

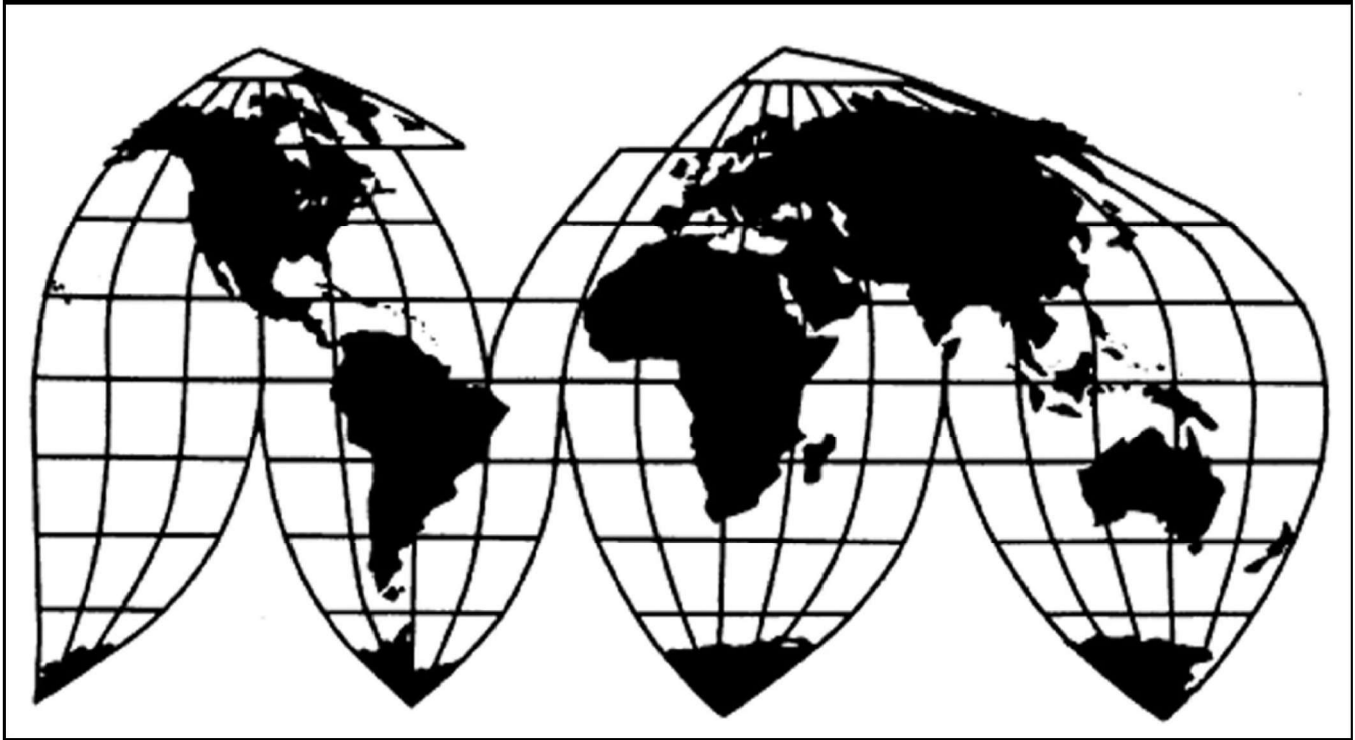
# Vertical Metal File Cabinets from China

Investigation Nos. 701-TA-623 and 731-TA-1449 (Final)

Publication 4995

December 2019

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Note.—Information that would reveal confidential operations of individual concerns may not be published.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



## UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-623 and 731-TA-1449 (Final)  
Vertical Metal File Cabinets from China

### DETERMINATIONS

On the basis of the record<sup>1</sup> developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that an industry in the United States is materially injured by reason of imports of vertical metal file cabinets (“VMFCs”) from China, provided for in subheadings 9403.10.00 and 9403.20.00 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value (“LTFV”), and to be subsidized by the government of China.

### BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)), instituted these investigations effective April 30, 2019, following receipt of petitions filed with the Commission and Commerce by Hirsh Industries LLC, Des Moines, Iowa. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of VMFCs from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission’s investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on August 21, 2019 (84 FR 43613). The hearing was held in Washington, DC, on October 8, 2019, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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



## Views of the Commission

Based on the record in the final phase of these investigations, we determine that an industry in the United States is materially injured by reason of imports of vertical metal file cabinets from China found by the U.S. Department of Commerce (“Commerce”) to be sold in the United States at less than fair value and subsidized by the government of China.

### I. Background

Hirsh Industries, LLC (“Hirsh” or “petitioner”), a domestic producer of vertical metal file cabinets (“VMFCs”), filed the petitions in these investigations on April 30, 2019.<sup>1</sup> Representatives for Hirsh appeared at the hearing accompanied by counsel and submitted prehearing and posthearing briefs and final comments. No respondent filed an entry of appearance, appeared at the hearing, or submitted any briefs or other documents.

U.S. industry data are based on the questionnaire responses from six domestic producers that accounted for the vast majority of U.S. production of VMFCs during 2018.<sup>2</sup> U.S. import data are based on the questionnaire responses of five importers.<sup>3</sup> The Commission sent foreign producer or exporter questionnaires to 50 firms believed to produce and/or export

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<sup>1</sup> Confidential Report (“CR”) and Public Report (“PR”) at I-1.

<sup>2</sup> CR/PR at I-4. The Commission sent U.S. producer questionnaires to 11 firms based on information contained in the petition and research. Six firms provided usable data on their production operations. Commission staff believes that these responses represent the vast majority of U.S. production of VMFCs, with \*\*\* accounting for the largest shares of reported domestic production. CR/PR at III-1 and Table III-1.

<sup>3</sup> CR/PR at I-4, IV-1. The Commission sent importer questionnaires to 50 firms believed to be importers of VMFCs; it received 32 responses (in the preliminary and final phase investigations combined) from firms stating that they did not import VMFCs from 2016 to 2018. The Commission received usable importer questionnaire responses from five U.S. importers representing \*\*\* of U.S. imports of VMFCs from China under HTS subheading 9403.10.00 in 2018. CR/PR at IV-1.

The merchandise subject to these investigations is classified under HTS subheading 9403.10.0020, which is a basket category that contains in-scope and out-of-scope merchandise. In its preliminary determinations the Commission derived in-scope import volume data by aggregating data from importer questionnaire responses \*\*\*. *Vertical Metal File Cabinets from China*, Inv. Nos. 701-TA-623 and 731-TA-1449 (Preliminary), USITC Pub. 4914 (June 2019) (“*Preliminary Determinations*”) at 15 n.68, Confidential Preliminary Determinations, EDIS Doc. 679317 at 20 n.68. In the final phase of these investigations, we refined our approach based on an additional questionnaire response \*\*\* received by Commission staff. CR/PR at IV-1 n.2; U.S. Importer Questionnaire Response of \*\*\*, EDIS No. 691448. The additional \*\*\* gathered by Commission staff allowed them to refine the data received through the importer questionnaire responses such that the aggregated importer questionnaire data were at least as reliable as the import data used in the preliminary determinations. Import data in the Commission Report are consequently based on the importer questionnaire responses.

VMFCs from China but did not receive any responses from these firms.<sup>4</sup> Public information on the VMFCs industry in China is limited, but staff compiled data on China's broader office furniture industry.<sup>5</sup>

## II. Domestic Like Product

### A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission first defines the "domestic like product" and the "industry."<sup>6</sup> 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."<sup>7</sup> 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."<sup>8</sup>

The decision regarding the appropriate domestic like product 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.<sup>9</sup> No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.<sup>10</sup> The Commission looks for clear dividing lines among possible like products and disregards minor variations.<sup>11</sup> Although the Commission must accept

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<sup>4</sup> CR/PR at VII-3.

<sup>5</sup> CR/PR at VII-3-VII-5.

<sup>6</sup> 19 U.S.C. § 1677(4)(A).

<sup>7</sup> 19 U.S.C. § 1677(4)(A).

<sup>8</sup> 19 U.S.C. § 1677(10).

<sup>9</sup> 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).

<sup>10</sup> See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

<sup>11</sup> *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 (Continued...)

Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,<sup>12</sup> the Commission determines what domestic product is like the imported articles Commerce has identified.<sup>13</sup>

## **B. Product Description**

Commerce defined the imported merchandise within the scope of these investigations as:

{F}reestanding vertical metal file cabinets containing two or more extendable file storage elements and having an actual width of 25 inches or less.

The subject vertical metal file cabinets have bodies made of carbon and/or alloy steel and or other metals, regardless of whether painted, powder coated, or galvanized or otherwise coated for corrosion protection or aesthetic appearance. The subject vertical metal file cabinets must have two or more extendable elements for file storage (*e.g.*, file drawers) of a height that permits hanging files of either letter (8.5" x 11") or legal (8.5" x 14") sized documents.

An "extendable element" is defined as a movable load-bearing storage component including, but not limited to, drawers and filing frames. Extendable elements typically have suspension systems, consisting of glide blocks or ball bearing glides, to facilitate opening and closing.

The subject vertical metal file cabinets typically come in models with two, three, four, or five-file drawers. The inclusion of one or more additional non-file-sized

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(...Continued)

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.").

<sup>12</sup> See, *e.g.*, *USEC, Inc. v. United States*, 34 Fed. Appx. 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).

<sup>13</sup> *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 in which Commerce found five classes or kinds).

extendable storage elements, not sized for storage files (*e.g.*, box or pencil drawers), does not remove an otherwise in-scope product from the scope as long as the combined height of the non-file-sized extendable storage elements does not exceed six inches. The inclusion of an integrated storage area that is not extendable (*e.g.*, a cubby) and has an actual height of six inches or less, also does not remove a subject vertical metal file cabinet from the scope. Accessories packaged with a subject vertical file cabinet, such as separate printer stands or shelf kits that sit on top of the in-scope vertical file cabinet are not considered integrated storage.

“Freestanding” means the unit has a solid top and does not have an open top or a top with holes punched in it that would permit the unit to be attached to, hung from, or otherwise used to support a desktop or other work surface. The ability to anchor a vertical file cabinet to a wall for stability or to prevent it from tipping over does not exclude the unit from the scope.

The addition of mobility elements such as casters, wheels, or a dolly does not remove the product from the scope. Packaging a subject vertical metal file cabinet with other accessories, including, but not limited to, locks, leveling glides, caster kits, drawer accessories (*e.g.*, including but not limited to follower wires, follower blocks, file compressors, hanger rails, pencil trays, and hanging file folders), printer stand, shelf kit and magnetic hooks, also does not remove the product from the scope. Vertical metal file cabinets are also in scope whether they are imported assembled or unassembled with all essential parts and components included.

Excluded from the scope are lateral metal file cabinets. Lateral metal file cabinets have a width that is greater than the body depth, and have a body with an actual width that is more than 25 inches wide.

Also excluded from the scope are pedestal file cabinets. Pedestal file cabinets are metal file cabinets with body depths that are greater than or equal to their width, are under 31 inches in actual height, and have the following characteristics: (1) An open top or other the means for the cabinet to be attached to or hung from a desktop or other work surface such as holes punched in the top (*i.e.*, not freestanding); or (2) freestanding file cabinets that have all of the following: (a) At least a 90 percent drawer extension for all extendable file storage elements; (b) a central locking system; (c) a minimum weight density of 9.5 lbs./cubic foot; and (d) casters or leveling glides.

“Percentage drawer extension” is defined as the drawer travel distance divided by the inside depth dimension of the drawer. Inside depth of drawer is measured from the inside of the drawer face to the inside face of the drawer back. Drawer extension is the distance the drawer travels from the closed position to the maximum travel position which is limited by the out stops. In situations where drawers do not include an outstop, the drawer is extended until the drawer back is 3-1/2 inches from the closed position of inside face of the drawer front. The “weight density” is calculated by dividing the cabinet’s actual weight by its volume in cubic feet (the multiple of the product’s actual width, depth, and height). A “central locking system” locks all drawers in a unit.

