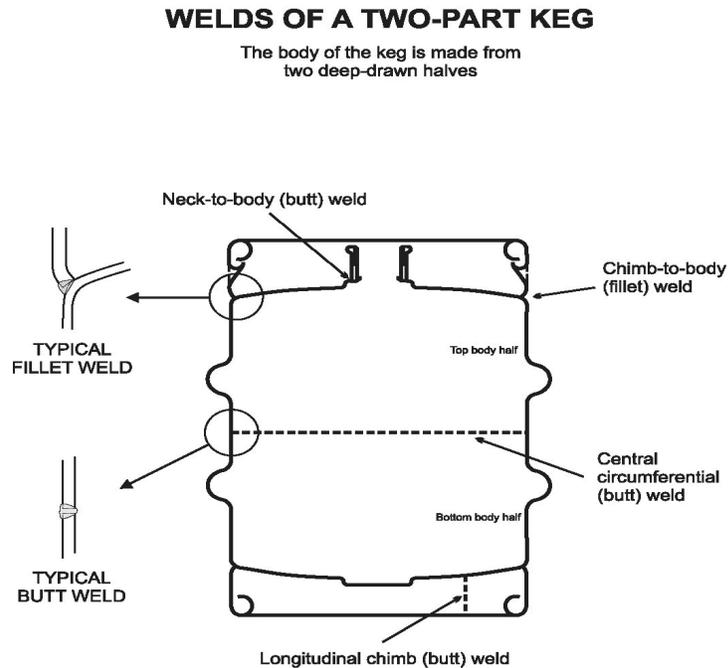
⁴¹ Petition, p. 12.

⁴² Petitioner’s postconference brief, pp. 114-115.

Fabrication and assembly

After the stamping and trimming process, the two-body halves and the two chimes are simultaneously joined together using the tungsten inert gas (“TIG”) welding process (figure I-4). The upper chime is welded to the upper body (chime-to-body (fillet) weld) and the lower chime is welded to the lower body (longitudinal chime (butt) weld). The two body halves are welded together producing a central circumferential (butt) weld. A hole is then punched into the top of the cylinder for the insertion of a threaded valve flange, which is welded to the top body (neck-to-body (butt) weld).⁴³

Figure I-4
Refillable stainless steel kegs: Assembly and welding details



Source: Brewing, Food & Beverage Industry Suppliers Association (“BFBI”), *Cellar/Dispense, Keg & Cask, Industry Standards & Specifications for the Design, Manufacture, Performance and Purchase of Kegs*, no date, <https://www.bfbi.org.uk/keg-and-cask/keg-and-cask--information> (accessed October 11, 2018).

⁴³ Brewing, Food & Beverage Industry Suppliers Association (“BFBI”), *Cellar/Dispense, Keg & Cask, Industry Standards & Specifications for the Design, Manufacture, Performance and Purchase of Kegs*, no date, <https://www.bfbi.org.uk/keg-and-cask/keg-and-cask--information> accessed October 11, 2018.

The keg is then “pickled” in an acid bath, passivated, and cleaned to ensure food-grade compliance and corrosion resistance.⁴⁴ A keg is pulled from the production line and sent to an inspection station for testing: (1) of the weld seams strength, which should be as strong as the steel grade used, and (2) water pressurization for expansion.

Painting

The manufactures of refillable stainless steel kegs may have their name and logo embossed or painted on the keg. The purchaser can also request customization of the keg to their specifications. In most cases, the majority of the keg’s surface is unpainted.

Valve assembly and final inspection

After the keg is painted, a valve is placed into the flange opening and the final inspection of the keg is completed by submerging the keg in water and performing an air pressurization to test for any leaks.

DOMESTIC LIKE PRODUCT ISSUES

No issues with respect to domestic like product have been raised in these investigations. Petitioners contend that refillable stainless steel kegs constitute a single domestic like product coextensive with the scope of the investigations.⁴⁵ For the purposes of the preliminary investigations, respondents stated they accept the like product as defined by petitioners.⁴⁶

⁴⁴ Petition, p. 13.

⁴⁵ Petition, pp. 33-34.

⁴⁶ Conference transcript, pp. 111-112 (Lewis).

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

U.S. MARKET CHARACTERISTICS

There are six common sizes of imported refillable stainless steel kegs in the U.S. market: ½ barrel, ¼ barrel, 1/6 barrel, 50 liter, 30 liter, and 10 liter.¹ However the ½ barrel and 1/6 barrel are estimated to make up more than 80 percent of the U.S. market.² The U.S. market for refillable stainless steel kegs has grown since 2015, primarily as a result of demand from new craft breweries.³

Refillable stainless steel kegs are purchased in the largest volumes by a relatively small number of large brewers and keg leasing/rental companies. Small and craft breweries purchase in smaller orders and constitute a smaller share⁴ of U.S. demand for refillable stainless steel kegs.⁵ There are approximately 6,000-7,000 end user companies of refillable stainless steel kegs in the United States, more than 4,000 of which are craft brewers that lease or rent kegs as a means to reduce capital expenditures.⁶

American Keg Company, LLC (American Keg) is the only known U.S. producer of refillable stainless steel kegs, and typically supplies less than *** percent of U.S. consumption. *** primarily supplies small and craft brewers, while larger brewers, distributors, and leasing companies typically purchase kegs from subject import sources that have larger production capacities.⁷

Apparent U.S. consumption of refillable stainless steel kegs decreased *** percent from 2015 to 2016, and then increased *** percent from 2016 to 2017. Overall, apparent U.S. consumption in 2017 (*** units) was *** percent higher than in 2015 (*** units). Apparent U.S. consumption for interim January-June 2018 (*** units) was *** percent lower than in interim January-June 2017 (*** units).

CHANNELS OF DISTRIBUTION

U.S. producers sold mainly to beer manufacturers/breweries. Importers of Chinese kegs sold almost entirely to beer manufacturers/breweries, importers of German kegs sold more than *** to distributors, and importers of Mexican kegs sold mostly to beer manufacturers/breweries and other end users, as shown in table II-1.

¹ Petition, p. 11.

² Petition, p. 11.

³ Conference transcript, p. 10 (Kentz).

⁴ Small and independent craft brewers represent 12.7 percent market share by volume of the overall beer industry. Conference transcript, pp. 117-118 (Jacobson); Respondent Thielmann's postconference brief, p. 23, Exhibit 3 Brewers Association, 2017 National beer sales and production data.

⁵ Conference transcript, p. 20 (Rolig), American Keg slideshow exhibit, EDIS document ID: 658773.

⁶ Petition, p. 35; Conference transcript, p. 94 (Galvez).

⁷ Conference transcript, pp. 90-92 (Galvez). ***.

Table II-1

Refillable stainless steel kegs: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2015-17, January-June 2017 and January-June 2018

* * * * *

GEOGRAPHIC DISTRIBUTION

U.S. producers and importers reported selling refillable stainless steel kegs to all regions in the contiguous United States (table II-2). For U.S. producers, *** percent of sales were within 100 miles of their production facility, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers sold 25 percent within 100 miles of their U.S. point of shipment, 43 percent between 101 and 1,000 miles, and 32 percent over 1,000 miles.

Table II-2

Refillable stainless steel kegs: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	China	Germany	Mexico	Subject U.S. importers
Northeast	***	9	***	***	13
Midwest	***	8	***	***	12
Southeast	***	9	***	***	14
Central Southwest	***	8	***	***	12
Mountain	***	9	***	***	13
Pacific Coast	***	8	***	***	12
Other ¹	***	5	***	***	7
All regions (except Other)	***	8	***	***	12
Reporting firms	***	9	***	***	14

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Table II-3 provides a summary of the supply factors regarding refillable stainless steel kegs from U.S. producers and from subject countries. Subject countries maintain significantly higher capacities and capacity utilization ratios than U.S. producers.

Table II-3

Refillable stainless steel kegs: Supply factors that affect the ability to increase shipments to the U.S. market

* * * * *

Domestic production

Based on available information, U.S. producers of refillable stainless steel kegs have the ability to respond to changes in short-term demand with small-to-moderate changes in the quantity of shipments of U.S.-produced refillable stainless steel kegs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the substantial availability of unused capacity, and relatively large inventories. Factors mitigating responsiveness of supply include minimal total capacity, limited ability to shift shipments from alternate markets, no ability to shift production to or from alternate products, and increasing raw material costs for steel inputs which were likely to be influenced by the announcement and implementation of Section 232 tariffs.⁸

American Keg *** between 2015 and 2017; however, absolute capacity *** to supply large orders from major brewers. American Keg ***. American Keg reported that it *** used to produce refillable stainless steel kegs.

Subject imports from China

Based on available information, producers of refillable stainless steel kegs from China have the ability to respond to changes in demand with large changes in the quantity of shipments of refillable stainless steel kegs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, and substantial ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply

⁸ As discussed in Part I, “Sections 232 and 301 tariff treatment,” the President announced on March 8, 2018 that an additional 25 percent ad valorem rate of duty with respect to steel articles defined at the Harmonized Tariff Schedule 6-digit level as 7206.10 through 7216.50, 7216.99 through 7301.10, 7302.10, 7302.40 through 7302.90, and 7304.10 through 7306.90, would apply to imports of steel articles from all countries except Canada and Mexico. Between March and May 2018, exemptions to these tariffs were announced for Argentina, Australia, Brazil, Canada, Mexico, member countries of the European Union, and South Korea, and import quotas were agreed to by Argentina, Brazil, and South Korea. As of May 2018, exemptions have lapsed for all countries except Australia, which is the only country currently exempt from both import duties and absolute quotas of steel articles.

In June 2018, the European Union adopted a regulation to put in place tariffs on certain steel and other products. See European Commission website, EU adopts rebalancing measures in reaction to US steel and aluminum tariffs, available at 8, retrieved September 20, 2018.

include limited inventories, the inability to shift production to or from alternate products, and the introduction of Section 301 trade actions.⁹

Chinese production capacity increased by approximately *** percent from 2015 to 2017. The vast majority of Chinese refillable stainless steel kegs are shipped to export markets. Responding Chinese producers produce no other products on the same equipment that produces refillable stainless steel kegs. Other principal export markets for Chinese producers include Australia, Brazil, Canada, France, Germany, Kazakhstan, Russia, Spain, Ukraine, Vietnam, East Asia, and South Asia. Although production of refillable stainless steel kegs is highly consolidated in most countries, Chinese producers and exporters are more numerous than in any other country.¹⁰

Subject imports from Germany

Based on available information, producers of refillable stainless steel kegs from Germany have the ability to respond to changes in demand with moderate changes in the quantity of shipments of refillable stainless steel kegs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include limited availability of unused capacity, limited inventories, and the inability to shift production to or from alternate products.

German production capacity increased by approximately *** percent from 2015 to 2017. There are no other products that responding German producers can produce on the same equipment that produces refillable stainless steel kegs. Other principal export markets for German producers include Australia, Canada, European Union, Russia, and the United Kingdom.

Subject imports from Mexico

Based on available information, Mexican producer Thielmann Mexico has the ability to respond to changes in demand with moderate changes in the quantity of shipments of refillable stainless steel kegs to the U.S. market. The main contributing factors to this degree of responsiveness of supply are some availability of unused capacity, relatively higher inventories, and the ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include relatively modest capacity and the inability to shift production to or from alternate products.

Mexican production capacity remained unchanged from 2015 to 2017. There are no other products that Thielmann Mexico can produce on the same equipment that produces

⁹ Section 301 trade actions imposed 10 percent tariffs on imports of refillable stainless steel kegs from China in September, 2018. These tariffs are currently scheduled to increase to 25 percent on January 1, 2019.

¹⁰ Petitioner's postconference brief, p. 24.

refillable stainless steel kegs. Other principal export markets for Mexican refillable stainless steel kegs include the Brazil, Argentina, and Chile.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports in 2017. Spain was the most commonly cited source of nonsubject imports of refillable stainless steel kegs during January 2015-June 2018.¹¹

Supply constraints

Six importer questionnaires reported supply constraints. *** reported issues with lead times and logistic constraints, and that American Keg does not have the capacity or certification required by large purchasers of refillable stainless steel kegs.¹² *** reported a short supply of stainless steel kegs and rising steel prices. *** reported that in 2015-16 demand outpaced supply. *** reported experiencing backorders due to spikes in demand and a lack of domestic suppliers. *** reported being unable to meet the demand of customers, and being unable to meet lead time requirements. *** reported running out of inventory.

Purchaser *** reported that there is not a viable domestic producer that meets the desired specifications and lead times. Purchaser *** reported that American Keg has not attained approval from large brewers to complete a supplier qualification process.¹³

U.S. demand

U.S. demand for refillable stainless steel kegs is primarily driven by beer consumption.¹⁴ Based on available information, the overall demand for refillable stainless steel kegs is likely to experience small-to-moderate changes in response to changes in price. The main contributing factor is the limited range of substitute products. A small number of major beer companies and large keg leasing/rental companies account for the vast majority of demand for refillable stainless steel kegs in the United States.¹⁵ The fastest growing source of new demand for refillable stainless steel kegs since 2015 has come from craft brewers entering the market.¹⁶ Approximately 5 percent of all kegs are expected to be replaced due to loss or damage each

¹¹ Official U.S. import statistics may include out-of-scope products within the HTS statistical reporting numbers that are used for refillable stainless steel kegs. Spain was cited as a source of nonsubject imports by ***. The Czech Republic was cited as a source of nonsubject imports by ***.