Also excluded from the scope are fire proof or fire-resistant file cabinets that meet Underwriters Laboratories (UL) fire protection standard 72, class 350, which covers the test procedures applicable to fire-resistant equipment intended to protect paper records.<sup>14</sup>

### **C. Party Arguments**

Hirsh argues that the Commission’s traditional six-factor domestic like product analysis supports a finding that the domestic like product should be defined to be all VMFCs, coextensive with the scope of the investigations, as the Commission found in its preliminary determinations. It contends that out-of-scope lateral metal file cabinets and pedestal metal file cabinets differ in important aspects from VMFCs.<sup>15</sup>

### **D. Domestic Like Product Analysis**

In the preliminary determinations, the Commission applied its traditional six-factor like product analysis and defined a single domestic like product consisting of all VMFCs coextensive with Commerce’s scope of investigation. It found that all VMFCs share similar physical

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<sup>14</sup> *Vertical Metal File Cabinets From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, 84 Fed. Reg. 57394 (Oct. 25, 2019); *Vertical Metal File Cabinets From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 84 Fed. Reg. 57398 (Oct. 25, 2019). Commerce also noted that the “merchandise subject to the investigation is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 9403.10.0020,” that the “subject merchandise may also enter under HTSUS subheadings 9403.10.0040, 9403.20.0080, and 9403.20.0090, and that “\*\*\*hile HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.” 84 Fed. Reg. at 57397, 57400.

<sup>15</sup> Hirsh Prehearing Brief at 3-7.

characteristics and uses, that they are produced using equipment dedicated to produce VMFCs by employees dedicated to that production, that they are sold through the same channels of distribution, and that they are highly interchangeable.<sup>16</sup> By contrast, out-of-scope lateral metal file cabinets and pedestal metal file cabinets differed physically from VMFCs and had additional uses besides storing documents, were produced on different production lines than VMFCs, had limited interchangeability, were perceived as different products, and were priced higher than VMFCs.<sup>17</sup>

As discussed below, additional information on the record in the final phase of these investigations also supports defining a single domestic like product consisting of all VMFCs, coextensive with the scope of the investigations.

*Physical Characteristics and Uses.* All VMFCs share similar physical characteristics and uses. VMFCs are freestanding metal storage units typically produced from cold-rolled steel that are generally of a height and depth greater than their width. They have two or more drawers with dimensions sized to store legal- and letter-sized documents; their narrow profile provides for efficient storage, organization, and retrieval of paper documents while occupying only a small floor area.<sup>18</sup>

Physical proportions distinguish VMFCs from out-of-scope metal storage cabinets. Lateral metal file cabinets, for example, are much wider than they are deep; the design of lateral metal file cabinets, unlike that of VMFCs, allows for storage of other items besides documents.<sup>19</sup> Pedestal metal file cabinets are also multi-purpose metal storage cabinets often used in conjunction with a desk; they typically have one or more smaller drawers and may or may not have a file-sized drawer.<sup>20</sup>

*Manufacturing Facilities, Production Processes and Employees.* Hirsh and HON, \*\*\* domestic producers, produce VMFCs using production lines, equipment, and employees almost exclusively dedicated to the production of VMFCs.<sup>21</sup> The highly standardized dimensions of VMFCs allow Hirsh to manufacture VMFCs \*\*\*, dedicated manufacturing process. \*\*\*.<sup>22</sup>

*Channels of Distribution.* VMFCs are sold primarily through “big box” office equipment and office supply stores, office furniture dealers, club stores, and office furniture distributors.<sup>23</sup>

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<sup>16</sup> *Preliminary Determinations*, USITC Pub. 4914 at 7-9.

<sup>17</sup> *Preliminary Determinations*, USITC Pub. 4914 at 8-10.

<sup>18</sup> CR/PR at I-3, I-11-12; Hirsh Prehearing Brief at 4.

<sup>19</sup> CR/PR at I-15; Hirsh Prehearing Brief at 4. *Compare* CR/PR at Figure I-1 (VMFCs) to Figure I-3 (out-of-scope metal storage cabinets).

<sup>20</sup> CR/PR at I-15; Hirsh Prehearing Brief at 4.

<sup>21</sup> Hirsh and HON accounted, respectively, for \*\*\* and \*\*\* percent of reported U.S. production in 2018. CR/PR at Table III-1.

<sup>22</sup> CR/PR at I-18. The only common production line Hirsh uses for both VMFCs and out-of-scope metal file storage cabinets is \*\*\*. CR/PR at I-18 and Hirsh Prehearing Brief at 6. \*\*\*. CR/PR at I-18-19.

<sup>23</sup> Hirsh Prehearing Brief at 5.



U.S. producers reported selling the \*\*\*.<sup>24</sup> Lateral metal file cabinets are sold through similar channels of distribution as VMFCs.<sup>25</sup>

*Interchangeability.* VMFCs are largely interchangeable, varying only in the number of drawers and the ability of the drawers to store letter-sized versus legal-sized documents.<sup>26</sup> Out-of-scope metal file cabinets have limited interchangeability with VMFCs due to the differences in their physical characteristics and uses. Moreover, nearly all responding U.S. producers, importers, and purchasers reported that there were no substitutes for VMFCs.<sup>27</sup>

*Producer and Customer Perceptions.* Producers and customers perceive VMFCs as a single type of product due to their document storage function and limited range of sizes and drawer configurations. Domestic producers Hirsh and HON \*\*\* advertise and market VMFCs as separate and distinct products from lateral and pedestal metal file cabinets.<sup>28</sup> VMFCs are produced to Business and Institutional Furniture Manufacturers Association (“BIFMA”) standards for storage units, which distinguish between VMFCs, lateral metal file cabinets, and pedestal metal file cabinets.<sup>29</sup>

*Price.* VMFCs are sold in a broad range of prices based on the number of drawers and other product distinctions.<sup>30</sup> Hirsh asserts that lateral metal file cabinets and pedestal metal file cabinets are typically priced much higher than VMFCs.<sup>31</sup>

*Conclusion.* Given their similarities in physical characteristics and uses, manufacturing processes, equipment, and employees, channels of distribution, interchangeability, and producer and customer perceptions, we include all VMFCs in the domestic like product. We do not include out-of-scope lateral and pedestal metal file cabinets in the domestic like product, as they differ from VMFCs with respect to their physical dimensions and uses; manufacturing processes, equipment, and employees; and producer and customer perceptions. Moreover, their interchangeability with VMFCs is limited. We consequently define a single domestic like product consisting of all VMFCs, coextensive with the scope of the investigations.

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<sup>24</sup> CR/PR at Table II-2.

<sup>25</sup> Hirsh Postconference Brief, Exhibit 1 at 3. The record does not indicate the channels of distribution for pedestal metal file cabinets.

<sup>26</sup> Hirsh Prehearing Brief at 4.

<sup>27</sup> CR/PR at I-15, II-9; Hirsh Prehearing Brief at 4-5.

<sup>28</sup> Hirsh Prehearing Brief at 4-5; Hirsh Postconference Brief, Exhibit 2.

<sup>29</sup> CR/PR at I-14; Hirsh Prehearing Brief at 5. BIFMA standard X5.-9-2019 was approved by the American National Standards Institute on February 1, 2019 and defines the specific tests, laboratory equipment, and conditions for testing and evaluating a storage unit’s performance, durability, and structural adequacy. CR/PR at I-14.

<sup>30</sup> CR/PR at Tables V-4 —V-9. Reported per unit prices for domestically produced VMFCs in the first quarter of 2017 ranged from \$\*\*\* (Product 1, two file drawers) to \$\*\*\* (Product 6, four file drawers). *Id.*

<sup>31</sup> Hirsh Prehearing Brief at 7.

### III. Domestic Industry

The domestic industry is defined as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”<sup>32</sup> 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.

There are no related party issues or other domestic industry issues in the final phase of these investigations.<sup>33</sup> We accordingly define the domestic industry to include all domestic producers of VMFCs.

### IV. Material Injury by Reason of Subject Imports<sup>34</sup>

Based on the record in the final phase of this investigation, we find that an industry in the United States is materially injured by reason of dumped and subsidized imports of VMFCs from China.

#### A. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.<sup>35</sup> In making this determination, the Commission must consider the volume of subject imports, their effect on

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<sup>32</sup> 19 U.S.C. § 1677(4)(A).

<sup>33</sup> No domestic producer imported subject merchandise over the January 2016-June 2019 period of investigation (“POI”) or is related to an exporter or importer of subject merchandise. CR/PR at III-2-3, Table III-9. There were similarly no related party or domestic industry issues in the preliminary phase. *Preliminary Determinations*, USITC Pub. 4914 at 11.

<sup>34</sup> Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that accounts 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 generally be deemed negligible. 19 U.S.C. § 1677(24)(A)(i). The exceptions to this general rule are not pertinent here.

Negligibility is not an issue in these investigations. The petitions were filed on April 30, 2019. Subject imports from China accounted for \*\*\* percent of total imports of VMFCs by quantity in the 12-month period (April 2018 through March 2019) preceding the filing of the petitions. CR/PR at Table IV-3. Accordingly, we find that subject imports are not negligible.

<sup>35</sup> 19 U.S.C. §§ 1671d(b), 1673d(b).

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.<sup>36</sup> The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”<sup>37</sup> In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.<sup>38</sup> 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.”<sup>39</sup>

Although the statute requires the Commission to determine whether the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,<sup>40</sup> 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.<sup>41</sup> 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.<sup>42</sup>

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

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<sup>36</sup> 19 U.S.C. § 1677(7)(B). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor ... and explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B).

<sup>37</sup> 19 U.S.C. § 1677(7)(A).

<sup>38</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>39</sup> 19 U.S.C. § 1677(7)(C)(iii).

<sup>40</sup> 19 U.S.C. §§ 1671d(b), 1673d(b).

<sup>41</sup> *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).

<sup>42</sup> The Federal Circuit, in addressing the causation standard of the statute, observed that “[a]s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass’n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

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.<sup>43</sup> In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.<sup>44</sup> 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.<sup>45</sup> It is clear that the existence of injury caused by other factors does not compel a negative determination.<sup>46</sup>

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<sup>43</sup> 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.

<sup>44</sup> 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.”).

<sup>45</sup> S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

<sup>46</sup> *See Nippon Steel Corp.*, 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

Assessment of whether material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports.”<sup>47</sup> The Commission ensures that it has “evidence in the record” to “show that the harm occurred ‘by reason of’ the LTFV imports,” and that it is “not attributing injury from other sources to the subject imports.”<sup>48</sup> The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”<sup>49</sup>

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.<sup>50</sup> Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.<sup>51</sup>

## **B. Conditions of Competition and the Business Cycle**

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

### **1. Demand Considerations**

Demand for VMFCs is driven by office vacancies and it tracks general economic factors such as unemployment; as businesses expand and office vacancies decline, the demand for

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<sup>47</sup> *Mittal Steel*, 542 F.3d at 876 &78; *see also id.* at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.”) *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission’s causation analysis as comports with the Court’s guidance in *Mittal*.

<sup>48</sup> *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant “other factor” may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

<sup>49</sup> *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.”).

<sup>50</sup> We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

<sup>51</sup> *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.”).

VMFCs increases.<sup>52</sup> VMFCs are specifically designed for their intended use and nearly all responding U.S. producers, importers, and purchasers reported that there were no substitutes for VMFCs.<sup>53</sup>

A small number of firms purchase large quantities of VMFCs. Major purchasers include large retailers such as \*\*\*.<sup>54</sup> Hirsh reports that \*\*\*.<sup>55</sup> Sales of VMFCs to retailers that sell them on the internet are an important element of the U.S. market, including sales to \*\*\*.<sup>56</sup>

Apparent U.S. consumption for VMFCs increased irregularly over the POI from \*\*\* units in 2016 to \*\*\* units in 2017 and \*\*\* units in 2018; it was \*\*\* units in interim (January to June) 2018 and higher, at \*\*\* units, in interim 2019.<sup>57</sup> Most U.S. producers, a majority of importers, and a plurality of purchasers, however, reported that U.S. demand for VMFCs decreased over the POI, with several market participants noting the shift toward digital file storage.<sup>58</sup>

## 2. Supply Considerations

The domestic industry held the largest share of the U.S. market over the POI, but its share of the market declined by \*\*\* percentage points from 2016 to 2018 and was \*\*\* percentage points lower in interim 2019 than in interim 2018.<sup>59</sup> Hirsh is the \*\*\* U.S. producer, accounting for \*\*\* percent of reported U.S. production in 2018, and HON is the \*\*\*, accounting for \*\*\* percent of reported U.S. production in 2018.<sup>60</sup>

Although subject imports held a smaller share of the U.S. market than nonsubject imports in 2016 and 2017, that changed in 2018, as subject imports steadily gained market share. Subject import market share rose from \*\*\* percent in 2016 to \*\*\* percent in 2017 and \*\*\* percent in 2018; it was \*\*\* percent in interim 2018 and higher, at \*\*\* percent, in interim 2019. Nonsubject import market share fell from \*\*\* percent in 2016 to \*\*\* percent in 2017 and \*\*\* percent in 2018; it was \*\*\* percent in both interim 2018 and interim 2019.<sup>61</sup> Most of the nonsubject imports are from Mexico and all of the reported imports from Mexico are imported

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<sup>52</sup> Hearing Transcript at 33 (Bailey).

<sup>53</sup> CR/PR at II-9.

<sup>54</sup> CR/PR at II-3.

<sup>55</sup> Hirsh Prehearing Brief at 12.

<sup>56</sup> Hirsh Prehearing Brief at 13; CR/PR at V-3.

<sup>57</sup> CR/PR at Table IV-4.

<sup>58</sup> CR/PR at II-8-9, Table II-5. Hirsh states that the variance between apparent U.S. consumption trends and market participants' perceptions of them could be due to increased digital file storage, or due to some market participants not experiencing increased demand because subject imports captured the sales created by demand growth. Hirsh Posthearing Brief, Exhibit 1, Answers to Commissioners Questions at 21.

<sup>59</sup> CR/PR at Table C-1.

<sup>60</sup> CR/PR at Table III-1.

<sup>61</sup> CR/PR at Table IV-4.

by Hirsh from its corporate parent's Mexican subsidiary, EDN Mexico ("EDN").<sup>62</sup> Other nonsubject imports were from \*\*\*.<sup>63</sup>

### 3. Substitutability and Other Conditions

We find that there is a high degree of substitutability between domestically produced VMFCs and subject imports.<sup>64</sup> All responding U.S. producers reported that VMFCs from China and the United States were "always" interchangeable. The majority of responding importers and purchasers reported that they were "always" or "frequently" interchangeable.<sup>65</sup> VMFCs are produced to meet BIFMA standard X5.9-2019 for storage units.<sup>66</sup> Purchasers reported that quality and price/cost were the top factors affecting their buying decisions.<sup>67</sup>

The U.S. market for VMFCs is characterized by a limited number of large purchasers with market power, substantial direct imports by large retailers, online sales, and annual supply contracts that often have escalator clauses tied to raw material costs but do not have volume commitments. \*\*\* directly imported \*\*\* of the subject imports reported in U.S. importer questionnaire responses; it states that \*\*\*.<sup>68</sup> Online sales are occurring with increasing frequency, increasing price transparency in the market and intensifying price competition within it.<sup>69</sup> U.S. producers reported selling the vast majority of their VMFCs pursuant to annual contracts. Some of these contracts contain price adjustment mechanisms that allow prices for VMFCs to rise as raw material indexes show increases in raw material costs. \*\*\* responding producers had some annual or long-term contracts that were indexed to raw material costs, including \*\*\*. Hirsh indicated that its annual contracts do not have volume commitments, and no other producer indicated that its contracts had fixed volume commitments.<sup>70</sup>

VMFCs are primarily made of cold-rolled steel coils. Cold-rolled steel coil costs increased by \*\*\* percent from January 2016 to March 2017 and then decreased through June

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<sup>62</sup> CR/PR at IV-2 n.5, VII-9-10, Table III-2 and Table IV-2. Hirsh states that there is very little overlap between the VMFCs it produces in the United States and those EDN produces in Mexico. CR/PR at III-10 n.14; Hirsh Posthearing Brief, Exhibit 1, Answers to Commissioners Questions at 3-4.

<sup>63</sup> CR/PR at IV-2 n.5.

<sup>64</sup> CR/PR at II-9-10.

<sup>65</sup> CR/PR at II-15. At least two out of four responding purchasers reported that domestically produced VMFCs were comparable to subject imports with respect to 13 out of 18 purchasing factors, including availability, reliability of supply, quality meets industry standards, and quality exceeds industry standards. CR/PR at Table II-10.

<sup>66</sup> CR/PR at I-14.

<sup>67</sup> CR/PR at Table II-7.

<sup>68</sup> CR/PR at IV-2 n.3.

<sup>69</sup> CR/PR at V-3.

<sup>70</sup> CR/PR at V-4 and Table V-3; Hirsh Prehearing Brief at 13-14.

2019.<sup>71</sup> Unit steel costs for VMFCs increased over the POI and accounted for a substantial share of cost of goods sold (“COGS”).<sup>72</sup> U.S. producers’ raw material costs, as a share of COGS, increased irregularly from \*\*\* percent in 2016 to \*\*\* percent in 2018; this percentage was higher in interim 2019 (\*\*\* percent) than in interim 2018 (\*\*\* percent).<sup>73</sup>

Pursuant to section 232 of the Trade Expansion Act of 1962, tariffs were imposed on certain steel imports (“section 232 tariffs”), including cold-rolled steel coils, beginning in March 2018.<sup>74</sup> Five out of six U.S. producers and two out of three U.S. importers stated that the section 232 tariffs had an impact on raw material costs for VMFCs in the U.S. market.<sup>75</sup>

Pursuant to section 301 of the Trade Act of 1974, tariffs were imposed on certain imports from China (“section 301 tariffs”), including VMFCs, beginning in September 2018.<sup>76</sup> Hirsh contends that the section 301 tariffs imposed on VMFCs had no impact on the domestic industry or on subject import volume during the POI.<sup>77</sup>

### C. Volume of Subject Imports

Section 771(7)(C)(i) of the Tariff Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”<sup>78</sup>

Subject import volume sharply increased from \*\*\* units in 2016 to \*\*\* units in 2017 and \*\*\* units in 2018, an increase of \*\*\* percent; it was \*\*\* units in interim 2018 and \*\*\* units in interim 2019, which was \*\*\* percent higher than in interim 2018.<sup>79</sup> Subject import market share increased from \*\*\* percent in 2016 to \*\*\* percent in 2017 and \*\*\* percent in 2018, an increase of \*\*\* percentage points; it was \*\*\* percent in interim 2018 and \*\*\* percent in interim 2019, which was \*\*\* percentage points higher than in interim 2018.<sup>80</sup> While apparent

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<sup>71</sup> CR/PR at V-1, Figure V-1.

<sup>72</sup> Steel accounted for \*\*\* percent of COGS in 2016, \*\*\* percent of COGS in 2017 and \*\*\* percent in 2018; it was a higher share of COGS in interim 2019 (\*\*\* percent) than in interim 2018 (\*\*\* percent). CR/PR at Table VI-1.

<sup>73</sup> CR/PR at Table VI-1.

<sup>74</sup> 19 U.S.C. § 1862. *See generally* CR/PR at I-11.

<sup>75</sup> CR/PR at Table V-1.

<sup>76</sup> 19 U.S.C. § 2411. *See generally* CR/PR at I-10.

<sup>77</sup> Hirsh Prehearing Brief at 18-19.

<sup>78</sup> 19 U.S.C. § 1677(7)(C)(i).

<sup>79</sup> CR/PR at Table IV-2.

<sup>80</sup> CR/PR at Table IV-4, Table C-1.



U.S. consumption increased by \*\*\* percent from 2016 to 2018, subject imports gained market share from both the domestic industry and nonsubject imports.<sup>81</sup>

We find that subject import volume and the increase in subject import volume are significant in absolute terms and relative to consumption.

#### **D. Price Effects of the Subject Imports**

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

(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.<sup>82</sup>

As addressed above, the record indicates that there is a high degree of substitutability between subject imports and the domestic like product and that price is an important factor in purchasing decisions.

We have examined several sources of data in our underselling analysis, including pricing data, import purchase cost data, and data derived from purchaser questionnaire responses. The Commission requested U.S. producers and importers to provide quarterly pricing data for the total quantity and f.o.b. value of six pricing products shipped to unrelated U.S. customers over the POI.<sup>83</sup> Six U.S. producers reported pricing data accounting for approximately \*\*\*

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<sup>81</sup> CR/PR at Table C-1. Apparent U.S. consumption was \*\*\* percentage points higher in interim 2019 than in interim 2018, and subject import market share was higher in interim 2019 than in interim 2018, while domestic industry market share was lower and nonsubject import market share was level. *Id.*

<sup>82</sup> 19 U.S.C. § 1677(7)(C)(ii).

<sup>83</sup> CR/PR at V-5. The six pricing products are as follows:

Product 1. – Vertical metal file cabinet, 17.75” – 20.25” deep, two file drawers, letter size (14.0” – 16.25” wide), containing a lock, not containing casters.

Product 2. – Vertical metal file cabinet, 20.75” – 24.25” deep, two file drawers, letter size (14.0” – 16.25” wide), containing a lock, not containing casters.

Product 3. – Vertical metal file cabinet, 27.75” – 29.25” deep, two file drawers, letter size (14.0” – 16.25” wide), containing a lock, not containing casters.

Product 4. – Vertical metal file cabinet, 17.75” – 20.25” deep, two file drawers and one pencil drawer, letter size (14.00” – 16.25” wide), containing a lock, not containing casters.

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percent of U.S. producers' U.S. shipments of VMFCs during January 2016 to June 2019.<sup>84</sup> Usable pricing data (*i.e.*, prices for commercial sales of VMFCs) were not available for U.S. shipments of VMFCs imported from China, \*\*\*. Thus, the record does not permit comparisons of prices charged by domestic producers with those charged by importers in commercial sales of subject merchandise.

The record does, however, permit analysis of purchase cost data for direct imports.<sup>85</sup> As previously discussed, \*\*\* importer of subject merchandise, directly imported \*\*\*.<sup>86</sup> The Commission collected purchase cost data for the six specified pricing products imported from China for internal use or retail sales. The purchase cost data provided by \*\*\* with respect to pricing products 1, 2, 4, 5, and 6 in 2018 accounted for approximately \*\*\* percent of the subject imports from China in that year.<sup>87</sup>

The record shows that the purchase costs of subject imports were lower than the prices for the domestic like product in \*\*\* out of \*\*\* quarterly comparisons, at differentials ranging from \*\*\* percent to \*\*\* percent and averaging \*\*\* percent. There were \*\*\* units of subject imports (or \*\*\* percent of the total quantity of subject imports reported in the purchase cost data) purchased in quarters in which their purchase costs were lower than the prices for the domestic like product.<sup>88</sup>

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Product 5. – Vertical metal file cabinet, 17.75” — 20.25” deep, three file drawers, letter size (14.00” — 16.25” wide), containing a lock, not containing casters.

Product 6. – Vertical metal file cabinet, 25.75” — 27.25” deep, four file drawers, letter size (14.00” — 16.25” wide), containing a lock, not containing casters.

<sup>84</sup> CR/PR at V-6.

<sup>85</sup> In its U.S. importer questionnaires in these investigations, the Commission requested that firms provide the landed duty-paid (“LDP”) value of imports of subject merchandise for their (or their related firms’) retail sales, which were referenced as “purchase cost data.” LDP value was defined in the questionnaires as “landed duty-paid values at the U.S. port of entry, including ocean freight and insurance costs, brokerage charges, and import duties (*i.e.*, all charges except inland freight in the United States.” Blank U.S. Importers’ Questionnaire at III-3a (EDIS Document No. 684275). In these Views, we also refer to these data as purchase cost data.