¹² Respondent Blefa's postconference brief, p. 2.

¹³ Petitioner confirmed that American Keg has not completed a distributor qualification process. Conference transcript, p. 81 (Rickard).

¹⁴ Petitioner's postconference brief, p. 23.

¹⁵ Respondent Thielmann's postconference brief, p. 1, p. 8.

¹⁶ Conference transcript, p. 20 (Rolig). Respondent Thielmann's postconference brief, p. 7.

year.¹⁷ Demand for refillable stainless steel kegs is seasonal, with a clear high season in the U.S. market that goes from January to June.¹⁸ Seasonal demand is largely reflective of increased beer consumption during summer months.

End uses and cost share

Refillable stainless steel kegs are used to store beer, wine, coffee, cider, soda, and kombucha.¹⁹ U.S. demand for refillable stainless steel kegs depends primarily on the demand for beer storage, and to a lesser degree on demand for the storage of other beverages.

Refillable stainless steel kegs account for a small share of the cost of the end-use beverage products for which the keg may be used over the course of a keg’s lifespan. Spread out over the long expected lifespan of a keg (10 to 30 years)²⁰ the cost share of refillable stainless steel kegs is less than the value of the beverages that are stored and served throughout the keg’s lifespan.

Business cycles

*** and 17 of 24 importers *** indicated that the market was subject to business cycles and/or conditions of competition. Specifically, *** and 15 importers reported seasonality resulting from higher consumption of draft beer during warmer months. Importers also reported changes including increased demand, new breweries, increased competitors, and varying raw material and transportation costs.

Demand trends

Most firms reported an increase in U.S. demand for refillable stainless steel kegs since January 1, 2015 (table II-4).

Table II-4
Refillable stainless steel kegs: Firms’ responses regarding U.S. demand and demand outside the United States

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers	***	***	***	***
Importers	9	3	3	7
Demand outside the United States				
U.S. producers	***	***	***	***
Importers	7	2	1	8

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

¹⁷ Conference transcript, p. 114 (Galvez).

¹⁸ Conference transcript, p. 90 (Galvez).

¹⁹ Petition, pp. 8-9.

²⁰ Conference transcript, p. 19 (Rolig).

Substitute products

Substitutes for refillable stainless steel kegs are limited. Corny kegs are not typically compatible with the valve and coupling systems used in refillable stainless steel kegs, and single-use plastic kegs are less durable, not designed to withstand the cleaning process, and risk degrading the quality of the contents.²¹ *** reported that there are no suitable substitutes. Fifteen of 24 importers reported plastic kegs as a substitute, 4 of 20 importers reported aluminum kegs as a substitute, and three importers reported other substitutes which included tanks, aluminum cans, and glass beer bottles.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported refillable stainless steel kegs depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is high degree of substitutability between domestically produced refillable stainless steel kegs and refillable stainless steel kegs imported from subject sources. Many brewers can use standardized kegs from different countries interchangeably, and have more than one brand of keg in their fleet.²²

Lead times

Refillable stainless steel kegs are primarily produced-to-order by the U.S. producer and sold from inventory by subject U.S. importers. American Keg reported that *** percent of its commercial shipments were produced-to-order, with lead times averaging *** days. The remaining *** percent of their commercial shipments came from inventories, with lead times averaging *** days. Subject U.S. importers reported that approximately 60.6 percent of their commercial shipments came from U.S. inventories, with lead times averaging 10 days. U.S. importers reported that 21.9 percent of their commercial shipments came from foreign inventories with lead times averaging 45 days, and the remaining 17.5 percent of commercial shipments were produced to order with lead times averaging 65 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations²³ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for refillable

²¹ Conference transcript, pp. 19-20 (Rolig).

²² Conference transcript, pp. 27-28 (Rubeo), pp. 32-33 (Czachor).

²³ This information is compiled from responses by purchasers identified by the Petitioner, or other U.S. importers that self-identified as purchasers of refillable stainless steel kegs. See Part V for additional information.

stainless steel kegs. Of 11 responding purchasers, the most commonly cited purchasing factors identified include quality (cited by ten firms), price (cited by seven firms), customer service (cited by four firms), and availability (cited by four firms). Additional reported purchasing factors include lead times, ease of doing business, and purchasing from a U.S. agent.

Comparison of U.S.-produced and imported refillable stainless steel kegs

In order to determine whether U.S.-produced refillable stainless steel kegs can generally be used in the same applications as imports from China, Germany, and Mexico, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-5, American Keg reported that refillable stainless steel kegs are *** interchangeable between all countries. A majority of importers reported that kegs from the United States and subject countries are always or frequently interchangeable.

Table II-5
Refillable stainless steel kegs: Interchangeability between refillable stainless steel kegs produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	***	***	***	***	7	6	6	1
U.S. vs. Germany	***	***	***	***	5	7	4	1
U.S. vs. Mexico	***	***	***	***	4	6	4	1
Subject countries comparisons:								
China vs. Germany	***	***	***	***	4	4	6	---
China vs. Mexico	***	***	***	***	3	4	6	---
Germany vs. Mexico	***	***	***	***	4	7	4	---
Nonsubject countries comparisons:								
U.S. vs. nonsubject	***	***	***	***	3	4	4	1
China vs. nonsubject	***	***	***	***	3	4	5	---
Germany vs. nonsubject	***	***	***	***	3	5	4	---
Mexico vs. nonsubject	***	***	***	***	3	5	4	---

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of refillable stainless steel kegs from the United States, subject, or nonsubject countries. As seen in table II-6, American Keg reported that differences other than price are *** significant for refillable stainless steel kegs. A majority of importers reported that differences other than price are always or frequently significant between refillable stainless steel kegs from the United States and subject countries. Differences other than price were usually attributed to quality, availability, and delivery lead times.

Table II-6

Refillable stainless steel kegs: Significance of differences other than price between refillable stainless steel kegs produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. subject countries:								
U.S. vs. China	***	***	***	***	6	6	1	4
U.S. vs. Germany	***	***	***	***	4	6	1	4
U.S. vs. Mexico	***	***	***	***	2	6	2	2
Subject countries comparisons:								
China vs. Germany	***	***	***	***	2	4	3	3
China vs. Mexico	***	***	***	***	1	4	4	1
Germany vs. Mexico	***	***	***	***	1	4	3	3
Nonsubject countries comparisons:								
U.S. vs. nonsubject	***	***	***	***	3	4	2	1
China vs. nonsubject	***	***	***	***	1	3	5	1
Germany vs. nonsubject	***	***	***	***	1	4	3	2
Mexico vs. nonsubject	***	***	***	***	1	5	3	1

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

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

PART III: U.S. PRODUCER’S 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/or 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 response of one firm that accounted for all of the U.S. production of refillable stainless steel kegs during 2017.

U.S. PRODUCER

The Commission issued a U.S. producer questionnaire to one firm based on information contained in the petition,¹ and the only known U.S. producer provided usable data on its productive operations. Staff believes that this response represents all U.S. production of refillable stainless steel kegs.²

Table III-1 lists the U.S. producer of refillable stainless steel kegs, its production location, position on the petition, and shares of total production.

Table III-1
Refillable stainless steel kegs: U.S. producer American Keg’s production location, position on the petition, and share of reported production, 2017

Firm	Position on petition	Production location	Share of production (percent)
American Keg	Petitioner	Pottstown, PA	100.0
Total			100.0

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

The U.S. producer, American Keg, is not related to foreign producers or U.S. importers of refillable stainless steel kegs. However, as discussed in greater detail below, American Keg

¹ Prior to Geemacher and now American Keg Company, the only U.S. manufacturer of refillable stainless steel kegs was Spartanburg Stainless Products, Inc., in South Carolina. In November 2006, Franke Beverage Containers, a Swiss company which also owns German keg manufacturer, Franke Blefa, acquired Spartanburg Stainless. ***. Petition, pp. 4-5, and Staff telephone interview with *** October 10, 2018.

² In 2016, American Keg Company, LLC purchased the assets of Geemacher LLC’s refillable stainless steel keg manufacturing facility in Pottstown, Pennsylvania and continued production at that location. Geemacher had been operating since February 2007. Petition, p. 3.

directly imports refillable stainless steel kegs from China.³ American Keg reported *** purchases from U.S. importers.

Table III-2 presents American Keg's reported changes in operations since January 1, 2015.

Table III-2
Refillable stainless steel kegs: U.S. producer American Keg's reported changes in operations, since January 1, 2015

* * * * *

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 and figure III-1 present American Keg's production, capacity, and capacity utilization. Capacity increased at the Pottstown facility by *** percent during 2015-17, as American Keg reported ***.⁴ In spite of the added capacity both in 2016 and 2017, production decreased by *** percent in 2016 compared to the previous year from *** units but increased by *** percent to *** units in 2017. Capacity utilization decreased by *** percentage points,⁵ from *** percent, from 2015 to 2016, but recovered to *** percent in 2017. Capacity, production, and capacity utilization⁶ remained stable during interim period January to June 2017 to January to June 2018.

³ American Keg states that the company has been importing kegs since 2007 and that it offers Chinese imports, along with a 2-year warranty. *American Keg webpage*, <http://www.americankeg.com/faqs.html>, retrieved October 28, 2018.

⁴ Response to U.S. producer questionnaire, II-2. Capacity utilization increased by *** percentage points

⁵ The company stated the ***.

⁶ In its postconference brief, respondent *** contested the petitioner's questionnaire reported data regarding capacity calculations and utilization, p. 37. The petitioner responded that ***. American Keg email message to USITC staff, October 18, 2018.

Table III-3

Refillable stainless steel kegs: U.S. producer American Keg's production, capacity, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * *

Figure III-1

Refillable stainless steel kegs: U.S. producer American Keg's production, capacity, and capacity utilization, 2015-17, January to June 2017, and January to June 2018

* * * * *

Alternative products

American Keg reported no other product produced in the same machinery.

U.S. PRODUCER'S U.S. SHIPMENTS AND EXPORTS

Table III-4 presents U.S. producer American Keg's U.S. shipments, export shipments, and total shipments. American Keg's U.S. shipments of domestically produced refillable stainless steel kegs exhibited similar trends to those of production and capacity. U.S. shipments decreased between 2015 and 2016 by *** percent and then increased by *** percent in 2017. While the value of U.S. shipments increased by *** percent over 2015-17, unit values steadily decreased from \$*** to \$*** per unit. During January to June 2018, U.S. shipments decreased by *** percent and increased by \$*** per unit compared to January to June 2017.

Table III-4

Refillable stainless steel kegs: U.S. producer American Keg's U.S. shipments, exports shipments, and total shipments, 2015-17, January to June 2017, and January to June 2018

* * * * *

U.S. PRODUCER'S INVENTORIES

Table III-5 presents U.S. producer American Keg's end-of-period inventories and the ratio of these inventories to U.S. producer's production, U.S. shipments, and total shipments. The U.S. producer's end-of-year inventories decreased by *** percent between 2015 and 2016, but in 2017 increased by *** percent compared to the previous year. End-of-year inventories were *** percent higher during January to June 2018 than in the same period in 2017. Inventories were equivalent to *** and *** percent of U.S. producer's total shipments in 2015 and 2016, respectively, but increased to *** percent of total shipments in 2017. Inventories were also higher in January to June 2018 at *** percent of total shipments, compared to *** percent of total shipments in January to June 2017.

Table III-5
Refillable stainless steel kegs: U.S. producer American Keg's inventories, 2015-17, January to June 2017, and January to June 2018

* * * * *

U.S. PRODUCER'S IMPORTS AND PURCHASES

American Keg's imports and purchases of refillable stainless steel kegs are presented in table III-6. American Keg reported importing subject refillable stainless steel kegs from China. According to American Keg's U.S. importer's questionnaire response, the firm ***.⁷ In 2017, the firm reported importing *** refillable stainless steel keg units from China, which represents a *** percent decrease in imports from 2015, at *** units. Imports were also lower by *** percent in January to June 2018, compared to January to June in 2017. The ratio of U.S. imports to production was *** percent in 2017.

Table III-6
Refillable stainless steel kegs: U.S. producer American Keg's U.S. production, imports and purchases, 2015-17, January to June 2017, January to June 2018

* * * * *

⁷ U.S. importer's questionnaire response, II-5a.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-7 shows U.S. producer American Keg's employment-related data. The number of production and related workers increased during 2015-17, rising from *** to *** employees. However, the number of production and related workers was lower by *** employees in January to June 2018 compared to January to June 2017. Hourly wages decreased in 2017 to \$*** from \$*** the previous year. Productivity decreased in 2016 but then increased in 2017 by *** percent in units per 1,000 hours, which also corresponds to the increased shipments of ***.⁸ Also see Part VI of this report for more information on direct labor.

Table III-7

Refillable stainless steel kegs: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2015-17, January to June 2017 and January to June 2018

* * * * *

⁸ American Keg attributed the company's 2018 layoffs to the U.S. Administration's imposition of 25-percent ad valorem national-security duties on imports of steel under Section 232 of the Trade Expansion Act of 1962. *Natural Resource Report webpage*, <http://naturalresourcereport.com/2018/03/trump-tariff-backlash-keg-company-lays-off-third-workforce/>, retrieved October 28, 2018 and *NPR's webpage*, <https://www.npr.org/2018/03/24/596744980/trumps-tariffs-lead-to-layoffs-at-steel-beer-keg-company>, retrieved October 28, 2018.

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 154 firms believed to be importers of subject refillable stainless steel kegs, as well as to all U.S. producers of refillable stainless steel kegs.¹ Usable questionnaire responses were received from 28 companies, representing the majority of imports from China,² Germany,³ and nonsubject sources, as well as *** percent of imports from Mexico,⁴ in 2017. Table IV-1 lists all responding U.S. importers of refillable stainless steel kegs from China, Germany, and Mexico and other sources, their locations, and their shares of U.S. imports, in 2017.⁵

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total imports under HTS subheading HTS subheadings 7310.10.0010, 7310.00.0050, 7310.29.0025, and 7310.29.0050 in 2017.

² Staff estimates that questionnaire responses account for the majority of imports from China in 2017, including the largest importers from China (***).

³ The Commission received questionnaire responses from the two largest producers in Germany, ***. Based on ***, staff estimates a coverage for the majority of imports from Germany.

⁴ The Commission received questionnaire responses from the largest producer in Mexico, ***, along with responses from its U.S. affiliate importer and other U.S. firms which identified as importers by the Mexican producer. Based on these firms reported data, staff estimates a coverage of at least *** percent for Mexico.

⁵ The following firms certified that they have not imported refillable stainless steel kegs, Burgstahler Machine Works, Coronado Brewing Company, Major Keg USA, Inc., MoreFlavor Inc., North American Breweries, Inc., Revolution Beer, LLC, TML Industries Ltd., and Unican Ohio LLC.

Table IV-1
Refillable stainless steel kegs: U.S. importers by source, 2017

Firm	Headquarters	Share of imports by source (percent)					
		China	Germany	Mexico	Subject sources	Non-subject sources	All import sources
ABS Commercial	Raleigh, NC	***	***	***	***	***	***
Ambrach	Portland, OR	***	***	***	***	***	***
All Safe	Wyoming, MN	***	***	***	***	***	***
American Keg	Pottstown, PA	***	***	***	***	***	***
Anheuser-Busch	St. Louis, MO	***	***	***	***	***	***
Bells	Galesburg, MI	***	***	***	***	***	***
Blefa	La Vergne, TN	***	***	***	***	***	***
Duvel	Kansas City, MO	***	***	***	***	***	***
G4 Kegs	Tualatin, OR	***	***	***	***	***	***
Jordan Lake	Cary, NC	***	***	***	***	***	***
Kegstar	San Diego, CA	***	***	***	***	***	***
Lagunitas	Petaluma, CA	***	***	***	***	***	***
Minnetonka	Minnetonka, MN	***	***	***	***	***	***
NDL	Ferndale, MI	***	***	***	***	***	***
New Belgium	Fort Collins, CO	***	***	***	***	***	***
Odell	Fort Collins, CO	***	***	***	***	***	***
Pfriem	Hood River, OR	***	***	***	***	***	***
Schaefer	Atlanta, GA	***	***	***	***	***	***
Standard Kegs	Miami Gardens, FL	***	***	***	***	***	***
Stone	Escondido, CA	***	***	***	***	***	***
Stout Tanks	Portland, OR	***	***	***	***	***	***
SweetWater	Atlanta, GA	***	***	***	***	***	***
Thielmann Mexico	San Luis Potosi, SL	***	***	***	***	***	***
Thielmann Spain	Pulianas (Granada), SP	***	***	***	***	***	***
Thielmann USA	Houston, TX	***	***	***	***	***	***
Upslope	Boulder, CO	***	***	***	***	***	***
XEO Brewing	Decatur, AL	***	***	***	***	***	***
Yuengling	Pottsville, PA	***	***	***	***	***	***
Total		***	***	***	***	***	***

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

U.S. IMPORTS

Table IV-2 presents data for U.S. imports of refillable stainless steel kegs from China, Germany, Mexico and all other sources. The quantity of subject imports of refillable stainless steel kegs from the three subject countries increased by 8.3 percent from 2015 to 2016, and then decreased by 1.0 percent from 2016 to 2017, and was 16.0 lower in January to June 2018 than in January to June 2017. As a share of quantity of total imports, imports of refillable stainless steel kegs from the three subject countries ranged from 75.2 to 80.4 percent during 2015-17 and was higher by 9.5 percentage points in January to June 2018 than in the previous year. The aggregate average unit values of imports of refillable stainless steel kegs from the three subject countries decreased from \$90 to \$78 from 2015 to 2017, but were higher in January to June 2018 at \$95, compared to \$91 in January to June 2017. The ratio of subject imports to U.S. production decreased during 2015-17 from *** to ***, and was *** percent in January to June 2018.

The quantity of imports of refillable stainless steel kegs from both China and Germany increased 2015-16, but decreased in 2017. Mexico exhibited an opposite trend with a decrease during 2015-16 and an increase in 2017. The share in quantity of U.S. imports of refillable stainless steel kegs was *** percent for China, *** percent for Germany, and *** percent for Mexico in 2017, while average unit values were \$54 for China, \$*** for Germany, and \$*** Mexico in 2017.

Table IV-2
Refillable stainless steel kegs: U.S. imports by source, 2015-17, January to June 2017, January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (units)				
U.S. imports from.-- China	300,048	301,298	294,145	161,240	132,918
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	814,510	882,445	873,437	429,207	360,428
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.-- China	18,009	16,793	15,846	8,614	7,674
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	73,013	66,000	68,127	38,863	34,189
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per unit)				
U.S. imports from.-- China	60	56	54	53	58
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	90	75	78	91	95
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports from.-- China	***	***	***	***	***
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Table continued on the next page.

Table IV-2--Continued
Refillable stainless steel kegs: U.S. imports by source, 2015-17, January to June 2017, January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
Share of value (percent)					
U.S. imports from.-- China	***	***	***	***	***
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Ratio to U.S. production					
U.S. imports from.-- China	***	***	***	***	***
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Figure IV-1
Refillable stainless steel kegs: U.S. import volumes and prices, 2015-17, January to June 2017, January to June 2018

* * * * *

Table IV-3
Refillable stainless steel kegs: U.S. imports controlled by U.S. producer American Keg, by source, 2015-17, January to June 2017, January to June 2018

* * * * *

NEGLIGENCE

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

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)).

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 As shown on table IV-4, imports of refillable stainless steel kegs from China accounted for *** percent of the total imports of refillable stainless steel kegs from September 2017 through August 2018. Imports of refillable stainless steel kegs from Germany accounted for *** percent of the total imports of refillable stainless steel kegs from September 2017 through August 2018. Imports of refillable stainless steel kegs from Mexico accounted for *** percent of the total imports of refillable stainless steel kegs from September 2017 through August 2018.

Table IV-4
Refillable stainless steel kegs: U.S. imports in the twelve month period preceding the filing of the petition, September 2017 through August 2018

Item	September 2017 through August 2018	
	Quantity (units)	Share quantity (percent)
U.S. imports from.-- China	269,286	***
Germany	***	***
Mexico	***	***
Subject sources	900,898	***
Nonsubject sources	***	***
All import sources	***	***

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

CUMULATION CONSIDERATIONS

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

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

Fungibility

The only known U.S. producer, American Keg, reported focusing its production mainly on two types of refillable stainless steel keg: (the 1/6 barrel and 1/2 barrel) due to U.S. market demands.⁸ According to the petitioner, refillable stainless steel kegs have the same physical characteristics with respect to strength, durability, stain resistance, and rust/corrosion resistance, among other characteristics.⁹ The petitioner identified the most prominent six sizes of imported refillable stainless steel kegs: 1/2 barrel, 1/4 barrel, 1/6 barrel, 50 liter, 30 liter, and 10 liter. The petitioner estimates that 1/6 barrel kegs and 1/2 barrel kegs make up about *** of the market.¹⁰ Table IV-5 presents data collected on U.S. shipments by keg size in 2017. U.S. importers' U.S. shipments of imports from China were *** percent of small kegs and *** percent of large kegs in 2017. U.S. importers' U.S. shipments of imports from Germany were *** percent of small kegs, and *** percent of large kegs in 2017. U.S. importers' U.S. shipments of imports from Mexico were *** percent of small kegs and *** percent of medium kegs in 2017.

Table IV-5
Refillable stainless steel kegs: U.S. producer's and U.S. importers' U.S. shipments by product types, 2017

* * * * *

Figure IV-2
Refillable stainless steel kegs: U.S. producers' and U.S. importers' U.S. shipments by Item, 2017

* * * * *

Geographical markets

As presented in table IV-6, more than 80.0 percent of imports of iron and steel containers from China are imported through the South, North, and West U.S. Customs districts. The U.S. Customs district in the South accounted for the majority of iron and steel containers from Germany and Mexico in 2017. The data presented in this section is from official U.S. import statistics and may be overstated because it includes products other than refillable stainless steel kegs within the broader product category. The data is not available in both quantity and units, and is therefore reported in dollar values.

⁸ Petition, p. 11.

⁹ Ibid., p. 8.

¹⁰ Petition, p. 11.

Table IV-6
Iron and steel containers: U.S. imports by border of entry, 2017

Item ¹	Border of entry				
	East	North	South	West	All borders
	Value (1,000 dollars)				
U.S. imports from.--					
China	47,171	49,291	21,734	47,884	166,080
Germany	14,734	6,744	127,861	36,029	185,368
Mexico	126	---	43,896	772	44,794
Subject sources	62,031	56,035	193,491	84,685	396,242
Nonsubject sources	34,643	20,888	11,607	21,873	89,011
All import sources	96,674	76,923	205,098	106,558	485,253
	Share across (percent)				
U.S. imports from.--					
China	28.4	29.7	13.1	28.8	100.0
Germany	7.9	3.6	69.0	19.4	100.0
Mexico	0.3	---	98.0	1.7	100.0
Subject sources	15.7	14.1	48.8	21.4	100.0
Nonsubject sources	38.9	23.5	13.0	24.6	100.0
All import sources	19.9	15.9	42.3	22.0	100.0
	Share down (percent)				
U.S. imports from.--					
China	48.8	64.1	10.6	44.9	34.2
Germany	15.2	8.8	62.3	33.8	38.2
Mexico	0.1	---	21.4	0.7	9.2
Subject sources	64.2	72.8	94.3	79.5	81.7
Nonsubject sources	35.8	27.2	5.7	20.5	18.3
All import sources	100.0	100.0	100.0	100.0	100.0

¹Data may be overstated because it includes out-of-scope merchandize.

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Nonsubject sources exclude imports from Canada, Jordan, Netherlands, Portugal, and Turkey, because these countries are not believed to be supply sources for refillable stainless steel kegs. Petition, pp. 31-32 and petitioner's postconference brief, p. 12.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7310.10.0010, 7310.10.0050, 7310.29.0025 and 7310.29.0050, accessed October 16, 2018.

Presence in the market

Table IV-7 presents monthly U.S. imports during January 2015 through June 2018. These data show that imports of iron and steel containers were present in the U.S. market in every month during January 2015 through June 2018. The data presented in this section is from official U.S. import statistics and may be overstated because it includes products other than refillable stainless steel kegs within the broader category. The data is not available in both quantity and units, and is therefore reported in dollar values.

Table IV-7
Iron and steel containers: U.S. imports by month, January 2015 through June 2018

Item	U.S. imports					
	China	Germany	Mexico	Subject sources	Non-subject sources	All import sources
Value (1,000 dollars)						
2015.--						
January	10,656	10,685	3,074	24,414	5,888	30,302
February	9,812	11,583	4,336	25,732	7,346	33,078
March	13,353	15,973	3,917	33,243	10,828	44,071
April	11,104	13,478	5,020	29,601	9,603	39,205
May	16,087	15,276	4,645	36,008	8,798	44,807
June	16,762	13,671	4,591	35,023	7,638	42,661
July	19,502	15,435	7,354	42,291	6,918	49,210
August	17,088	10,346	5,692	33,126	8,325	41,451
September	17,833	10,721	4,983	33,537	6,181	39,718
October	15,393	13,188	3,451	32,032	8,906	40,938
November	11,272	10,450	2,452	24,174	6,234	30,408
December	14,131	13,411	2,296	29,837	5,160	34,998
2016.--						
January	13,112	11,272	2,705	27,089	5,743	32,832
February	11,983	11,024	2,258	25,265	5,979	31,244
March	7,321	15,404	2,933	25,659	7,805	33,464
April	10,572	15,618	3,098	29,288	6,421	35,709
May	12,742	18,953	4,990	36,685	7,417	44,102
June	15,121	18,067	4,385	37,574	7,583	45,157
July	12,750	15,326	3,801	31,878	6,091	37,968
August	15,513	17,272	5,608	38,393	7,364	45,757
September	14,495	11,790	5,007	31,292	5,934	37,226
October	10,743	16,722	4,253	31,718	8,142	39,859
November	12,499	10,120	2,083	24,703	8,539	33,241
December	11,231	14,587	3,024	28,843	8,360	37,202

Table continued on the next page.