<sup>86</sup> Our subject import volume data, set out in Table IV-2 (U.S. imports) and Table C-1 (U.S. importers’ U.S. shipments) of the staff report, consist solely of subject import data reported by \*\*\* that reported subject imports. CR/PR at IV-2 n.3. CR/PR at Table IV-1. \*\*\*. CR/PR at Table V-11 and Table V-12. \*\*\*. \*\*\*. Viewed together, these data indicate that there may well be subject imports in the U.S. market besides those \*\*\*, but the record indicates that \*\*\* accounted for \*\*\* of subject imports. CR/PR at IV-1.

<sup>87</sup> CR/PR at V-6. The total quantity of the purchase cost data provided by \*\*\* in 2018 was \*\*\* units. Derived from CR/PR Tables V-4—V-5 and V-7—V-9. Subject import volume was \*\*\* units in 2018, all of which \*\*\*. CR/PR at Table IV-2.

<sup>88</sup> Derived from CR/PR Tables V-4—V-5 and V-7—V-9. The purchase costs of subject imports were higher than the prices for the domestic like product in \*\*\* out of \*\*\* quarterly comparisons, at (Continued...)

The Commission requested that firms directly importing subject merchandise provide additional estimated costs above LDP value associated with their importing activities. \*\*\* reported that there were a number of these additional costs not included in \*\*\* purchase cost data: logistical or supply chain costs, which it reported as general and administrative expenses, of \*\*\* percent; warehousing/inventory carrying costs of \*\*\* percent; and insurance costs of \*\*\* percent.<sup>89</sup> \*\*\* reported that it \*\*\*.<sup>90</sup> The large differential between the reported import purchase costs and the prices for the domestic like product indicates that the subject imports were often priced lower than the domestic like product.<sup>91 92 93 94</sup>

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differentials ranging from \*\*\* percent to \*\*\* percent and averaging \*\*\* percent. There were \*\*\* units of subject imports (or \*\*\* percent of the total quantity of subject imports reported in the purchase cost data) purchased in quarters in which their purchase costs were higher than the prices for the domestic like product. *Id.*

<sup>89</sup> CR/PR at V-6. The percentages are expressed as an estimated ratio to LDP value. *Id.* at n.9. Hirsh argues that insurance costs are already accounted for in the purchase cost data and that “{a}ny ‘logistical’ costs reported by an importer, such as warehousing or general selling and administrative expenses, are the same costs that must be incurred by a purchaser in buying a U.S. product and should not be treated as ‘additional’ or differentiating costs associated with buying direct imports.” Hirsh Posthearing Brief, Exhibit 1, Answers to Commissioners Questions at 14.

<sup>90</sup> CR/PR at V-6.

<sup>91</sup> In addition, three out of four purchasers reported that domestically produced VMFCs were inferior to subject imports with respect to price, and, as discussed below, the two purchasers who reported purchasing subject merchandise instead of U.S.-produced product reported that subject import prices were lower than those of U.S.-produced product. CR/PR at Table II-10 and Table V-12.

<sup>92</sup> The Commission agrees that the purchase cost data in these investigations demonstrate that subject imports were often priced lower than the domestic like product. However, for the reasons explained below, the record in these investigations is unclear on how much weight should be accorded to the “additional costs” of direct import activities as reported by \*\*\*.

With regard to direct purchase cost data, purchaser-importers reported LDP value which is defined in the questionnaire as follows: “{v}alues reported should be landed, duty-paid values at the U.S. port of entry, including ocean freight and insurance costs, brokerage charges, and import duties (*i.e.*, all charges except inland freight in the United States).” The questionnaire notes that the LDP value should reflect the final net amount paid (*i.e.* should be net of all returns, discounts, allowances, and rebates). The questionnaire also requests that firms report “Additional costs” related to direct importing for retail sale not already included in LDP value; specifically, logistical or supply chain management costs, warehousing/inventory carrying costs, insurance costs, and other costs. Blank U.S. Importers’ Questionnaire at III-3 to III-4 (EDIS Document No. 684275). Petitioner argues that, in order to maintain an “apples-to-apples” comparison, these additional costs should not be taken into account, asserting that insurance is already covered in the LDP value, the other costs also apply to purchases of VMFCs from domestic producers, and such costs have not been requested and added to the domestic producers’ prices. Hirsh Posthearing Brief at 3-6. On the record of these investigations, it is unclear whether these reported additional costs are specifically related to direct importing activities for VMFCs and would not also be incurred in purchases from domestic producers or importers. Regardless, the

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With respect to lost sales, in the final phase of these investigations Commission staff contacted 42 purchasers and received responses from ten purchasers that reported purchasing or importing \*\*\* VMFCs during the POI.<sup>95</sup> Of these ten responding purchasers, two reported that they had purchased imported VMFCs from China instead of U.S.-produced product since 2016. Both of these producers reported that subject import prices were lower than prices of U.S.-produced product, and one purchaser, (\*\*\*), reported that price was a primary reason for its decision to purchase subject imports rather than the U.S.-produced product. \*\*\* estimated the quantity of VMFCs from China it purchased instead of domestic product to be \*\*\* units.<sup>96</sup> Consequently, information in the purchaser questionnaires shows that the domestic industry lost substantial sales to subject imports due to lower-priced subject imports. This corroborates Hirsh’s contention that it \*\*\*.<sup>97</sup> The price competition by the subject imports led to the domestic industry losing sales and substantial market share.

Considering the available pricing data and purchase cost data, the loss of substantial sales due to price, the high degree of substitutability between the domestic like product and the subject imports, and the importance of price in purchasing decisions, we find that there has been significant underselling by the subject imports as compared with the prices of the domestic like product.

We have also considered price trends over the POI. In general, prices for domestically produced pricing products 1, 3, 4, and 5 increased from January 2016 to June 2019; products 1 and 4 were the pricing products involving the largest reported sales quantities

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record shows clear evidence of a substantial volume of sales lost as a result of lower-priced subject imports, as well as a clear shift in market share from domestic product to subject imports.

<sup>93</sup> Commissioner Schmidlein does not join footnote 92. She would afford the “Additional costs” referenced in the prior footnote limited weight as she agrees with petitioner that these costs appear on their face to also apply to purchases of VMFCs sourced from domestic producers, and such costs were not requested and therefore have not been added to the prices reported by domestic producers.

<sup>94</sup> Chairman Johanson does not join the two prior footnotes.

<sup>95</sup> CR/PR at V-20; CR/PR at Table V-11.

<sup>96</sup> CR/PR at V-20, Table V-12. In response to the question as to whether U.S. producers had reduced prices in order to compete with lower-priced imports from China, \*\*\* of the ten responding purchasers, including \*\*\*, reported \*\*\*; \*\*\* reported that they \*\*\*; and \*\*\*, reported that U.S. producers had reduced prices by an estimated \*\*\* percent, in order to compete with lower-priced imports from China. CR/PR at Table V-13.

<sup>97</sup> Hirsh states that from \*\*\*. \*\*\*. \*\*\*. In order to keep the business, \*\*\*. \*\*\*. Instead, \*\*\*. \*\*\*. Hirsh Prehearing Brief at 25-26; Exhibit 2, Declaration of Thomas Bailey, paragraph 6 and Attachment 1; and Hirsh Posthearing Brief, Exhibit 1, Answers to Commissioners Questions at 17.

by the domestic industry.<sup>98</sup> By contrast, prices decreased for domestically produced pricing products 2 and 6 in that time period.<sup>99</sup> Subject import purchase costs increased from January 2016 to June 2019 for all pricing products for which data were available.<sup>100</sup>

We find that subject imports prevented price increases which otherwise would have occurred to a significant degree. As noted earlier, \*\*\* responding domestic producers, including \*\*\*, had some annual or long-term contracts with prices indexed to raw material costs. None of the domestic producers reported that their contracts contained volume commitments.<sup>101</sup>

The domestic industry's unit steel costs, unit raw material costs, and unit COGS fell modestly from 2016 to 2017 and then sharply increased from 2017 to 2018.<sup>102</sup> When their raw material costs rose, those domestic producers with contracts indexed to raw material costs, including \*\*\*, would have expected to recover these increased costs under their contracts.<sup>103</sup> The sworn declaration by Thomas Bailey, Hirsh's President and CEO, detailing Hirsh's difficulties raising prices with respect to both \*\*\*, as well as domestic producer questionnaires from \*\*\*, indicate that domestic producers were unable to obtain these increases in full because of price competition from low-priced subject imports. In particular, Hirsh was unable to adjust its prices to \*\*\*. \*\*\*, \*\*\*,<sup>104</sup> These concerns were justified; as already discussed, \*\*\* in May 2018.<sup>105</sup> In early 2018, Hirsh requested a price increase from \*\*\* due to increasing costs, including steel costs; \*\*\* told Hirsh that it was \*\*\* Hirsh ultimately negotiated \*\*\*.<sup>106</sup> Other domestic producers reported similar difficulties. \*\*\* and \*\*\* reported that \*\*\*.<sup>107</sup>

Furthermore, the record indicates that other purchasers were aware of the low purchase costs \*\*\* paid for subject merchandise, and wanted the domestic industry to offer them similar prices. \*\*\*, a competitor of \*\*\*, pressured Hirsh to maintain or reduce prices to

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<sup>98</sup> The total quantity of U.S. shipments to unrelated U.S. customers reported by the domestic industry with respect to pricing products 1, 3, 4, and 5 in quarterly data spanning January 2016 to June 2019 was \*\*\* units. Derived from CR/PR at Tables V-4 — V-9.

<sup>99</sup> The total quantity of U.S. shipments to unrelated U.S. customers reported by the domestic industry with respect to pricing products 2 and 6 in quarterly data spanning January 2016 to June 2019 was \*\*\* units. Derived from CR/PR at Tables V-4 — V-9.

<sup>100</sup> CR/PR at Table V-4 — Table V-9. Purchase cost data were available for pricing products 1, 2, 4, 5, and 6.

<sup>101</sup> Hirsh Prehearing Brief at 13-14; CR/PR at V-4; \*\*\*.

<sup>102</sup> CR/PR at Table VI-1. Steel costs rose for \*\*\* and \*\*\* in 2017 and 2018. CR/PR at VI-13.

<sup>103</sup> Hirsh Prehearing Brief at 13-14.

<sup>104</sup> Hirsh Prehearing Brief at 14 and Exhibit 2, Declaration of Thomas Bailey.

<sup>105</sup> Hirsh Prehearing Brief, Exhibit 2, Declaration of Thomas Bailey, and Attachment 1.

<sup>106</sup> Hirsh Prehearing Brief, Exhibit 2, Declaration of Thomas Bailey.

<sup>107</sup> \*\*\* U.S. Producer Questionnaire Response at IV-17a and b. \*\*\* U.S. Producer Questionnaire Response at IV-17b.

levels comparable with the purchase costs \*\*\* paid.<sup>108</sup> \*\*\* reviewed prices offered throughout the marketplace and insisted that its suppliers offer competitive prices.<sup>109</sup> Consequently, price competition by low-priced subject imports did not merely limit the ability of domestic producers to raise their prices pursuant to price adjustment mechanisms, but also affected the prices domestic producers could charge other customers.

The deteriorating COGS to net sales ratio over the POI reflects the domestic producers' inability fully to raise their prices to cover increasing costs. The industry's COGS to net sales ratio increased from \*\*\* percent in 2016 to \*\*\* percent in 2017 and \*\*\* percent in 2018. It was \*\*\* percent in interim 2018 and higher, \*\*\* percent, in interim 2019.<sup>110</sup> Thus, the increase in the COGS to net sales ratio was particularly large from 2017 to 2018, when unit steel and raw material costs increased sharply<sup>111</sup> and there was continued deterioration in the COGS to net sales ratio in interim 2019. The record indicates that the section 232 tariffs were a factor in the increase in raw material costs in the latter portion of the POI.<sup>112</sup> The domestic industry was also having difficulty raising its prices to cover cost increases prior to the imposition of the section 232 tariffs on steel in March 2018, as shown by Hirsh's inability to raise its prices to \*\*\* in January 2017.<sup>113</sup> Based on the foregoing, we find that subject imports prevented price increases which otherwise would have occurred to a significant degree.