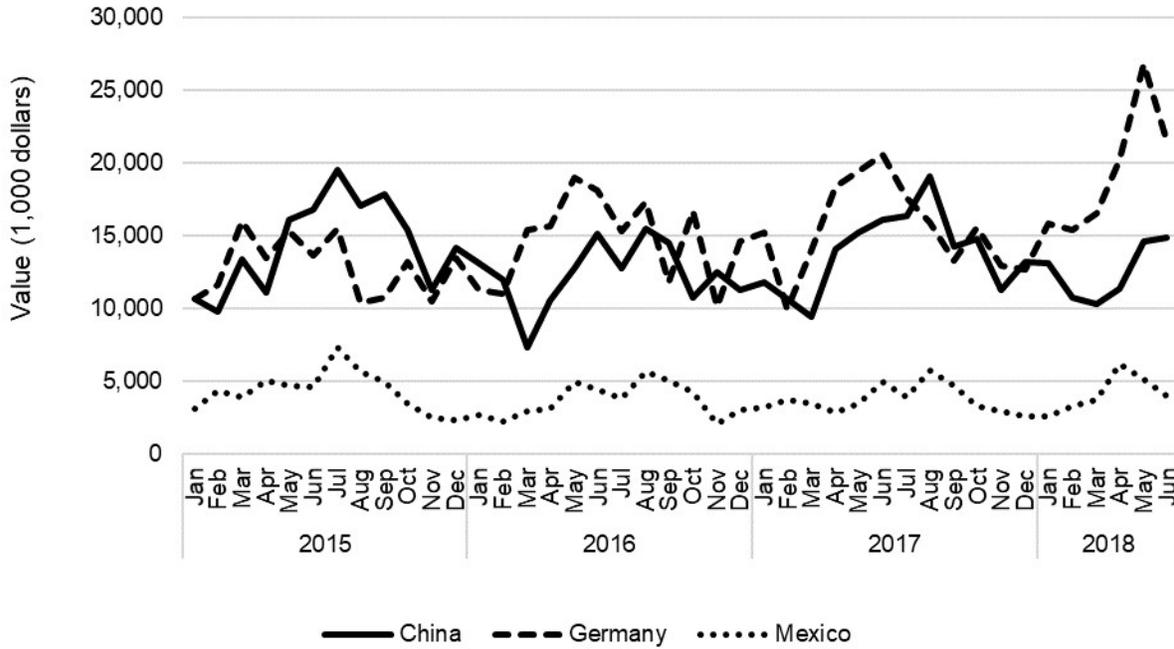
Table IV-7--Continued
Iron and steel containers: U.S. imports by month, January 2015 through June 2018

Item	U.S. imports					
	China	Germany	Mexico	Subject sources	Non-subject sources	All import sources
Value (1,000 dollars)						
2017.--						
January	11,746	15,239	3,221	30,206	9,768	39,973
February	10,649	9,924	3,692	24,265	5,732	29,997
March	9,433	13,948	3,488	26,868	7,869	34,737
April	14,027	18,368	2,829	35,225	6,535	41,760
May	15,218	19,406	3,442	38,066	6,513	44,579
June	16,066	20,531	4,981	41,578	7,671	49,248
July	16,385	17,573	3,880	37,837	9,079	46,916
August	19,085	15,944	5,736	40,766	6,970	47,736
September	14,217	13,310	4,711	32,237	7,095	39,333
October	14,795	15,563	3,313	33,671	6,532	40,203
November	11,231	12,929	2,915	27,076	7,971	35,047
December	13,229	12,634	2,587	28,450	7,275	35,724
2018.--						
January	13,079	15,841	2,550	31,470	6,592	38,062
February	10,718	15,389	3,263	29,370	6,741	36,111
March	10,314	16,546	3,703	30,563	7,963	38,525
April	11,368	20,250	6,135	37,754	8,190	45,944
May	14,603	26,813	5,160	46,576	7,340	53,916
June	14,859	21,557	4,024	40,440	7,987	48,427

Note.--Nonsubject sources exclude imports from Canada, Jordan, Netherlands, Portugal, and Turkey, because these countries are not believed to be supply sources for refillable stainless steel kegs. Petition, pp. 31-32 and petitioner's postconference brief, p. 12.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7310.10.0010, 7310.10.0050, 7310.29.0025 and 7310.29.0050, accessed October 16, 2018.

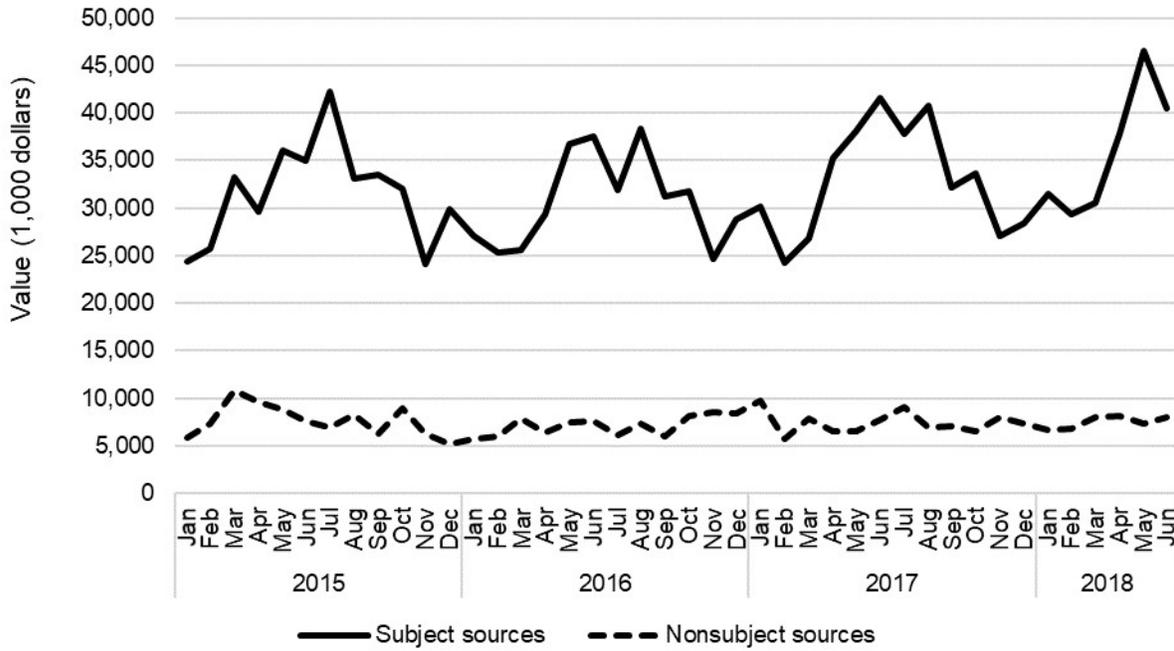
Figure IV-3
Iron and steel containers: Monthly U.S. imports from China, Germany and Mexico, January 2015 through June 2018



Note.—Data may be overstated because it includes out-of-scope products.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7310.10.0010, 7310.10.0050, 7310.29.0025 and 7310.29.0050, accessed October 16, 2018.

Figure IV-4
Iron and steel containers: Monthly U.S. imports from subject sources and nonsubject sources, January 2015 through June 2018



Note.--Nonsubject sources exclude imports from Canada, Jordan, Netherlands, Portugal, and Turkey, because these countries are not believed to be supply sources for refillable stainless steel kegs. Petition, pp. 31-32 and petitioner’s postconference brief, p. 12.

Source: Official U.S. import statistics using HTS statistical reporting numbers 7310.10.0010, 7310.10.0050, 7310.29.0025 and 7310.29.0050, accessed October 16, 2018.

APPARENT U.S. CONSUMPTION

Table IV-8 presents data on apparent U.S. consumption and U.S. market shares for refillable stainless steel kegs.

Table IV-8

Refillable stainless steel kegs: Apparent consumption, U.S. shipments of domestic refillable stainless steel kegs, and U.S. shipments of imports, 2015-17, January to June 2017 and January to June 2018

Item	Calendar year			January to June	
	2015	2016	2017	2017	2018
	Quantity (units)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	298,684	284,048	277,403	153,293	142,739
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	848,937	785,173	855,628	464,139	410,010
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	23,790	20,562	19,569	10,609	10,259
Germany	***	***	***	***	***
Mexico	***	***	***	***	***
Subject sources	71,655	58,993	61,607	33,512	30,756
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

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

U.S. MARKET SHARES

U.S. market share data are presented in table IV-9.

Table IV-9

Refillable stainless steel kegs: U.S. consumption and market shares, 2015-17, January to June 2017 and January to June 2018

* * * * *

Figure IV-5

Refillable stainless steel kegs: Apparent U.S. consumption, 2015-17, January to June 2017, and January to June 2018

* * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

Refillable stainless steel kegs are commonly made from 300 series austenitic grade cold-rolled stainless steel.¹ Stainless steel is the largest raw material input cost for refillable stainless steel kegs. A commonly referenced benchmark for cold-rolled stainless steel prices is the American Metal Market stainless steel grade 304 cold-rolled monthly average prices (figure V-1). Average prices decreased approximately *** percent from January 2015-January 2016, and average prices increased approximately *** percent from January 2016-June 2018.

Figure V-1
Cold-rolled stainless steel sheet: American Metal Market, monthly average U.S. prices for cold-rolled stainless steel grade 304: Sheet FOB mill, Average Mid, U.S. dollars per hundredweight, January 2015-June 2018

* * * * *

Steel inputs account for nearly all of the raw material cost of a refillable stainless steel keg, the exact percentage will change with the price of steel, which has recently increased following the entry into effect of steel tariffs.² *** and 15 of 28 importers reported having familiarity with the section 232 investigation. American Keg reported an overall increase in the price of domestic stainless steel resulting from the 232 investigation.³ Of the 15 responding importers, 6 reported that the announcement of the 232 investigation affected raw material prices, and 10 reported that the tariff imposition affected raw material prices. Additional raw materials used to produce refillable stainless steel kegs may include chemicals or paint, but these raw material costs are relatively small.⁴ Raw materials accounted for approximately *** percent of the cost of goods sold during 2017.

¹ Petition, p. 15.

² Conference transcript, p. 28 (Rubeo).

³ NPR webpage, <https://www.npr.org/2018/03/24/596744980/trumps-tariffs-lead-to-layoffs-at-steel-beer-keg-company>, retrieved October 23, 2018.

⁴ Conference transcript, p. 57 (Czachor).

Transportation costs to the U.S. market

Transportation costs for refillable stainless steel kegs shipped to the United States averaged 5.7 percent for kegs shipped from China, 7.2 percent for kegs shipped from Germany, and 1.3 percent for kegs shipped from Mexico during 2017. These estimates were derived from official import data and represent the transportation and other charges on imports.⁵

U.S. inland transportation costs

*** 13 of 15 importers reported that they typically arrange transportation to their customers. *** while most importers reported costs that ranged from 1 to 11 percent.

Firms that imported refillable stainless steel kegs for their own use were requested to estimate U.S. inland transportation costs (from the port of importation to the point of use). Six importers responded that U.S. inland transportation costs for own-use imports of refillable stainless steel kegs from China, Germany, or Mexico were between *** of the total cost.

PRICING PRACTICES

Pricing methods

As presented in table V-1, American Keg reported using *** for price setting. Importers reported using transaction-by-transaction negotiations, contracts, price lists, and other methods. Transaction-by-transaction negotiations were the most commonly reported price setting method.

Table V-1

Refillable stainless steel kegs: U.S. producers' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers	Importers
Transaction-by-transaction	***	9
Contract	***	1
Set price list	***	5
Other	***	6
Responding firms	***	16

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

⁵ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2017 and then dividing by the customs value based on the HTS subheading 7310.10.0010. There is no dedicated HTS subheading for refillable stainless steel kegs. The petitioner identified HTS 7310.10.0010 as a broad tariff classification code through which refillable stainless steel kegs enter the United States. These estimated transportation costs are approximations that may vary from the actual due to nonsubject products that enter the United States with the same HTS classification code.

American Keg reported selling ***. Importers of refillable stainless steel kegs for re-sale reported selling most of their products in the spot market, and the remainder under short-term contracts. As shown in table V-2, U.S. producers and importers reported their 2017 U.S. commercial shipments of refillable stainless steel kegs by type of sale.

Table V-2
Refillable stainless steel kegs: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2017

Type of sale	U.S. producers	Importers
	Share (percent)	
Short-term contracts	***	21.9
Annual contracts	***	---
Long-term contracts	***	---
Spot sales	***	78.1

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

***. The average duration of importers' short-term contracts was *** days. Importers' did not report any price renegotiation. Contracts do not fix either quantities or price, and contracts are not adjusted in response to price indices.

Purchasers provided a general description of their firms' method of purchase for refillable stainless steel kegs. Of ten responding purchasers, eight reported individual purchases and two reported contract purchases. Three purchasers also indicated that they make bulk orders when they anticipate a need.

Sales terms and discounts

American Keg quotes prices ***. Nine of 16 importers quote prices on an f.o.b. basis, and the remaining 7 quote on a delivered basis. American Keg reported ***. Twelve importers offer quantity discounts, one importer offers total volume discounts, two importers reported no discount policy, one importer offers discounts off of the price list on orders of more than 200 kegs, and one importer reported transaction-by-transaction discounts.

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 refillable stainless steel kegs products shipped to unrelated U.S. customers during January 2015-June 2018.

Product 1.-- $\frac{1}{2}$ barrel (also known as a keg); Assembled with no accessories; 300 series stainless steel; volume of 15.5 gallons (58.7 liters); approximately 23.25 inches tall (+/- 0.5 inches) with diameters ranging from 14.5 inches to 17.5 inches, thickness ranging from 0.050 to 0.060 inches for the body and 0.070 to 0.090 inches for the handles; rated to a maximum of 60 PSI of pressure; unfilled; finish may be dull, polished, painted, or encapsulated in a rubber or plastic material.

Product 2.-- $\frac{1}{6}$ barrel; Assembled with no accessories; 300 series stainless steel; volume of 5.16 gallons (19.5 liters); approximately 23.25 inches tall (+/- 0.5 inches) with diameters ranging from 8.5 inches to 9.7 inches, thickness ranging from 0.045 to 0.055 inches for the body and 0.055 to 0.070 inches for the handles; rated to a maximum of 60 PSI of pressure; unfilled; finish may be dull, polished, painted, or encapsulated in a rubber or plastic material.

One U.S. producer and 13 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁶ Pricing data reported by these firms accounted for *** of the U.S. producers' shipments of refillable stainless steel kegs and approximately *** percent of U.S. shipments of subject imports from China, *** percent of U.S. shipments from Germany, and *** percent of U.S. shipments from Mexico in 2017.

Price data for products 1-2 are presented in tables V-3 to V-4 and figures V-2 to V-3.

Table V-3
Refillable stainless steel kegs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2015-June 2018

* * * * *

Table V-4
Refillable stainless steel kegs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2015-June 2018

* * * * *

⁶ 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.

Figure V-2
Refillable stainless steel kegs: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2015-June 2018

* * * * *

Figure V-3
Refillable stainless steel kegs: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2015-June 2018

* * * * *

Import purchase costs

In addition to price data, the Commission requested that importers provide landed duty-paid values and quantities for imports used for internal consumption (direct imports). Fourteen importers provided such data, and their purchase cost data for imports of products 1 and 2 are presented in tables V-5 to V-6 and figures V-4 to V-5, along with U.S. sales prices to end users (previously presented). Importer *** reported additional costs related to direct imports but not included in landed duty-paid values which included domestic shipping, supply chain management, rent, unloading, and palletizing.⁷

Table V-5
Refillable stainless steel kegs: Weighted-average f.o.b. prices and landed duty-paid values and quantities of domestic and imported product 1, by quarter, January 2015-June 2018

* * * * *

Table V-6
Refillable stainless steel kegs: Weighted-average f.o.b. prices and landed duty-paid values and quantities of domestic and imported product 2, by quarter, January 2015-June 2018

* * * * *

Figure V-4
Refillable stainless steel kegs: Weighted-average f.o.b. prices and landed duty-paid values and quantities of domestic and imported product 1, by quarter, January 2015-June 2018

* * * * *

⁷ Importer *** did not estimate the cost share of additional direct import expenses.

Figure V-5
Refillable stainless steel kegs: Weighted-average f.o.b. prices and landed duty-paid values and quantities of domestic and imported product 2, by quarter, January 2015-June 2018

* * * * *

These importers were asked to identify the benefits of directly importing refillable stainless steel kegs as opposed to purchasing them from a U.S. producer or importer. Keg availability, quality, and cost were the most commonly cited reasons for direct imports. Additional reasons reported were warranties, keg aesthetics, customer service of sales representatives, established business relationships, the inability of American Keg to produce a full range of keg sizes, and the inability of American Keg to supply required quantities.

Four importers estimated that they saved between 5 and 14 percent of landed duty-paid value by importing themselves rather than purchasing. Importer *** reported that fluctuating steel costs have caused variation in the domestic producer’s margins, while domestic prices for refillable stainless steel kegs have remained less volatile. Importer *** reported that no U.S. producers offer to sell refillable stainless steel kegs to re-sellers.

Price and import purchase cost trends

In general, prices decreased during January 2015-June 2018. Table V-7 summarizes the price trends, by country and by product. As shown in the table, domestic price decreases ranged from *** to *** percent during January 2015-June 2018 while import price changes ranged from *** to *** percent. Subject country purchase cost changes ranged from *** to *** percent.

Table V-7
Refillable stainless steel kegs: Summary of weighted-average f.o.b. prices for products 1 and 2 from the United States, China, Germany, and Mexico

* * * * *

U.S. producer’s and subject U.S. importers’ indexed prices are presented in figure V-6.

Figure V-6
Refillable stainless steel kegs: U.S. producer American Keg’s and subject U.S. importers’ indexed prices, January 2015-June 2018

* * * * *

Price comparisons

As shown in table V-8, prices for product imported from China were below those for U.S.-produced product in 27 of 28 instances (*** units); margins of underselling ranged from

*** percent. In the remaining instance (** units), prices for product from China were *** percent above prices for the domestic product. Prices for product imported from Germany were below those for U.S.-produced product in 10 of 28 instances (** units); margins of underselling ranged from *** percent. In the remaining 18 instances (** units), prices for product from Germany were between *** percent above prices for the domestic product. Prices for product imported from Mexico were below those for U.S.-produced product in 23 of 25 instances (** units); margins of underselling ranged from *** percent. In the remaining 2 instances (** units), prices for product from Mexico were between *** percent above prices for the domestic product.

Table V-8
Refillable stainless steel kegs: Instances of underselling/overselling and the range and average of margins, by country, January 2015-June 2018

Source	Underselling				
	Number of quarters	Quantity ¹ (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	35	***	***	***	***
Product 2	25	***	***	***	***
Total, underselling	60	***	***	***	***
China	27	***	***	***	***
Germany	10	***	***	***	***
Mexico	23	***	***	***	***
Total, underselling	60	***	***	***	***
Source	(Overselling)				
	Number of quarters	Quantity ¹ (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1	5	***	***	***	***
Product 2	16	***	***	***	***
Total, overselling	21	***	***	***	***
China	1	***	***	***	***
Germany	18	***	***	***	***
Mexico	2	***	***	***	***
Total, overselling	21	***	***	***	***

¹ These data include only quarters in which there is a comparison between the U.S. and subject product.

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

LOST SALES AND LOST REVENUE

The Commission requested that U.S. producers of refillable stainless steel kegs report purchasers where they experienced instances of lost sales or revenue due to competition from imports of refillable stainless steel kegs from China, Germany, and Mexico during January 2015-

June 2018. American Keg submitted *** lost sales and lost revenue allegations. American Keg identified *** firms where they lost sales, and the remaining *** firms were identified as lost revenue allegations. *** allegations identified China as the country of origin of the lost sales or lost revenue, *** identified Germany as the country of origin of *** lost sale, and *** allegations did not specify the country of origin. Most of American Keg’s lost revenue allegations did not identify quantities and values that were lost. However, in *** allegations American Keg identified lost sales of roughly *** ½ barrel kegs and over *** 1/6 barrel kegs, with a combined estimated loss of approximately ***. Instances of lost sales were alleged from mid-2016 until mid-2018, and instances of lost revenues were reported between 2015 and 2017.

Staff issued questionnaires to five purchasers ***. Eleven firms ultimately responded to the questionnaire, including several that were initially identified as importers. Responding purchasers reported purchasing 1,528,895 units of refillable stainless steel kegs during January 2015-June 2018 (table V-9).

Table V-9
Refillable stainless steel kegs: Purchasers’ responses to purchasing patterns

* * * * *

During 2017, responding purchasers purchased *** percent from U.S. producer American Keg, *** percent from China, *** percent from Germany, *** percent from Mexico, *** percent from nonsubject countries, and *** percent from “unknown source” countries. Of the 11 responding purchasers, one reported increasing purchases of domestic product, one reported fluctuating purchases, and nine reported that they did not purchase domestic product (table V-10).⁸ No explanations were provided for changes in purchases of domestic product. Explanations for not purchasing domestic product included the domestic producer not meeting required quality specifications, lead times, and service expectations.

Table V-10
Refillable stainless steel kegs: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	9	---	1	---	1
China	7	1	1	1	1
Germany	6	1	---	2	1
Mexico	7	---	1	1	1
All other sources	6	---	3	---	2
Sources unknown	9	---	---	---	---

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

⁸ Of the 11 responding purchasers, none of the purchasers indicated that they did not know the source of the refillable stainless steel kegs that they purchased.

Nine of 11 responding purchasers reported that they had purchased imported refillable stainless steel kegs since 2015 from China, Germany, or Mexico instead of U.S.-produced product. Three of these purchasers reported that subject import prices were lower than U.S.-produced product, however none of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Purchasers identified availability, delivery lead times, quality, supplier recommendations, and technical specifications as non-price reasons for purchasing imported rather than U.S.-produced product (table V-11).

Table V-11
Refillable stainless steel kegs: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

* * * * *

None of the 11 responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries (2 reported that U.S. producers did not reduce prices and 9 reported that they did not know).

In responding to the lost sales lost revenue survey, some purchasers provided additional information on purchases and market dynamics. *** reported that it would be interested in purchasing refillable stainless steel kegs from a domestic producer if a domestic producer could meet the required specifications and lead times, and that price was not the determining purchasing factor. *** reported that its supplier relationship existed before any U.S.-produced kegs became available. *** reported that Amerian Keg has not attained approval under the qualification process of large brewers. *** reported that it is satisfied with the quality and specifications provided by its current supplier of subject kegs from Mexico. *** reported that the U.S. producer could not meet quality, production, and lead time requirements.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

One U.S. producer, American Keg, reported financial results on refillable stainless steel keg operations. The information presented in this section of the report reflects the operations of predecessor company Geemacher for the period January 1, 2015 through May 31, 2016 and American Keg for the period June 1, 2016 through January-June 2018.¹ The manufacturing facility, which was acquired by American Keg in May 2016, remained in operation prior to and subsequent to acquisition.²

OPERATIONS ON REFILLABLE STAINLESS STEEL KEGS

Table VI-1 and table VI-2 present income-and-loss data for the U.S. producer's operations on refillable stainless steel kegs and corresponding changes in average per keg values, respectively.³

Revenue

Because all reported revenue reflects commercial sales, a single revenue line item is presented in the tables below.

Table VI-1

Refillable stainless steel kegs: Results of operations of U.S. producer American Keg, 2015-17, January-June 2017, and January-June 2018

* * * * *

Table VI-2

Refillable stainless steel kegs: Changes in average per unit values, 2015-17, January-June 2017, January-June 2018

* * * * *

¹ Financial results were reported on the basis of generally accepted accounting principles (GAAP) and for calendar-year periods.

² Conference transcript, p. 68 (Czachor).

³ Changes in product mix during the period reportedly reflect normal variations and were a response to customer demand, as opposed to deliberate shifts in product focus. Conference transcript, p. 62 (Czachor). Petitioner's postconference brief (Attachment A), p. 36. Because product mix changed somewhat during the period and the utility of the Commission's variance analysis is reduced when product mix fluctuates, a variance analysis is not presented in this section of the report. USITC auditor notes (preliminary phase).

Volume

The underlying types of kegs reflected in reported sales volume changed somewhat during the period; i.e., larger 1/2 kegs *** from *** percent of total kegs in 2015 to *** percent in January-June 2018, while smaller 1/6 kegs *** from *** percent in 2015 to *** percent in January-June 2018.⁴

Total sales volume was at its lowest level in 2016, the year American Keg acquired the assets of Geemacher. Following a relatively large increase in capacity and corresponding production, total sales volume increased to its highest level in 2017.⁵ At the end of the period, January-June 2018 sales volume was somewhat lower compared to January-June 2017.⁶ American Keg noted that lower sales volume in January-June 2018 corresponded with an increase in its average sales value.⁷

Value

Average sales value declined throughout the annual period but was somewhat higher in January-June 2018 compared to January-June 2017. With the exception of 2016, when average sales value declined and average raw material cost increased, the pattern of average sales value and average raw material costs was directionally the same.

Table VI-1 shows that the ratio of raw material costs to sales value, an indicator of the extent to which average sales value recovered corresponding raw material costs, fluctuated: ranging from a low of *** percent in 2015 to a high of *** percent in 2016.⁸

As noted above, American Keg's revenue reflects the sales of 1/2 kegs and 1/6 kegs. In addition to other factors impacting pricing levels, period-to-period changes in product mix affected the pattern of average sales value to some extent.

⁴ USITC auditor notes (preliminary phase). American Keg produces in 1/2 keg and 1/6 keg sizes only. Conference transcript, p. 67 (Czachor).

⁵ As noted above, the manufacturing facility remained in operation prior to and subsequent to the acquisition of Geemacher's assets by American Keg; i.e., while 2016 was a transition year in terms of ownership of the underlying assets, this change does not directly account for the lower level of sales volume in that year.