In conclusion, in light of the significant underselling that led to the domestic industry losing substantial sales to the subject imports, and the fact that subject imports prevented price increases which otherwise would have occurred to a significant degree, we find that the subject imports had significant adverse effects on prices for the domestic like product.

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<sup>108</sup> Hirsh Prehearing Brief at 30, Exhibit 2, Declaration of Thomas Bailey.

<sup>109</sup> Hirsh Prehearing Brief at 29-30., Exhibit 2, Declaration of Thomas Bailey and Attachment 3.

<sup>110</sup> CR/PR at Table VI-1.

<sup>111</sup> CR/PR at Table VI-1.

<sup>112</sup> See CR/PR at Table V-1.

<sup>113</sup> Hirsh Prehearing Brief, Exhibit 2.

## E. Impact of the Subject Imports<sup>114</sup>

Section 771(7)(C)(iii) of the Tariff Act provides that examining the impact of subject imports, the Commission “shall evaluate all relevant economic factors which have a bearing on the state of the industry.”<sup>115</sup> These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>116</sup>

Despite increased demand, domestic industry production and output indicators declined overall during the POI as the industry steadily lost market share to subject imports. Production capacity was steady over the POI while production declined, causing capacity utilization to decline as well. While apparent U.S. consumption increased by \*\*\* percent from 2016 to 2018, the domestic industry’s production declined by \*\*\* percent and its capacity utilization fell by \*\*\* percentage points; while apparent U.S. consumption was \*\*\* percent higher in interim 2019 than in interim 2018, the industry’s production was \*\*\* percent lower and its capacity utilization was \*\*\* percentage points lower.<sup>117</sup> U.S. shipments steadily declined by \*\*\* percent

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<sup>114</sup> The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less value, Commerce found a weighted-average dumping margin of 198.5 percent for the China-wide entity, and a weighted-average dumping margin adjusted for export subsidy offset of 160.77 percent for the China-wide entity. *Vertical Metal File Cabinets From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 84 Fed. Reg. 57398, 57399 (Oct. 25, 2019). We take into account in our analysis the fact that Commerce has made final findings that all subject producers in China are selling subject imports in the United States at less than fair value. In addition to this consideration, our impact analysis has considered other factors affecting domestic prices. Our analysis of the significant underselling and price effects of subject imports, described in both the price effects discussion and below, is particularly probative to an assessment of the impact of the subject imports.

<sup>115</sup> 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.”).

<sup>116</sup> 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

<sup>117</sup> Domestic production capacity was \*\*\* units in 2016, 2017, and 2018, and was \*\*\* units in interim 2018 and interim 2019. Domestic production was \*\*\* units in 2016, \*\*\* units in 2017 and \*\*\* units in 2018; it was \*\*\* units in interim 2018 and \*\*\* units in interim 2019. Capacity utilization was (Continued...)

from 2016 to 2018, falling from \*\*\* units in 2016 to \*\*\* units in 2017 and \*\*\* units in 2018; they were \*\*\* percent lower in interim 2019 than in interim 2018.<sup>118</sup> End-of-period inventories declined by \*\*\* percent from 2016 to 2018, and were \*\*\* percent lower in interim 2019 than in interim 2018.<sup>119</sup>

The domestic industry lost \*\*\* percentage points of market share to subject imports from 2016 to 2018 and its market share was \*\*\* percentage points lower in interim 2019 than in interim 2018. Domestic industry market share declined steadily from \*\*\* percent in 2016, to \*\*\* percent in 2017, and to \*\*\* percent in 2018; it was \*\*\* percent in interim 2018 and \*\*\* percent in interim 2019.<sup>120</sup>

Most employment-related indicators declined over the POI. The domestic industry's number of production and related workers ("PRWs"), total hours worked, hours worked per PRW, and total wages paid each declined from 2016 to 2018, and were lower in interim 2019 than in interim 2018. The domestic industry's productivity declined overall from 2016 to 2018 but was the same in both interim periods.<sup>121</sup> Unit labor costs and hourly wages each increased from 2016 to 2018 and were higher in interim 2019 than in interim 2018.<sup>122</sup>

The domestic industry's financial performance deteriorated over the POI. Net sales revenues decreased by \*\*\* percent from 2016 to 2018.<sup>123</sup> Unit COGS measured in dollars per

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(...Continued)

\*\*\* percent in 2016, \*\*\* percent in 2017, and \*\*\* percent in 2018; it was \*\*\* percent in interim 2018 and \*\*\* percent in interim 2019. CR/PR at Table III-5.

<sup>118</sup> CR/PR at Table III-7 and Table C-1. U.S. shipments were \*\*\* units in interim 2018 and \*\*\* units in interim 2019. CR/PR at Table III-7.

<sup>119</sup> CR/PR at Table C-1. U.S. producers' end-of-period inventories were \*\*\* units in 2016, \*\*\* units in 2017, and \*\*\* units in 2018; they were \*\*\* units in interim 2018 and \*\*\* units in interim 2019. CR/PR at Table III-8.

<sup>120</sup> CR/PR at Table IV-4 and Table C-1.

<sup>121</sup> CR/PR at Table III-10. U.S. producers employed \*\*\* PRWs in 2016, \*\*\* in 2017, and \*\*\* in 2018; they employed \*\*\* PRWs in interim 2018 and \*\*\* in interim 2019. U.S. producers' PRWs worked \*\*\* hours in 2016, \*\*\* hours in 2017, and \*\*\* hours in 2018; they worked \*\*\* hours in interim 2018 and \*\*\* hours in interim 2019. Hours worked per PRW were \*\*\* hours in 2016, \*\*\* hours in 2017, and \*\*\* hours in 2018; they were \*\*\* hours in interim 2018 and \*\*\* hours in interim 2019. Total wages paid to PRWs were \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; they were \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. Productivity measured in units per hour was \*\*\* units in 2016, \*\*\* units in 2017, and \*\*\* units in 2018; it was \*\*\* units in interim 2018 and interim 2019. *Id.*

<sup>122</sup> Unit labor costs measured in dollars per unit were \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; they were \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. CR/PR at Table III-10. Hourly wages measured in dollars per hour was \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; they were \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. *Id.*

<sup>123</sup> CR/PR at Table VI-1 and Table C-1. Net sales revenues decreased from \$\*\*\* in 2016 to \$\*\*\* in 2017 and to \$\*\*\* in 2018; they were \$\*\*\* in interim 2018 and lower, at \$\*\*\*, in interim 2019.

(Continued...)



unit increased irregularly over the POI, with raw material costs comprising the largest share of the increase; unit COGS declined from \$\*\*\* per unit in 2016 to \$\*\*\* in 2017 and then increased to \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019.<sup>124</sup> As previously discussed, the COGS to net sales ratio deteriorated throughout the POI, as the domestic industry could not increase its prices commensurately with increases in raw material costs, particularly in the latter portion of the POI. As a result of both reduced cost recovery and declining shipments, the domestic industry's profitability deteriorated. The domestic industry's gross profit steadily declined from \$\*\*\* in 2016 to \$\*\*\* in 2017 and \$\*\*\* in 2018; gross profit was lower in interim 2019 (\$\*\*\*) than in interim 2018 (\$\*\*\*). Operating income also declined steadily from 2016 to 2018 and was lower in interim 2019 than in interim 2018; it was \$\*\*\* million in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019.<sup>125</sup> The domestic industry's ratio of operating income to net sales declined from \*\*\* percent in 2016 to \*\*\* percent in 2017 and \*\*\* percent in 2018; it was \*\*\* percent in interim 2018 and \*\*\* percent in interim 2019.<sup>126</sup> Net income fell from \$\*\*\* in 2016 to \$\*\*\* in 2017 to \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019.<sup>127</sup> The domestic industry's capital expenditures increased overall from 2016 to 2018 and were higher in interim 2019 than in interim 2018.<sup>128</sup>

As discussed above, low-priced subject imports that were highly substitutable with the domestic like product increased significantly in absolute terms and relative to apparent U.S. consumption over the POI and significantly undersold the domestic like product. These low-priced subject imports gained substantial sales that otherwise would have been made by the

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(...Continued)

Average net sales revenue per unit was \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. CR/PR at Table VI-1.

<sup>124</sup> CR/PR at Table VI-1. Total COGS steadily declined from 2016 to 2018 and was at approximately the same level in both interim periods. Total COGS was \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. *Id.*

<sup>125</sup> CR/PR at Table VI-1. The domestic industry's cash flow was \$\*\*\* in 2016, \$\*\*\* in 2017, and \$\*\*\* in 2018; it was \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. CR/PR at Table VI-1.

<sup>126</sup> CR/PR at Table VI-1.

<sup>127</sup> CR/PR at Table VI-1.

<sup>128</sup> CR/PR at Table VI-4. The domestic industry's capital expenditures increased irregularly from \$\*\*\* in 2016 to \$\*\*\* in 2017 to \$\*\*\* in 2018; they were \$\*\*\* in interim 2018 and \$\*\*\* in interim 2019. *Id.* No U.S. producers reported research and development expenses. *Id.*

Total net assets for the U.S. VMFC industry were \$\*\*\* in 2016, \$\*\*\* in 2017 and \$\*\*\* in 2018; the industry's average operating return on assets was \*\*\* percent in 2016, \*\*\* percent in 2017, and \*\*\* percent in 2018. CR/PR at Table IV-5.

\*\*\* domestic producers of VMFCs reported negative effects of subject imports on their investment and \*\*\* domestic producers reported negative effects of subject imports on their growth and development. CR/PR at Table VI-6 and Table VI-7.

domestic industry; as a result, the subject imports increased their market share at the expense of the domestic industry. Moreover, as discussed above, domestic producers lost revenues because the lower prices of subject imports prevented them from raising their prices commensurately with increased costs. As a result, the domestic industry's production, U.S. shipments, market share, sales, revenue, and profits were lower than they otherwise would have been during the POI. In light of these considerations, we find that subject imports had a significant adverse impact on the domestic industry.

We have considered whether there are other factors that may have had an impact on the domestic industry, to ensure that we are not attributing injury from such other factors to subject imports. Demand measured by apparent U.S. consumption increased over the POI so the injury experienced by the domestic industry cannot be attributed to changes in demand.<sup>129</sup>

Nonsubject import volume decreased from 2016 to 2018 and nonsubject imports did not take market share from the domestic industry.<sup>130</sup> Instead, nonsubject imports lost \*\*\* percentage points of market share to subject imports from 2016 to 2018 and nonsubject import market share was level between the interim periods.<sup>131</sup> Further, the record reflects limited overlap between the VMFCs produced by the domestic like product and the VMFCs imported from Mexico, the largest source of nonsubject imports.<sup>132</sup> Nonsubject imports, therefore, cannot explain the losses in the domestic industry's market share and output that we have attributed to the subject imports.

We have also considered whether the section 232 tariffs have had an impact on the domestic industry given that the record reflects that they were a factor in the increase in steel costs from 2017 to 2018. As noted earlier in our discussion of price effects, domestic producers experienced difficulties raising their prices to cover increasing costs prior to the imposition of the section 232 tariffs. Moreover, any effect from the section 232 tariffs would not explain the domestic industry's loss of market share to subject imports.

## V. Conclusion

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

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<sup>129</sup> CR/PR at Table IV-4.

<sup>130</sup> CR/PR at Table IV-2. Nonsubject import volume was \*\*\* units in 2016, \*\*\* units in 2017, and \*\*\* units in 2018; it was \*\*\* in interim 2018 and \*\*\* in interim 2019. *Id.*

<sup>131</sup> CR/PR at Table IV-4 and Table C-1.

<sup>132</sup> CR/PR at III-10 n.14.