⁶ Based on information submitted in petitioner's postconference brief, the estimated average number of days in inventory of finished goods increased from a low of around *** days in 2015 to a high of around *** days in January-June 2018. Petitioner's postconference brief, p. 41. Calculated based on reported finished goods inventory turnover ratios.

⁷ Petitioner's postconference brief, p. 39.

⁸ A lower raw material cost to sales ratio, as compared to a higher ratio, indicates a greater spread between sales value and corresponding raw materials. As described in Appendix D and given assumptions regarding prevailing sales prices, product mix, raw material costs, available capacity, and capacity utilization, American Keg's feasibility study summary information indicated projected raw material cost to sales ratios ranging from *** percent to *** percent.

Cost of goods sold and gross profit or loss

Raw materials

Raw material cost, primarily reflecting 300-series stainless steel, is the largest component of cost of goods sold (COGS) and ranged from *** percent of COGS in 2016 to *** percent in January-June 2018.⁹ Given its poor financial results during the period, a portion of American Keg's material purchases reportedly ***.¹⁰

In large part, the low raw material cost share in 2016 reflects higher levels of corresponding direct labor and other factory costs, which in turn coincides with American Keg's purchase of Geemacher's assets in May 2016. On an average per keg basis, raw material costs increased in 2016, declined to their lowest level in 2017, and then increased to their highest level of the period in January-June 2018. Like average sales value, changes in the relative share of total sales accounted for by larger kegs (1/2 keg) and smaller kegs (1/6 keg), in conjunction with other factors, affected the pattern of average raw material costs to some extent.¹¹

Direct labor and other factory costs

Notwithstanding the large share of COGS accounted for by raw material costs, the manufacture of refillable stainless steel kegs was also characterized as capital intensive.¹² In 2016 and in conjunction with reduced production and capacity utilization, direct labor and other factory costs represented *** percent and *** percent of total COGS, respectively, their largest and second largest shares of the period.¹³ The lowest share of direct labor was reported in 2015 (*** percent). On an annual basis and as a share of total COGS, other factory costs were at their lowest level (*** percent of total COGS) in 2017, which coincides with an increase in production, available reported capacity, and capacity utilization.

⁹ In addition to stainless steel and other secondary inputs, reported raw material costs include the D-system valve and spear assembly. Conference transcript, p. 67 (Rubeo).

¹⁰ Petitioner's postconference brief, p. 37. American Keg purchases stainless steel on a monthly basis from four U.S. mills based on projections adjusted for lead time. Conference transcript, p. 67 (Czachor). During the full-year period, the estimated average number of days in inventory of raw material declined from around *** days in 2015 to a low of around *** days in 2017 and then reached its highest level in January-June 2018 at around *** days. Postconference brief (Attachment A), p. 41. Calculated based on reported raw material inventory turnover ratios.

¹¹ ***. USITC auditor notes (preliminary phase). In addition to underlying input costs, the average raw material cost shown in table VI-1 would reflect any yield loss incurred to produce finished kegs.

¹² Conference transcript, p. 78 (Bently); p. 115 (Lewis). Based on feasibility study summary information, profitability was estimated at various levels of production, all of which effectively represented *** given corresponding levels of available capacity. American Keg's actual capacity utilization ranged from a low of *** percent in 2016 to a high of *** percent in 2017 (see table III-3).

¹³ ***. Petitioner's postconference brief (Attachment A), p. 43. ***. Petitioner's postconference brief (Attachment A), p. 45.

Cost of goods sold

Average COGS covered a relatively wide range and increased to its highest annual level in 2016, generally reflecting higher conversion costs (the sum of direct labor cost and other factory costs) in conjunction with lower capacity utilization. In 2017, average COGS declined to its lowest annual level, reflecting both lower average raw material cost and conversion costs. In general, the somewhat lower average conversion cost in 2017 is consistent with increased production and capacity utilization. Higher average COGS in January-June 2018 compared to January-June 2017, primarily reflects an increase in average raw material costs and, to a lesser extent, higher conversion costs.

Gross profit or loss

America Keg reported gross losses of varying magnitude throughout the period. The raw material cost to sales ratio in table VI-1 shows that the amounts by which sales value recovered and exceeded raw material costs, while positive, were insufficient to recover the remaining components of COGS; i.e., raw material cost to sales ratios ranged from a low of *** percent of sales in 2015 to a high of *** percent in 2016.¹⁴

In 2016, the period's largest gross loss, on an absolute basis and as a ratio to sales, coincides with the lowest levels of production, sales volume, capacity utilization, and the highest raw material cost to sales ratio. Although remaining negative, the company's gross results improved on an absolute and relative basis in 2017, reflecting declines in the ratios of raw material cost, direct labor cost, and other factory costs to sales. In conjunction with increases in the ratio of raw material cost to sales and direct labor cost to sales, gross loss was higher in January-June 2018 compared to January-June 2017.

SG&A expenses and operating income or loss

American Keg inventories its product on-site and sells through a distributor and its internal sales group.¹⁵

¹⁴ All things being equal and in order to break even at the gross level, the raw material cost to sales ratio indicates that *** conversion costs were necessary. Alternatively, the ratio itself would need to be ***. As described in footnote 8 and based on staff calculations, American Keg's feasibility study summary information indicated that raw material cost to sales ratios were projected to range from *** percent to *** percent.

¹⁵ Conference transcript, p. 65 (Czachor). A company official described marketing activities in general as follows: "... we either reach out to those people directly via outbound call, or we see them at numerous shows throughout the year. There's a lot of regional shows. There could be a California show one month, and the following month there could be a show in Florida. So we see customers at regional shows. We see them on our social media. We also market to them, either in print ads or e-mail blasts or several other ways that we market to our customers." Ibid.

Total SG&A expenses increased to their highest level in 2016, which coincides with American Keg’s acquisition of Geemacher’s assets.¹⁶ Table VI-1 shows that SG&A expense ratios (total SG&A expenses divided by total revenue) were highest in 2016 and then declined somewhat but remained at relatively high levels. Since gross losses were reported throughout the period, the relative decline in SG&A expenses only served to reduce the level of operating losses.¹⁷

Interest expense, other expenses, and net income or loss

Declining levels of interest expense were reported during the annual period. Consistent with the *** in 2017 (see footnote 18), *** interest expense was reported in January-June 2018. Relatively large levels of ***, were reported in 2016 and 2017 only.¹⁸ While operating and net results were both negative throughout the period, their directional trend diverged in 2016 and 2017 due to the above-noted inclusion of *** in net results.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-3 presents the U.S. producer’s capital expenditures and research and development (R&D) expenses related to its refillable stainless steel keg operations.

Table VI-3
Refillable stainless steel kegs: Capital expenditures and research and development (R&D) expenses of U.S. producer American Keg, 2015-17, January-June 2017, and January-June 2018

* * * * *

American Keg reported its highest level of capital expenditures in 2017 (\$*** thousand), which the company described as ***.¹⁹ The second highest level was reported in 2015 (\$*** thousand), when Geemacher was owner, and the lowest level was reported in 2016 (\$*** thousand), the year American Keg acquired Geemacher’s assets. At the end of the period, January-June 2018 capital expenditures were somewhat lower compared to January-June 2017.²⁰

¹⁶ ***. Petitioner’s postconference brief (Attachment A), p. 43. ***. Petitioner’s postconference brief (Attachment A), p. 44.

¹⁷ The company confirmed that its reported SG&A expenses are specific to its U.S. manufacturing operations. Conference transcript, p. 66 (Rubeo).

¹⁸ ***. American Keg producer questionnaire, response to III-10. ***. Ibid.

¹⁹ American Keg producer questionnaire, response to III-13 (note 1).

²⁰ When comparing the pattern of capacity increases reported in table III-3 to the pattern of capital expenditures reported in table VI-3, the two are not directly correlated. As described by a company official, American Keg was “. . . always working on capacity and productivity and efficiency and reducing cycle times to improve . . . capacity . . . the timing of the {2017} CAPX was the second half of 2017. It was

American Keg reported *** R&D expenses during the period examined.

ASSETS AND RETURN ON ASSETS

Table VI-4 presents data on the U.S. producer's total net assets and operating return on net assets related to its operations on refillable stainless steel kegs.²¹

Table VI-4
Refillable stainless steel kegs: U.S. producer American Keg's total net assets and operating return on net assets, 2015-17

* * * * *

CAPITAL AND INVESTMENT

The Commission requested the U.S. producer of refillable stainless steel kegs to describe any actual or potential negative effects on its return on investment or its growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of refillable stainless steel kegs from China, Germany and/or Mexico. Table VI-5 tabulates the responses on actual negative effects on investment, growth and development, as well as anticipated negative effects. Table VI-6 presents the narrative response of the U.S. producer regarding actual and anticipated negative effects on investment, growth and development.

Table VI-5
Refillable stainless steel kegs: Negative effects of imports from subject sources on investment, growth, and development since January 1, 2015

* * * * *

specifically a project that was started earlier, just due to timing was pushed to the second half. It had minimal to no impact on capacity. It was more around quality and service and productivity." Conference transcript, p. 63 (Czachor). In 2016, when capacity increased by ***, "... there was a series of projects that were very minor, non-CAPX projects, some that were minor CAPX projects that were implemented through 2016 to improve the production capacity." Conference transcript, p. 64 (Czachor). Regarding the pattern of American Keg's capital expenditures and reported capacity, the following information was also provided: ***. Petitioner's postconference brief (Attachment A), p. 37.

²¹ With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line value on the asset side of a company's balance sheet) reflects an aggregation of a number of current and non-current assets, which, in many instances, are not product specific. ***. The ability of a U.S. producer to assign total asset values to discrete product line(s) affects the meaningfulness of operating return on net assets.

Table VI-6
Refillable stainless steel kegs: Narrative response of U.S. producer American Keg regarding actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2015

* * * * *

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 factors¹--

- (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,*
- (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,*

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.”

- (VII) *in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),*
- (VIII) *the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and*
- (IX) *any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).²*

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

THE INDUSTRY IN CHINA

The Commission issued foreign producers' or exporters' questionnaires to 25 firms believed to produce and/or export refillable stainless steel kegs from China.³ Usable responses to the Commission's questionnaire were received from two firms: Qingdao Henka Precision Technology Co., Ltd. ("Henka"), and Ningbo Major Draft Beer Equipment Co., Ltd ("Major Draft"). These firms' exports to the United States accounted for the majority of U.S. imports of

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."

³ These firms were identified through a review of information submitted in the petition and contained in *** records.

refillable stainless steel kegs from China in 2017. According to estimates requested of the responding producers, the production of refillable stainless steel kegs in China reported in questionnaires accounts for approximately *** percent⁴ of overall production of refillable stainless steel kegs in China. Table VII-1 presents information on the refillable stainless steel kegs operations of the responding producers and exporters in China.

Table VII-1
Refillable stainless steel kegs: Summary data for producers in China, 2017

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Henka	***	***	***	***	***	***
Major Draft	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-2 producers in China reported multiple operational and organizational changes since January 1, 2015.

⁴ Despite several attempts from staff to obtain the data, *** did not provide the firm's estimated share of total production in China. The estimated share of production was allocated based on reported estimates from imported data.

Table VII-2
Refillable stainless steel kegs: Reported changes in operations by producers in China, since January 1, 2015

* * * * *

Operations on refillable stainless steel kegs

Table VII-3 presents information on the refillable stainless steel kegs operations of the responding producers and exporters in China. *** reported expanding its production line in 2017 to address ***. The firm reported increasing its production capacity *** percent from *** units in 2015 and 2016 to *** units in 2017; production data follow a similar trend of *** percent increase during 2015-17 with 2018 and 2019 projections at *** units. While *** exports to the United States remained steady, with an increase of *** percent during 2015-17, exports to other country markets increased *** percent during the same period.⁵

Table VII-3
Refillable stainless steel kegs: Data for producers in China, 2015-17, January to June 2017, and January to June 2018 and projection calendar years 2018 and 2019

* * * * *

Alternative products

Responding firms from China did not report production of other products on the same equipment and machinery used to produce refillable stainless steel kegs.

Exports

According to GTA, the leading export markets for iron and steel containers (including refillable stainless steel kegs) from China are the United States, Germany, the United Kingdom, and the Netherlands (table VII-4).⁶ During 2017, the United States was the top export market for iron and steel containers from China, accounting for 22.5 percent, followed by Germany, accounting for 6.5 percent.

⁵ Major Draft’s foreign producer questionnaire response, II-8.

⁶ The broader coverage is due to official exports statistics of refillable stainless steel kegs including other products in the mix. Data for these products may be overstated and are not available in both quantity and units; therefore, the data are reported in dollar values.