# 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 Hirsh Industries LLC (“Hirsh”), Des Moines, Iowa, on April 30, 2019, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of vertical metal file cabinets (“VMFCs”)<sup>1</sup> from China. The following tabulation provides information relating to the background of these investigations.<sup>2 3</sup>

Effective date	Action
April 30, 2019	Petitions filed with Commerce and the Commission; institution of Commission investigations (84 FR 19958, May 7, 2019)
June 14, 2019	Commission’s preliminary determinations
July 24, 2019	Commerce’s preliminary affirmative countervailing duty determination (84 FR 37622 , August 1, 2019);and preliminary antidumping duty determination (84 FR 37618, August 1, 2019); Scheduling of final phase Commission investigations (84 FR 43613, August 21, 2019)
October 7, 2019	Final countervailing duty determination (84 FR 57398, October 25, 2019) and final antidumping duty determination (84 FR 57394, October 25, 2019)
October 8, 2019	Commission’s hearing
November 8, 2019	Commission’s vote
December 2, 2019	Commission’s views

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<sup>1</sup> See the section entitled “The subject merchandise” in Part I of this report for a complete description of the merchandise subject in this proceeding.

<sup>2</sup> Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> A list of witnesses that appeared at the hearing is presented in appendix B of this report.

## Statutory criteria

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

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

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

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

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

*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—<sup>5</sup>*

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

## **Organization of report**

Part I of this report presents information on the subject merchandise, subsidy/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**

VMFCs are free-standing metal storage units designed for the filing, organization, and ready retrieval of paper documents.<sup>6</sup> The leading U.S. producers of VMFCs are \*\*\*, while the leading U.S. importer of VMFCs from China is \*\*\*. Leading importers of product from nonsubject countries (\*\*\*) are \*\*\*. U.S. purchasers of VMFCs are firms that purchase as retailers, distributors, and end users; leading purchasers include \*\*\*.

Apparent U.S. consumption of VMFCs totaled approximately \*\*\* in 2018. Currently, six firms are known to produce VMFCs in the United States. U.S. producers' U.S. shipments of VMFCs totaled \*\*\* in 2018, and accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value. U.S. importers' U.S. shipments from China totaled \*\*\* in 2018

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

<sup>6</sup> Conference transcript, pp. 18-19 (Wetterberg).

and accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value. U.S. importers' U.S. shipments from nonsubject sources totaled \*\*\* in 2018 and accounted for \*\*\* percent of apparent U.S. consumption by quantity and \*\*\* percent by value.

## **Summary data and data sources**

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of six firms that accounted for the vast majority of U.S. production of VMFCs during 2018. U.S. imports are based on the questionnaire responses of five firms. The Commission did not receive any questionnaire responses from any Chinese producers or exporters of VMFCs.

## **Previous and related investigations**

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

## **Section 301 proceedings and Section 232 proclamations**

### **Section 301 proceedings**

Section 301 of the Trade Act of 1974, as amended (“Trade Act”),<sup>7</sup> authorizes the Office of the U.S. Trade Representative (“USTR”), at the direction of the President, to take appropriate action to respond to a foreign country’s unfair trade practices. VMFCs under the relevant HTS subheadings have been subject to the successive Section 301 additional duties on Tranche-3 products originating in China since September 2018 to the present.<sup>8</sup> See the section of this report entitled “Tariff treatment” for further information on HTS numbers applicable to VMFCs subject to these investigations.

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<sup>7</sup> 19 U.S.C. § 2411.

<sup>8</sup> See table D-1 for the successive Section 301 proceedings and the corresponding *Federal Register* notices.

## Section 232 proclamations

On Section 232 of the Trade Expansion Act of 1962, as amended (“Trade Expansion Act”),<sup>9</sup> authorizes the President, on advice of the Secretary of Commerce, to adjust the imports of an article and its derivatives that are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.<sup>10</sup> As noted later in Part I, as well as in Part V, cold-rolled flat non-alloy steel, uncoated or coated, is a key raw material input in the production of VMFCs subject to these investigations, and is subject to Section 232 tariffs.

## Nature and extent of subsidies and sales at LTFV

### Subsidies

On October 25, 2019, Commerce published a notice in the *Federal Register* of its final determination of countervailable subsidies for producers and exporters of VMFCs from China.<sup>11</sup> Table I-1 presents Commerce’s findings of subsidization of VMFCs in China.

Commerce found the following programs to be countervailable:

1. Preferential Lending
  - a. Policy Loans to the File Cabinets Industry
  - b. Export Loans from Chinese State-Owned Banks
  - c. Export Seller’s Credit
  - d. Export Buyer’s Credit
  - e. Export Credit Guarantees
2. Income Tax and Direct Tax Program
  - a. Income Tax Reduction for High or New Technology Enterprises
  - b. Income Tax Deduction for Research and Development (R&D) Expenses Under the Enterprise Income Tax Law
  - c. Provincial Government of Guangdong (PGOG) Tax Offset for R&D
3. Indirect Tax Programs

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<sup>9</sup> 19 U.S.C. § 1862.

<sup>10</sup> See table D-2 for the successive Section 232 proclamations and the corresponding *Federal Register* notices.

<sup>11</sup> *Vertical Metal File Cabinets From the People's Republic of China: Final Affirmative Countervailing Duty Determination*; 84 FR 57394, October 25, 2019.

- a. Import Tariff and VAT Exemptions for FIEs and Certain Domestic Enterprises Using Imported Equipment in Encouraged Industries
- b. VAT Refunds for FIEs Purchasing Domestically-Produced Equipment
- 4. Government Provision of Goods and Services for Less Than Adequate Remuneration (LTAR)
  - a. Provision of Land for LTAR
  - b. Provision of Hot-Rolled/Cold-Rolled Steel for LTAR
  - c. Provision of Galvanized Steel for LTAR
  - d. Provision of Zinc for LTAR
  - e. Provision of Electricity for LTAR
- 5. Grant Programs
  - a. GOC and Sub-Central Government Subsidies for the Development of Famous Brands and China World Top Brands
  - b. Special Fund for Energy Savings Technology Reform
  - c. SME International Market Exploration/Development Fund
  - d. SME Technology Innovation Fund
  - e. Export Assistance Grants

**Table I-1**  
**VMFCs: Commerce’s subsidy determination with respect to imports from China**

Entity	Countervailable subsidy margin (percent)
Non-responsive companies	271.79
All others	271.79

Source: 84 FR 57394, October 25, 2019.

### Sales at LTFV

On October 25, 2019, Commerce published a notice in the *Federal Register* of its determination of sales at LTFV with respect to imports from China.<sup>12</sup>

Table I-2 presents Commerce’s dumping margins with respect to imports of VMFCs from China.

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<sup>12</sup> *Vertical Metal File Cabinets From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*; 84 FR 57398, October 25, 2019.



**Table I-2**

**VMFCs: Commerce’s weighted-average LTFV margins with respect to imports from China**

<b>Producer/exporter</b>	<b>Estimated weighted average dumping margin (percent)</b>	<b>Estimated weighted- average dumping margin adjusted for export subsidy offset (percent)</b>
China-wide entity	198.5	160.77

Source: 84 FR 57398, October 25, 2019.

## **The subject merchandise**

### **Commerce’s scope**

In the current proceeding, Commerce has defined the scope as follows:<sup>13</sup>

*This investigation covers freestanding vertical metal file cabinets containing two or more extendable file storage elements and having an actual width of 25 inches or less.*

*The subject vertical metal file cabinets have bodies made of carbon and/or alloy steel and or other metals, regardless of whether painted, powder coated, or galvanized or otherwise coated for corrosion protection or aesthetic appearance. The subject vertical metal file cabinets must have two or more extendable elements for file storage (e.g., file drawers) of a height that permits hanging files of either letter (8.5” x 11”) or legal (8.5” x 14”) sized documents.*

*An “extendable element” is defined as a movable load-bearing storage component including, but not limited to, drawers and filing frames. Extendable elements typically have suspension systems, consisting of glide blocks or ball bearing glides, to facilitate opening and closing.*

*The subject vertical metal file cabinets typically come in models with two, three, four, or five-file drawers. The inclusion of one or more additional*

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<sup>13</sup> *Vertical Metal File Cabinets From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, October 25, 2019, 84 FR 57398; *Vertical Metal File Cabinets From the People’s Republic of China: Final Affirmative Countervailing Duty Determination*, October 25, 2019, 84 FR 57394.

*non-file-sized extendable storage elements, not sized for storage files (e.g., box or pencil drawers), does not remove an otherwise in-scope product from the scope as long as the combined height of the non-file-sized extendable storage elements does not exceed six inches. The inclusion of an integrated storage area that is not extendable (e.g., a cubby) and has an actual height of six inches or less, also does not remove a subject vertical metal file cabinet from the scope. Accessories packaged with a subject vertical file cabinet, such as separate printer stands or shelf kits that sit on top of the in-scope vertical file cabinet are not considered integrated storage.*

*“Freestanding” means the unit has a solid top and does not have an open top or a top with holes punched in it that would permit the unit to be attached to, hung from, or otherwise used to support a desktop or other work surface. The ability to anchor a vertical file cabinet to a wall for stability or to prevent it from tipping over does not exclude the unit from the scope.*

*The addition of mobility elements such as casters, wheels, or a dolly does not remove the product from the scope. Packaging a subject vertical metal file cabinet with other accessories, including, but not limited to, locks, leveling glides, caster kits, drawer accessories (e.g., including but not limited to follower wires, follower blocks, file compressors, hanger rails, pencil trays, and hanging file folders), printer stand, shelf kit and magnetic hooks, also does not remove the product from the scope. Vertical metal file cabinets are also in scope whether they are imported assembled or unassembled with all essential parts and components included.*

*Excluded from the scope are lateral metal file cabinets. Lateral metal file cabinets have a width that is greater than the body depth, and have a body with an actual width that is more than 25 inches wide.*

*Also excluded from the scope are pedestal file cabinets. Pedestal file cabinets are metal file cabinets with body depths that are greater than or*

*equal to their width, are under 31 inches in actual height, and have the following characteristics: (1) An open top or other the means for the cabinet to be attached to or hung from a desktop or other work surface such as holes punched in the top (i.e., not freestanding); or (2) freestanding file cabinets that have all of the following: (a) At least a 90 percent drawer extension for all extendable file storage elements; (b) a central locking system; (c) a minimum weight density of 9.5 lbs./cubic foot; and (d) casters or leveling glides.*

*“Percentage drawer extension” is defined as the drawer travel distance divided by the inside depth dimension of the drawer. Inside depth of drawer is measured from the inside of the drawer face to the inside face of the drawer back. Drawer extension is the distance the drawer travels from the closed position to the maximum travel position which is limited by the out stops. In situations where drawers do not include an outstop, the drawer is extended until the drawer back is 3 1/2 inches from the closed position of inside face of the drawer front. The “weight density” is calculated by dividing the cabinet’s actual weight by its volume in cubic feet (the multiple of the product’s actual width, depth, and height). A “central locking system” locks all drawers in a unit.*

*Also excluded from the scope are fire proof or fire-resistant file cabinets that meet Underwriters Laboratories (UL) fire protection standard 72, class 350, which covers the test procedures applicable to fireresistant equipment intended to protect paper records.*

## 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 the following provision of the Harmonized Tariff Schedule of the United States (“HTSUS” or “HTS”): 9403.10.0020. The subject merchandise may also be imported under HTS statistical reporting numbers 9403.10.0040, 9403.20.0081,<sup>14</sup> and 9403.20.0090. The 2019 general rate of duty is free for HTS subheadings 9403.10.00 and 9403.20.00.<sup>15</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

## Section 301 tariff treatment

Products of China under HTS subheading 9403.10.00 for metal file cabinets and HTS subheading 9403.20.00 for other metal furniture, were included in the USTR’s third enumeration (“Tranche 3”) of products imported from China that became subject to the additional 10 percent ad valorem duties (83 FR 47974), on or after September 24, 2018.<sup>16</sup> Until June 15, 2019, such products exported before May 10, 2019, could still be entered at the 10 percent rate, but later shipments entering the United States were subsequently subject to the escalated additional duty of 25 percent (84 FR 20459, 84 FR 21892, 84 FR 26930), pursuant to Section 301 of the Trade Act. USTR proposed raising this additional duty from 25 percent to 30 percent on such products imported from China (Annex C – (List 3 - \$200 Billion Action), Part 1, of 84 FR 46212), on or after October 1, 2019. See Appendix D for further information about these USTR determinations. See also U.S. notes 20(e), 20(f), and 20(l) to subchapter III of HTS chapter 99.<sup>17</sup>

In addition, the key raw material for manufacturing VMFCs, cold-rolled, flat non-alloy steel in coils, either uncoated or coated, classifiable under HTS headings 7209, 7210, 7211, and

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<sup>14</sup> On July 1, 2019, HTS statistical reporting number 9403.20.0080 was discontinued, for classifying other counters, lockers, racks, display cases, shelves, partitions and similar fixtures, as two new HTS statistical reporting numbers were established: HTS 9403.20.0078 for storage lockers, other than exchange lockers described in statistical note 3 to HTS chapter 94 and HTS 9403.20.0081 for the remaining other counters, lockers, racks, display cases, shelves, partitions and similar fixtures. *HTSUS (2019) Revision 8*, USITC Publication No. 4918, July 2019, Change Record (Rev. 8), p. 3.

<sup>15</sup> *HTSUS (2019) Revision 13*, USITC Publication No. 4954, October 2019, ch. 94, p. 7.

<sup>16</sup> *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.

<sup>17</sup> *HTSUS (2019) Revision 13*, USITC Publication No. 4954, October 2019, ch 94, pp. 7, 18; ch. 99, pp. 99-III-21 to 99-III-22, 99-III-44, 99-III-52, 99-III-133, 99-III-135.

7212 were included in USTR's fourth enumeration ("Tranche 4, List 1") of products originating in China that became subject to the additional 10 percent ad valorem duties (84 FR 43304), on or after September 1, 2019, which was subsequently increased to 15 percent while retaining the same effective date (84 FR 45821). See Appendix D for further information about this USTR determination. See also U.S. notes 20(r), and 20(s) to subchapter III of HTS chapter 99.<sup>18</sup> These duties are in addition to the existing Section 232 national security tariffs on steel imports.

## **Section 232 tariff treatment**

The key raw material for manufacturing VMFCs, cold-rolled, flat non-alloy steel in coils, either uncoated or coated, is classifiable under HTS headings 7209, 7210, 7211, and 7212 that were included in the enumeration of iron and steel articles, imported on or after March 23, 2018, that became subject to the additional 25 percent ad valorem Section 232 duties (83 FR 11625). See Appendix D for further information about the President's actions to adjust imports of steel into the U.S. market. See also U.S. notes 16(a) and 16(b), subchapter III of HTS chapter 99.<sup>19</sup> Although additional duties on various steel products of chapters 72 and 73 have been imposed under Section 232, the imported file cabinets and their related chapter 94 provisions are not covered by the additional duty.

## **The product**

### **Description and applications<sup>20</sup>**

VMFCs are freestanding<sup>21</sup> furniture units that generally are of a height and depth greater than their width, which is less than 25 inches wide. Most VMFCs are produced from cold-rolled, flat non-alloy (carbon) steel, which may sometimes also be galvanized.<sup>22</sup> The tall but narrow profile of VMFCs provides for efficient storage, organizing, and retrieval of hanging

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<sup>18</sup> *HTSUS (2019) Revision 13*, USITC Publication No. 4954, October 2019, ch. 72, pp. 15-18, 44; ch. 99, pp. 99-III-79 to 99-III-80, 99-III-89, 99-III-135.

<sup>19</sup> *HTSUS (2019) Revision 13*, USITC Publication No. 4954, October 2019, ch. 72, pp. 15-18, 44; ch. 99, pp. 99-III-5 to 99-III-6, 99-III-123 to 99-III-125.

<sup>20</sup> Unless noted otherwise, information in this section is compiled from the petition, pp. 3-6.

<sup>21</sup> The term "freestanding" indicates that the VMFC has a closed top and is not produced to support, hang from, or be attached to desktops or other furniture. See Commerce's scope.

<sup>22</sup> Although VMFCs also could be constructed from other metallic materials, Petitioner's witnesses testified at the staff conference that they were not aware of VMFCs being readily available of stainless steel, other alloy steels, or aluminum. Conference transcript, pp. 53-55 (Wetterberg).

folders containing either U.S. letter-size (8.5 inches by 11 inches) or U.S. legal-size (8.5 inches by 14 inches) paper documents, while occupying only a small floor area,<sup>23</sup> in commercial, institutional, and home offices.

The subject VMFCs are available with two, three, four, or five extendable file storage drawers (figure I-1), but can also include smaller, extendable storage drawers not designed for file, e.g., a box drawer or pencil drawer.<sup>24</sup> The individually extendable storage drawers of VMFCs typically have suspension systems consisting of glide blocks or ball bearings that facilitate opening and closing (figure I-2). Ball bearings and other parts of the sliding mechanism are generally made of steel, while the rollers on which the ball bearings slide can be made from steel, high-density nylon (i.e., high-density polyethylene), or other materials.<sup>25</sup> Other features of VMFCs include various accessories, such as drawer handles and card-label holders, which can be manufactured from a variety of materials, including anodized aluminum.<sup>26</sup> Surfaces of VMFCs can also be painted, powder-coated, galvanized, or otherwise coated for corrosion protection or to enhance their aesthetic appearance.

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<sup>23</sup> Hearing transcript, pp. 17-18 (Wetterberg).

<sup>24</sup> VMFCs containing a top drawer with a non-file-sized extendable storage unit are included within the scope of this proceeding.

<sup>25</sup> How Products Are Made, "File Cabinet," no date, <http://www.madehow.com/Volume-1/File-Cabinet.html>, retrieved May 15, 2019.

<sup>26</sup> How Products Are Made, "File Cabinet," no date, <http://www.madehow.com/Volume-1/File-Cabinet.html>, retrieved May 15, 2019.

**Figure I-1**  
**VMFCs: In-scope files with varying numbers of extendable storage drawers (not to scale)**



Four-drawer VMFC



Hirsh SOHO three drawer VMFC  
with two file drawers and a non-file-  
sized extendable storage unit

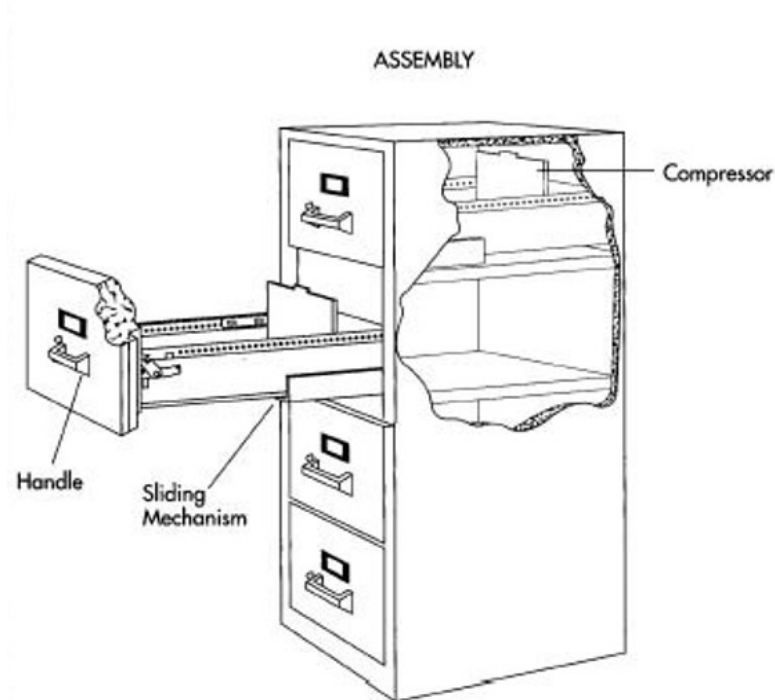


Two-drawer VMFC

Note.-- Each VMFC has a width of 25 inches or less and a height and depth that are greater than its width.

Source (from left to right): ULINE, "VMFCs Cabinet – Letter, 4 Drawer, Black," [https://www.uline.com/Product/Detail/H-1915BL/File-Cabinets-and-Mailroom/Vertical-File-Cabinet-Letter-4-Drawer-Black?pricode=WA9301&gadtype=pla&id=H-1915BL&gclid=EAlaIqobChMIyvbaleWd4glVjyzCh2qgAA3EAAQYAIABEgKtp\\_D\\_BwE&gclsrc=aw.ds](https://www.uline.com/Product/Detail/H-1915BL/File-Cabinets-and-Mailroom/Vertical-File-Cabinet-Letter-4-Drawer-Black?pricode=WA9301&gadtype=pla&id=H-1915BL&gclid=EAlaIqobChMIyvbaleWd4glVjyzCh2qgAA3EAAQYAIABEgKtp_D_BwE&gclsrc=aw.ds), retrieved May 15, 2019; Amazon, "Hirsh SOHO 3 Drawer File Cabinet Charcoal," [https://www.amazon.com/Hirsh-SOHO-Drawer-CabinetCharcoal/dp/B01ASUWBQM/ref=pd\\_lpo\\_vtph\\_229\\_bs\\_img\\_1?encoding=UTF8&psc=1&refRID=6JCXFTVBH5Q632M0ZPTJ](https://www.amazon.com/Hirsh-SOHO-Drawer-CabinetCharcoal/dp/B01ASUWBQM/ref=pd_lpo_vtph_229_bs_img_1?encoding=UTF8&psc=1&refRID=6JCXFTVBH5Q632M0ZPTJ), retrieved May 16, 2019; Amazon, "25 (inch) Deep Commercial 2 Drawer Letter Size High Side VMFCs Cabinet Color: Black," <https://www.amazon.com/Commercial-Drawer-Letter-Vertical-Cabinet/dp/B0033JE7BI>, retrieved May 16, 2019.

**Figure I-2**  
**VMFCs: An assembled VMFC cabinet**



Source: How Products are Made, “File Cabinet,” <http://www.madehow.com/Volume-1/File-Cabinet.html>, retrieved May 13, 2019.

VMFCs are produced to meet the Business and Institutional Furniture Manufacturers Association (“BIFMA”) Standard X5.9-2019 for storage units. This new standard was approved by the American National Standards Institute (“ANSI”) on February 1, 2019<sup>27</sup> and supersedes the previous July 16, 2012 version.<sup>28</sup> Standard X5.9-2019 defines the specific tests, laboratory equipment, and conditions for testing and evaluating a storage units’ performance, durability, and structural adequacy. BIFMA previously had a separate Standard X5.3 for VMFCs that was withdrawn, as the tests in X5.9-2019 also now apply to these products.<sup>29</sup> Rather than specifying service lifespan requirements for VMFCs, the ANSI/BIFMA standard does specify the number of drawer openings and closure cycles that the VMFC must endure. One Petitioner’s witness noted

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<sup>27</sup> ANSI/BIFMA X5.9-2019 Storage Units, February 1, 2019, <https://www.bifma.org/store/ViewProduct.aspx?id=1375110>, retrieved October 11, 2019.

<sup>28</sup> Petition, exh. Gen-5 “BIFMA definitions.”