Table VII-4
Iron and steel containers: Exports from China by destination markets, 2015-17

Destination market ¹	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Exports from China to the United States	195,907	97,171	109,902
Exports from China to other major destination markets.--	45,157	28,573	31,905
Germany			
United Kingdom	25,482	21,145	22,654
Netherlands	26,311	17,199	21,455
Belgium	8,729	7,491	18,356
Hong Kong	16,115	21,275	17,306
France	17,848	12,570	16,236
Japan	14,561	14,259	16,119
Canada	15,407	14,991	15,693
All other destination markets	242,949	208,555	219,005
Total exports from China	608,466	443,229	488,630
	Share of value (percent)		
Exports from China to the United States	32.2	21.9	22.5
Exports from China to other major destination markets.--			
Germany	7.4	6.4	6.5
United Kingdom	4.2	4.8	4.6
Netherlands	4.3	3.9	4.4
Belgium	1.4	1.7	3.8
Hong Kong	2.6	4.8	3.5
France	2.9	2.8	3.3
Japan	2.4	3.2	3.3
Canada	2.5	3.4	3.2
All other destination markets	39.9	47.1	44.8
Total exports from China	100.0	100.0	100.0

¹ Data may be overstated because it includes out-of-scope merchandise.

Source: Official exports statistics under HS subheading 7310.10 and 7310.29 as reported by China Customs in the Global Trade Atlas database, accessed October 9, 2018.

THE INDUSTRY IN GERMANY

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export refillable stainless steel kegs from Germany.⁷ Usable responses to the Commission's questionnaire were received from two firms: Blefa GmbH (Blefa), and Schaefer Werke GmbH (Schaefer). These firms' exports to the United States

⁷ These firms were identified through a review of information submitted in the petition and contained in *** records.

accounted for virtually all of U.S. imports of refillable stainless steel kegs from Germany in 2017. According to estimates requested of the responding Germany producers, the production of refillable stainless steel kegs in Germany reported in questionnaires accounts for approximately *** percent of overall production of refillable stainless steel kegs in Germany. Table VII-5 presents information on the refillable stainless steel kegs operations of the responding producers and exporters in Germany.

Table VII-5
Refillable stainless steel kegs: Summary data for producers in Germany, 2017

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Blefa	***	***	***	***	***	***
Schaefer	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-2 producers in Germany reported multiple operational and organizational changes since January 1, 2015.

Table VII-6
Refillable stainless steel kegs: Reported changes in operations by producers in Germany, since January 1, 2015

* * * * *

Operations on refillable stainless steel kegs

Table VII-7 presents information on the refillable stainless steel kegs operations of the responding producers and exporters in Germany.

Table VII-7

Refillable stainless steel kegs: Data for producers in Germany, 2015-17, January to June 2017, and January to June 2018 and projection calendar years 2018 and 2019

* * * * *

Alternative products

Responding firms from Germany did not report production of other products on the same equipment and machinery used to produce refillable stainless steel kegs.

Exports

According to GTA, the leading export markets for iron and steel containers (including refillable stainless steel kegs) from Germany are the United States, France, and the Netherlands (table VII-8).⁸ During 2017, the United States was the top export market for iron and steel containers from Germany, accounting for 11.6 percent, followed by France, accounting for 10.8 percent.

⁸ The broader coverage is due to official exports statistics of refillable stainless steel kegs including other products in the mix. Data for these products may be overstated and are not available in both quantity and units; therefore, the data are reported in dollar values.

Table VII-8
Iron and steel containers: Exports from Germany, by destination markets, 2015-17

Destination market ¹	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Export from Germany to the United States	72,719	65,563	50,386
Exports from Germany to other major destination markets.--			
France	44,867	44,697	47,154
Netherlands	63,266	55,372	42,787
Belgium	40,375	43,496	40,429
United Kingdom	26,752	29,926	35,372
Switzerland	23,570	30,946	26,825
Austria	24,397	21,872	23,183
Poland	14,431	14,019	19,200
Denmark	10,821	11,808	13,993
All other destination markets	106,712	109,636	136,326
Total exports from Germany	427,911	427,336	435,655
	Share of value (percent)		
Exports from Germany to the United States	17.0	15.3	11.6
Exports from Germany to other major destination markets.--			
France	10.5	10.5	10.8
Netherlands	14.8	13.0	9.8
Belgium	9.4	10.2	9.3
United Kingdom	6.3	7.0	8.1
Switzerland	5.5	7.2	6.2
Austria	5.7	5.1	5.3
Poland	3.4	3.3	4.4
Denmark	2.5	2.8	3.2
All other destination markets	24.9	25.7	31.3
Total exports from Germany	100.0	100.0	100.0

¹ Data may be overstated because it includes out-of-scope merchandise.

Source: Official exports statistics under HS subheading 7310.10 and 7310.29 as reported by Eurostat in the Global Trade Atlas database, accessed October 9, 2018.

THE INDUSTRY IN MEXICO

The Commission issued foreign producers' or exporters' questionnaires to four firms believed to produce and/or export refillable stainless steel kegs from Mexico.⁹ A usable response to the Commission's questionnaires was received from one firm: Thielmann Mexico. The firm's exports to the United States accounted for all or virtually all of U.S. imports of

⁹ These firms were identified through a review of information submitted in the petition and contained in *** records.

refillable stainless steel kegs from Mexico in 2017. According to estimates requested of the responding Mexican producer Thielmann Mexico, the production of refillable stainless steel kegs in Mexico reported in questionnaires accounts for approximately *** percent of overall production of refillable stainless steel kegs in Mexico. Table VII-9 presents information on the refillable stainless steel kegs operations of Mexico producer Thielmann Mexico.

Table VII-9
Refillable stainless steel kegs: Summary data for Mexican producer Thielmann Mexico, 2017

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Thielmann Mexico	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-2 Mexican producer Thielmann Mexico reported multiple operational and organizational changes since January 1, 2015.

Table VII-10
Refillable stainless steel kegs: Reported changes in operations by Mexican producer Thielmann Mexico, since January 1, 2015

* * * * *

Operations on refillable stainless steel kegs

Table VII-11 presents information on the refillable stainless steel kegs operations of the responding producers and exporters in Mexico.

Table VII-11

Refillable stainless steel kegs: Data for Mexican producer Thielmann Mexico, 2015-17, January to June 2017, and January to June 2018 and projection calendar years 2018 and 2019

* * * * *

Alternative products

Thielmann Mexico did not report production of other products on the same equipment and machinery used to produce refillable stainless steel kegs.

Exports

According to GTA, the leading export markets for iron and steel containers (including refillable stainless steel kegs) from Mexico are the United States, Brazil, and Argentina (table VII-12).¹⁰ During 2017, the United States was the top export market for iron and steel containers kegs from Mexico, accounting for 86.1 percent, followed by the Brazil, accounting for 3.0 percent.

¹⁰ The broader coverage is due to official exports statistics of refillable stainless steel kegs including other products in the mix. Data for these products may be overstated and are not available in both quantity and units; therefore, the data are reported in dollar values.

Table IV-12
Iron and steel containers: Exports from Mexico, by destination markets, 2015-17

Destination market ¹	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
Exports from Mexico to the United States	98,613	89,284	90,399
Exports from Mexico to other major destination markets.--			
Brazil	2,124	2,161	3,197
Argentina	6	1,127	1,823
Malaysia	---	---	1,311
Spain	286	415	1,297
Guatemala	508	968	994
Colombia	384	397	958
Costa Rica	825	930	837
Chile	1,717	1,531	831
All other destination markets	2,694	3,574	3,342
Total exports from Mexico	107,157	100,387	104,989
	Share of value (percent)		
Exports from Mexico to the United States	92.0	88.9	86.1
Exports from Mexico to other major destination markets.--			
Brazil	2.0	2.2	3.0
Argentina	0.0	1.1	1.7
Malaysia	---	---	1.2
Spain	0.3	0.4	1.2
Guatemala	0.5	1.0	0.9
Colombia	0.4	0.4	0.9
Costa Rica	0.8	0.9	0.8
Chile	1.6	1.5	0.8
All other destination markets	2.5	3.6	3.2
Total exports from Mexico	100.0	100.0	100.0

¹ Data may be overstated because it includes out-of-scope merchandise.

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

Source: Official exports statistics under HS subheading 7310.10 and 7310.29 as reported by INEGI in the Global Trade Atlas database, accessed October 9, 2018.

SUBJECT COUNTRIES COMBINED

Table VII-13 presents summary data on refillable stainless steel kegs operations of the reporting subject producers in the subject countries.

Table VII-13
Refillable stainless steel kegs: Data on the industry in subject countries, 2015-17, January to June 2017, and January to June 2018 and projection calendar years 2018 and 2019

* * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-14 presents data on U.S. importers' reported inventories of refillable stainless steel kegs.

Table VII-14

Refillable stainless steel kegs: U.S. importers' end-of-period inventories of imports by source, 2015-17, January to June 2017, and January to June 2018

* * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of refillable stainless steel kegs from China, Germany, or Mexico after June 30, 2018. As shown in table VII-15, arranged imports of subject product from China between July 2018 and June 2019 account for *** percent of total arranged imports of subject sources and *** of all import sources. Subject product from Germany, between July 2018 and June 2019, account for *** percent of total arranged imports of subject sources and *** of all import sources. Subject product from Mexico accounts for *** of total subject sources and *** percent of all import sources.

Table VII-15

Refillable stainless steel kegs: Arranged imports, July 2018 through June 2019

* * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

There are no known trade remedy actions on refillable stainless steel kegs in third-country markets. Both petitioner witnesses and respondent witnesses testified that they were not aware of any antidumping or countervailing duty orders on these kegs imported from China, Germany, or Mexico into third-country markets.¹¹

INFORMATION ON NONSUBJECT COUNTRIES

According to Table VII-16, the five largest global exporters of iron and steel containers (including refillable stainless steel kegs), by value in 2017, were Italy, Korea, the United Kingdom, Poland, and the Netherlands. These top five nonsubject countries accounted for approximately 22 percent of global exports by value in that year.

¹¹ Conference transcript, pp. 87 (Rolig), 127 (Willenbrink).

Table VII-16
Iron and steel containers: Global exports by exporter, 2015-17

Exporter	Calendar year		
	2015	2016	2017
	Value (1,000 dollars)		
United States	429,255	441,626	474,841
China	608,466	443,229	488,630
Germany	427,911	427,336	435,655
Mexico	107,157	100,387	104,989
Subject sources	1,143,534	970,952	1,029,274
All other major reporting exporters.--			
Italy	241,946	261,193	285,046
Korea	127,027	156,805	174,243
United Kingdom	64,213	59,921	149,801
Poland	94,710	106,588	117,035
Netherlands	81,493	81,516	113,951
Portugal	94,105	90,232	98,362
Czech Republic	80,897	80,756	91,113
Belgium	75,031	73,161	89,379
France	95,664	77,695	82,832
Spain	75,321	77,735	75,356
All other exporters	1,147,552	1,108,600	968,427
Total global exports	3,750,747	3,586,780	3,749,660
	Share of value (percent)		
United States	11.4	12.3	12.7
China	16.2	12.4	13.0
Germany	11.4	11.9	11.6
Mexico	2.9	2.8	2.8
Subject sources	30.5	27.1	27.4
All other major reporting exporters.--			
Italy	6.5	7.3	7.6
Korea	3.4	4.4	4.6
United Kingdom	1.7	1.7	4.0
Poland	2.5	3.0	3.1
Netherlands	2.2	2.3	3.0
Portugal	2.5	2.5	2.6
Czech Republic	2.2	2.3	2.4
Belgium	2.0	2.0	2.4
France	2.6	2.2	2.2
Spain	2.0	2.2	2.0
All other exporters	30.6	30.9	25.8
Total global exports	100.0	100.0	100.0

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

Source: Official exports statistics under HS subheading 7310.10 and 7310.29 reported by various national statistical authorities in the Global Trade Atlas database, accessed October 9, 2018.

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
83 FR 48652 September 26, 2018	<i>Refillable Stainless Steel Kegs From China, Germany, and Mexico; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-09-26/pdf/2018-20926.pdf
83 FR 52192 October 16, 2018	<i>Refillable Stainless Steel Kegs From the People's Republic of China: Initiation of Countervailing Duty Investigation</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-10-16/pdf/2018-22483.pdf
83 FR 52195 October 16, 2018	<i>Refillable Stainless Steel Kegs From the People's Republic of China, the Federal Republic of Germany, and Mexico: Initiation of Less-Than-Fair-Value Investigations</i>	https://www.gpo.gov/fdsys/pkg/FR-2018-10-16/pdf/2018-22482.pdf

APPENDIX B

LIST OF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

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

- Subject:** Refillable Stainless Steel Kegs from China, Germany, and Mexico
- Inv. Nos.:** 701-TA-610 and 731-TA-1425-1427 (Preliminary)
- Date and Time:** October 11, 2018 - 9:30 a.m.

Sessions were held in connection with these preliminary phase investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, D.C.

OPENING REMARKS

In Support of Imposition (**Andrew W. Kentz**, Picard Kentz & Rowe, LLP)
In Opposition to Imposition (**Craig A. Lewis**, Hogan Lovells, LLP)

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

Picard Kentz & Rowe, LLP
Washington, DC
on behalf of

American Keg Company, LLC

Paul Czachor, Chief Executive Officer, American Keg Company, LLC

Steve Rubeo, Controller, American Keg Company

Scott Bentley, Owner, American Keg Company

Kathreen Mangaluz, Trade Analyst, Picard Kentz & Rowe, LLP

Andrew W. Kentz)
Nathan M. Rickard) – OF COUNSEL
Whitney M. Rolig)

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

Hogan Lovells, LLP
Washington, DC
on behalf of

Thielmann Mexico S.A. de C.V.
Thielmann US LLC
(collectively “Thielmann”)

Alejandro Galvez, Chief Commercial Officer, Thielmann AG

William Stacy, Managing Director, Thielmann

Craig A. Lewis)
Jonathan T. Stoel) – OF COUNSEL
Michael G. Jacobson)

Pepper Hamilton LLP
Washington, DC
on behalf of

Blefa GmbH
Blefa Kegs, Inc.
(collectively “Blefa”)

Justin Willenbrink, Sales Director, North America Blefa Kegs, Inc.

Gregory C. Dorris) – OF COUNSEL

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Nathan M. Rickard**, Picard Kentz & Rowe, LLP)
In Opposition to Imposition (**Craig A. Lewis**, Hogan Lovells, LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1

Refillable stainless steel keys: Summary data concerning the U.S. market, 2015-17, January to June 2017, and January to June 2018

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

	Reported data					Period changes			
	Calendar year		January to June			Comparison years			Jan-Jun
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China.....	***	***	***	***	***	***	***	***	***
Germany.....	***	***	***	***	***	***	***	***	***
Mexico.....	***	***	***	***	***	***	***	***	***
Subject sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount.....	***	***	***	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China.....	***	***	***	***	***	***	***	***	***
Germany.....	***	***	***	***	***	***	***	***	***
Mexico.....	***	***	***	***	***	***	***	***	***
Subject sources.....	***	***	***	***	***	***	***	***	***
Nonsubject sources.....	***	***	***	***	***	***	***	***	***
All import sources.....	***	***	***	***	***	***	***	***	***
U.S. importers' U.S. shipments of imports from--									
China:									
Quantity.....	298,684	284,048	277,403	153,293	142,739	(7.1)	(4.9)	(2.3)	(6.9)
Value.....	23,790	20,562	19,569	10,609	10,259	(17.7)	(13.6)	(4.8)	(3.3)
Unit value.....	\$80	\$72	\$71	\$69	\$72	(11.4)	(9.1)	(2.5)	3.8
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Germany:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Mexico:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity.....	848,937	785,173	855,628	464,139	410,010	0.8	(7.5)	9.0	(11.7)
Value.....	71,655	58,993	61,607	33,512	30,756	(14.0)	(17.7)	4.4	(8.2)
Unit value.....	\$84	\$75	\$72	\$72	\$75	(14.7)	(11.0)	(4.2)	3.9
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Nonsubject sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All import sources:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity.....	***	***	***	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***	***	***	***
Production workers.....	***	***	***	***	***	***	***	***	***
Hours worked (1,000s).....	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000).....	***	***	***	***	***	***	***	***	***
Hourly wages (dollars per hour).....	***	***	***	***	***	***	***	***	***
Productivity (unit per 1,000 hours).....	***	***	***	***	***	***	***	***	***
Unit labor costs (dollars per unit).....	***	***	***	***	***	***	***	***	***

Table continued on next page.

Table C-1--Continued

Refillable stainless steel kegs: Summary data concerning the U.S. market, 2015-17, January to June 2017, and January to June 2018

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

	Reported data					Period changes			
	Calendar year			January to June		Comparison years			Jan-Jun
	2015	2016	2017	2017	2018	2015-17	2015-16	2016-17	2017-18
U.S. producers':									
Net sales:									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS).....	***	***	***	***	***	***	***	***	***
Gross profit or (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income or (loss).....	***	***	***	***	***	***	***	***	***
Net income or (loss).....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	***	***	***	***	***	***	***	***	***
Unit SG&A expenses.....	***	***	***	***	***	***	***	***	***
Unit operating income or (loss).....	***	***	***	***	***	***	***	***	***
Unit net income or (loss).....	***	***	***	***	***	***	***	***	***
COGS/sales (fn1).....	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)...	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

fn2.--Undefined.

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

APPENDIX D
MATERIAL RETARDATION

The length of domestic production operations

Prior to Geemacher and now American Keg Company, the only U.S. manufacturer of refillable stainless steel kegs was Spartanburg Stainless Products, Inc., in South Carolina. In November 2006, Franke Beverage Containers, a Swiss company which also owns German keg manufacturer, Franke Blefa, acquired Spartanburg Stainless. ***.¹

Geemacher LLC, the predecessor to American Keg, LLC, reported commencing trial production of refillable stainless steel kegs in February 20, 2014 and starting its commercial production on December 17, 2014.² Geemacher had been registered as limited liability company in Pennsylvania in February of 2007. The petitioner reports that Geemacher initially imported refillable stainless steel kegs, but began large-scale manufacturing of refillable stainless steel kegs in 2015.³ In May 2016, American Keg purchased the assets of Geemacher.⁴ Production volumes prior to January 1, 2017 are as follows:

Year	Trial production (units)	Commercial production (units)
2014	***	***
2015	***	***
2016	***	***
2017	***	***

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

The characteristics of domestic production

American Keg reports no production of other products in the Pottstown, Pennsylvania, facility prior to producing refillable stainless steel kegs.⁵ According to the petition, there are approximately six sizes of imported refillable stainless steel kegs. However, American Keg estimates that 1/6 barrel kegs and 1/2 barrel kegs constitutes over *** percent of the U.S. market. Consistent with the market demands, American Kegs states that production and sale of *** and *** kegs are the principal focus of the company's domestic manufacturing operations.⁶ Both of the major sizes were produced in each full and partial year, and sold in every quarter. No start or stoppage was reported during the transition from Geemacher to American Keg.

The size of domestic operations

According to American Keg's response to question II-7 and the petition, p. 49, the company's production capacity was *** units in 2015, and *** to *** units in 2017, while the

¹ Petition, pp. 4-5, and Staff telephone interview with Justin Willenbrink, Sales Director, North America Blefa Kegs, Inc., October 10, 2018.

² U.S. producer questionnaire responses to questions II-16a and II-16b.

³ Petition, p. 3.

⁴ U.S. producer questionnaire response to question II-15.

⁵ U.S. producer questionnaire responses to questions II-16d and II-16e.

⁶ Petition, p. 11 and p. 36.

company's production was *** in 2015, declined to *** in 2016 and then increased to *** in 2017. Capacity utilization ranged from *** percent to *** percent during 2015 to 2017.

Whether the proposed domestic industry has reached a reasonable financial "break-even" point

The U.S producer questionnaire requested that feasibility studies and/or breakeven studies related to refillable stainless steel kegs operations be submitted. In response, American Keg submitted summary information from a February 2016 spreadsheet ("Bridge File"), which projected financial results under various production levels by keg type (1/2 keg and 1/6 keg). Pro forma production levels were based on increments of total kegs produced per day (ranging from *** kegs per day and *** kegs of annual production to *** kegs per day and *** kegs of annual production). Increases in daily production capacity were a function of specific capital expenditures identified by increment (*** kegs per day) and were cumulative; e.g., in order to achieve the *** kegs per day increment, capital expenditures to reach production of *** kegs per day were implied.⁷ The average cost by keg type and increment of production in the feasibility study were adjusted downward for costs savings associated with ***.

In order to estimate financial results by increment of production, sales value by keg type (\$*** for 1/6 keg and \$*** for 1/2 keg) were applied to ***.⁸ Pro forma revenue and cost assumptions indicate that manufactured keg operations could transition to a modest gross profit at a production/sales volume of *** kegs per year (*** kegs per day): 1/6 kegs generating a *** and 1/2 kegs generating a ***.⁹

While pro forma financial results were termed ***.¹⁰ As such, calculated pro forma financial results are more analogous to ***. In order to recover both COGS and SG&A expenses and break even at the operating results level, the feasibility study summary information, in conjunction with the SG&A expenses reported in American Keg's U.S. producer questionnaire,

⁷ The amount of total capital expenditures incurred by American Keg during the period is *** than the total amount identified in the feasibility study summary information to reach an annual production amount of *** kegs; i.e., the amount of cumulative capital expenditures identified to reach the annual production amount of ***. ***.

⁸ In Part VI of this report, table VI-1 shows that the actual average per keg sales value was at its highest in *** (\$*** per keg) and then ranged from \$*** per keg (***) to \$*** per keg (***). By way of comparison, the average per keg sales value in the feasibility study summary information was around \$***. USITC auditor notes (preliminary phase). The feasibility study summary information average per keg sales value is based on a product mix of *** percent 1/6 keg and *** percent 1/2 keg. As described in Part VI of this report, the actual share of revenue accounted for by 1/6 kegs and 1/2 kegs ***, respectively, during the period.

⁹ Based on information in the feasibility study summary information and assuming the lowest level of production and without identified ***, material costs were projected to average around \$*** per keg (**% percent as a ratio to sales). At the highest level of production, corresponding capacity, and material cost savings, material costs were projected to be around \$*** per keg (**% percent as a ratio to sales). Ibid. As shown in table VI-1 and with respect to reported financial results, average per keg raw material costs ranged from a low of \$*** (**%) to a high of \$*** (**%). As a ratio of sales, raw material costs ranged from *** percent (**%) to *** percent (**%).

¹⁰ Costs assigned were as follows: ***.

indicates that total production/sales would need to be around *** kegs (***) kegs per day).¹¹ ***.

**Whether the activity is more in the nature of introducing a new product line
by an already established business**

Geemacher, the predecessor company, began producing refillable stainless steel kegs on a trial basis in early 2014 with commercial production commencing at the end of that year. At its inception, the manufacturing of refillable stainless steel kegs was of a product that was no longer produced in the United States. While Geemacher was an experienced importer of refillable stainless steel kegs and therefore familiar with marketing and selling this product, the company was not an established business with respect to the production and marketing of its own manufactured kegs. While the underlying facility has been in operation since production began in 2014, it was acquired by American Keg in May 2016. American Keg subsequently modified and upgraded the facility in order to increase available capacity and production of the two keg types produced (1/2 keg and 1/6 keg). American Keg itself did not have other manufacturing operations prior to its acquisition of Geemacher's keg production assets.

¹¹ Ibid. Annual capacity under Geemacher was *** kegs per year in 2015 and, subsequent to American Keg's acquisition, progressively increased to reach *** kegs per year in 2017. Based on information provided at the staff conference and in American Keg's U.S. producer questionnaire, the company increased capacity to ***.

APPENDIX E

U.S. SHIPMENTS BY PRODUCT TYPE AND SOURCE, 2015-17

Table E-1 presents American Keg’s U.S. shipments, exports shipments, and total shipments. U.S. shipments of small and large refillable stainless steel kegs increased *** and *** percent respectively, during 2015-17, while overall average unit values for all sizes decreased from \$*** to \$*** dollars per unit during 2015-17. Overall decrease in average unit value reflects, in part, changing product mix, including the growth of shipments of ***.

Table E-1
Refillable stainless steel kegs: U.S. producer American Keg’s U.S. shipments, by product types, 2015-17

* * * * *

Table E-2 presents U.S. importers’ U.S. shipments, by product type and source, during 2015-17.

Table E-2
Refillable stainless steel kegs: U.S. importers’ U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	298,684	284,048	277,403	(7.1)	(4.9)	(2.3)
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	6,012	5,763	5,655	(5.9)	(4.1)	(1.9)
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	23,790	20,562	19,569	(17.7)	(13.6)	(4.8)
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	80	72	71	(11.4)	(9.1)	(2.5)

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	3.96	3.57	3.46	(12.5)	(9.8)	(3.0)
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	20.1	20.3	20.4	1.3	0.8	0.5
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	100.0	100.0	100.0	---	---	---
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: China.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	100.0	100.0	100.0	---	---	---

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: Germany.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: Mexico.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: Mexico.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: Mexico.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: Mexico.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: Mexico.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: Mexico.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: Mexico.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: Mexico.-- Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	848,937	785,173	855,628	0.8	(7.5)	9.0
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	17,865	16,961	17,573	(1.6)	(5.1)	3.6
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	71,655	58,993	61,607	(14.0)	(17.7)	4.4
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	84	75	72	(14.7)	(11.0)	(4.2)

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	4.01	3.48	3.51	(12.6)	(13.3)	0.8
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	21.0	21.6	20.5	(2.4)	2.6	(4.9)
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	100.0	100.0	100.0	---	---	---
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: Subject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	100.0	100.0	100.0	---	---	---

Table continued on the next page.

Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

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Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: Nonsubject sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

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Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Quantity (units)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Quantity (1,000 pounds tare weight)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Value (1,000 dollars)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Unit value (dollars per unit)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

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Table E-2--Continued

Refillable stainless steel kegs: U.S. importers' U.S. shipments, by product type and source, 2015-17

Item	Calendar year			Comparison years		
	2015	2016	2017	2015-17	2015-16	2016-17
	Unit value (dollars per pound tare weight)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Ratio (pounds tare weight per unit)			Period change (percent)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of quantity based on unit (percent)			Period change (percentage points)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***
	Share of value (percent)			Period change (percentage points)		
U.S. shipments: All import sources.--						
Small kegs	***	***	***	***	***	***
Medium kegs	***	***	***	***	***	***
Large kegs	***	***	***	***	***	***
Other kegs sizes	***	***	***	***	***	***
All sizes	***	***	***	***	***	***

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

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