<sup>29</sup> Miller, Brad, “BIFMA Revises Storage Units Standard,” BIFMA, February 7, 2019, <https://www.bifma.org/news/437345/BIFMA-Revises-Storage-Units-Standard.htm>, retrieved May 29, 2019.



that VMFCs are such high quality-to-price products that they could last for 15 or 20 years, to the extent that they are cost depreciated to the point of being considered disposable.<sup>30</sup> However, VMFCs need not last that long as consumers also have a tendency to replace them with new and different ones.<sup>31</sup> Moreover, given that VMFCs tend not to be easily or efficiently transferrable to a new business, one driver of consumer demand for VMFCs is new business creation.<sup>32</sup>

Physical proportions, among other features, distinguish the subject VMFCs from nonsubject metal storage cabinets (figure I-3). For example, lateral metal file cabinets (“lateral files”) are much wider than they are deep. Lateral files currently available in the U.S. market are typically 30-42 inches wide. They also tend to be of heavier-duty construction, being designed to hold more weight than VMFCs.<sup>33</sup> Pedestal cabinets or storage units (“pedestals”) were described by a witness at the hearing as “multi-purpose office furniture for storage of personal belongings and other office supplies at the desk side.”<sup>34</sup> Pedestals are designed either to fit beneath, hang down from, or support a desk or other work surface. Likewise, pedestals may have only one or even no file-size drawers but rather several smaller “box drawers” or “pencil drawers” (figure I-3).<sup>35</sup> According to BIFMA Standard X5.9-2019, pedestal cabinets are less than or equal to 31 inches in height with a depth equal to or greater than their width,<sup>36</sup> being designed to fit under or hang from beneath a desktop or other work surface. Pedestal cabinets that are not free-standing are open topped for under mounting. By contrast, free-standing pedestal cabinets often include padded seat tops (figure I-3).<sup>37</sup>

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<sup>30</sup> Hearing transcript, p. 74-75 (Bailey).

<sup>31</sup> Hearing transcript, pp. 75-76 (Bailey).

<sup>32</sup> Hearing transcript, p. 76 (Wetterberg).

<sup>33</sup> Hearing transcript, pp. 17-18 (Wetterberg).

<sup>34</sup> Hearing transcript, p. 18 (Wetterberg).

<sup>35</sup> Hearing transcript, pp. 18-19 (Wetterberg).

<sup>36</sup> Petition, exh. Gen-5 “BIFMA definitions.”

<sup>37</sup> See also Commerce’s scope exclusion.

**Figure I-3**

**Metal storage cabinets: Out-of-scope lateral and pedestal cabinets (not to scale)**



Three-drawer lateral file cabinet

Three-drawer pedestal cabinet with two pencil drawers above a single file drawer

Two-drawer pedestal cabinet with a seat top

Source (from left to right): National Business Furniture, "Spectrum Three Drawer Lateral File - 36"W," <https://www.nationalbusinessfurniture.com/files/lateral-files/spectrum-three-drawer-lateral-file-36w-30761>, retrieved May 28, 2019; Office Depot, "Lorell® 19"D 3-Drawer Mobile Letter-Size Steel Pedestal File Cabinet," <https://www.officedepot.com/a/products/453023/Lorell-19-D-3-Drawer-Mobile/?jsessionid=0000kVrwfU42OitUonLTlvdMAyX:1crjkcqcd>, retrieved May 28, 2019; Amazon.com, "Lorell Seat Cushion Top Mobile File Pedestal, Gray," <https://www.amazon.com/Lorell-Seat-Cushion-Mobile-Pedestal/dp/B00NBB6TSW>, retrieved, October 15, 2019.

## **Manufacturing processes<sup>38</sup>**

The VMFCs production process begins with slitting of cold-rolled, flat-rolled carbon steel in coils into different widths for forming the various components of the body panels and drawers.<sup>39</sup> The thickness (gauge) of the steel coil used depends on the desired design and level of durability of the final product.<sup>40</sup> The slit widths are then fed into a series of pressing and punching machines that cut them into blanks of suitable shapes for the various pieces of VMFCs. \*\*\*

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<sup>38</sup> Unless noted otherwise, information in this section is compiled from the Petition, pp. 6-7.

<sup>39</sup> The process can also begin with flat sheets already cut from coils, but most modern production facilities cut their own sheet from coils.

<sup>40</sup> Steel gauge is one of the engineering factors considered by the Petitioner when redesigning its products for enhanced strength and durability. Although steel thickness was noted to have declined overall for VMFCs since the 1950s, there were instances when thicker-gauge steel was required to meet new product performance demands, e.g., for shipping via FedEx. Conference transcript, pp. 77-78 (Wetterberg).

To produce the cabinet shell, blanks are loaded onto a cabinet assembly line where they are notched, punched, and folded into the body panel.<sup>42</sup> Drawer supports (both vertical and horizontal rails) are automatically joined together to complete the drawer support assembly. The draw support assembly is then welded onto the cabinet sides. These sides are bent into a U-shape and then the top panels and kick plates, fabricated from flat-rolled steel, are welded onto the cabinet assembly. The cabinet shell is then hung on a paint conveyor and paint is applied in a fully automated spraying process.<sup>43</sup>

Likewise, to produce the drawers, blanks are fed directly from the coil-feed lines into drawer assembly machines where they undergo similar cutting, flanging, and bending processes on automated lines to form the drawers. Drawer bottoms and sides are stamped from galvanized, cold-rolled steel while the drawer fronts are fabricated from pre-painted coiled steel by successive punching and folding operations. The drawer parts are delivered to an automated drawer assembly machine, and the drawers are automatically assembled.

After the paint is applied, the cabinet shells are loaded onto packing line conveyors and drawer glide blocks or ball-bearing glides are installed, depending on the model of the final product. Handles are attached to the front of the drawers, and the drawers are then installed into the cabinets. Accessories such as locks, leveling glides, caster kits, drawer accessories (e.g., including follower wires, follower blocks, file compressors, hanger rails, pencil trays, and hanging file folders), printer stands, shelf kits, and magnetic hooks are incorporated into the product at the assembly stage or are packaged together with the cabinets. Following completion of the assembly process, the finished product is then placed into cartons with foam packaging material, and the cartons are then labeled and sealed before being shipped to customers.

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<sup>41</sup> \*\*\*.

<sup>42</sup> According to one source, steel coils with a width of 11.8 to 15.7 inches are typically used in larger components such as the wall of the file cabinet. In order to make smaller components such as compressors, a smaller ribbon of steel from the coil is rolled onto a machine that cuts it to size with a die, while the shelves and dividers of the VMFCs are produced by unrolling coils and stamping pieces out on a press. How Products Are Made, "File Cabinet," no date, <http://www.madehow.com/Volume-1/File-Cabinet.html>, retrieved May 17, 2019.

<sup>43</sup> This same source notes that the paint is dispersed in a powder form, and once painted, the various parts of the VMFCs cabinet are heated in an oven to cure (secure) the paint, which ensures a durable finish. How Products Are Made, "File Cabinet," no date, <http://www.madehow.com/Volume-1/File-Cabinet.html>, retrieved May 17, 2019.

Petitioner's witness at the hearing testified that Hirsch's highly automated Dover, Delaware facility is believed to be the most efficient in the world for producing VMFCs.<sup>44</sup> Although Petitioner's witnesses at the staff conference did not note any different manufacturing processes used by producers of VMFCs in China, they did note (1) the less-efficient and more labor-intensive production,<sup>45</sup> (2) the thicker-gauge steel,<sup>46</sup> and (3) that more packaging material was used in China.<sup>47</sup>

The Petitioner and \*\*\*, reported producing VMFCs using dedicated manufacturing process, equipment, and employees, which do not overlap with production of the nonsubject metal storage cabinets.<sup>48</sup> The highly standardized dimensions of VMFCs, being available in two different widths (for holding either letter- or legal-size folders), allows for a high degree of automation of lines and large-volume production to drive-down production costs.<sup>49</sup>

\*\*\*.<sup>50</sup> At the Petitioner's production facility in Dover, Delaware, only the painting line is common for the production of both VMFCs and nonsubject metal storage cabinets, given the expense of paint systems.<sup>51</sup>

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<sup>44</sup> Hearing transcript, pp. 10-11 (Bailey); p. 19 (Wetterberg).

<sup>45</sup> Conference transcript, pp. 56-57 (Wetterberg).

<sup>46</sup> Conference transcript, p. 78 (Wetterberg).

<sup>47</sup> Conference transcript, pp. 78-79 (Bailey).

<sup>48</sup> Hearing transcript, p. 19 (Wetterberg); \*\*\*, \*\*\*.

<sup>49</sup> Hearing transcript, p. 73 (Bailey).

<sup>50</sup> \*\*\*.

<sup>51</sup> Hearing transcript, p. 74 (Bailey).

\*\*\* 52

## **Domestic like product issues**

No issues with respect to domestic like product have been raised in these investigations.<sup>53</sup> No party requested additional data or other information necessary for analysis of the domestic like product.

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52 \*\*\*

<sup>53</sup> Conference transcript, p. 26 (Morey).



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

### U.S. market characteristics

VMFCs are an end-use product sold mainly to businesses and individual customers and are used primarily in office and home settings to store letter- and or legal-sized documents. They can be sold directly to businesses and individuals or sold via retail. VMFCs are typically made from steel, and can be found in a variety of colors. The product lifecycle is estimated to be ten years or longer.<sup>1</sup> The production of VMFCs can be highly automated.<sup>2</sup> Some VMFCs have a “pencil” drawer, which is typically of a shallower depth than file-sized drawers and can be used to store office supplies. The VMFC market is supplied by domestically produced VMFCs, VMFCs imported from China, and VMFCs imported from nonsubject sources, primarily Mexico, the United Kingdom, and Taiwan. The largest purchasers of VMFCs are \*\*\*, which accounted for approximately \*\*\* percent of total reported purchases and imports of VMFCs in 2018.

Six purchasers reported that internet sales of VMFCs have had an impact on VMFC pricing, and five reported that internet sales have had an impact on competition in the VMFC market since January 1, 2016. Firms reported that internet sales led to an increase in freight costs (reported by \*\*\*), competition due to price transparency/matching (reported by \*\*\*), and an increased number of retailers (reported by \*\*\*).

Apparent U.S. consumption of VMFCs increased by \*\*\* percent between 2016 and 2018, and was higher in January to June 2019 than in January to June 2018 by \*\*\* percent.

The majority of U.S. producers (five of six) stated that there had been no significant changes in the product range, mix, or marketing of VMFCs since January 1, 2016. In contrast, \*\*\* responding U.S. importers reported significant changes during that time frame.

### Impact of Section 301 investigation and tariffs<sup>3</sup>

Firms were asked whether the implementation of tariffs in the section 301 investigation in response to Chinese trade practices impacted or was anticipated to impact its VMFC business and/or the VMFC market. As seen in table II-1, U.S. producers reported no change in demand,

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<sup>1</sup> Hearing transcript, p. 74 (Bailey).

<sup>2</sup> Hearing transcript, p. 10 (Bailey).

<sup>3</sup> For more information on the Section 301 proceeding, please see Part I.

supply, prices, or raw material costs due to the imposition of Section 301 tariffs. A majority of responding purchasers (four of seven), however, reported a decrease in demand and supply of VMFCs imported from China. \*\*\* responding importer and the majority of responding purchasers (four of six) reported an increase in supply from sources other than China in the U.S. market as a result of the 301 tariffs. \*\*\* responding importers and six of eight responding purchasers reported an increase in prices for VMFCs in the U.S. market, and three purchasers \*\*\* reported an overall increase in raw material costs as a result of the Section 301 tariffs.

**Table II-1**  
**VMFCs: Firms' responses regarding impact of 301 tariffs**

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Impact on demand:				
U.S. producers	---	2	---	1
Importers	***	***	***	***
Purchasers	---	3	4	---
Impact on supply from China:				
U.S. producers	---	2	---	1
Importers	***	***	***	***
Purchasers	---	2	4	---
Impact on supply from sources other than China:				
U.S. producers	---	2	---	1
Importers	***	***	***	***
Purchasers	4	2	---	---
Impact on prices:				
U.S. producers	---	2	---	1
Importers	***	***	***	***
Purchasers	6	1	---	1
Impact on raw materials:				
U.S. producers	---	2	---	1
Importers	***	***	***	***
Purchasers	3	2	---	1

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

## U.S. purchasers

The Commission received ten usable questionnaire responses from firms that had purchased VMFCs during January 2016 to June 2019.<sup>4</sup> Eight responding purchasers identified themselves as retailers, two as end users, and two as distributors. Responding U.S. purchasers'

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<sup>4</sup> Of the ten responding purchasers, eight purchased domestic VMFCs, two purchased imports of the subject merchandise from China, six purchased imports of VMFCs from Mexico (\*\*\*), and two purchased imports of VMFCs from other sources.



headquarters were located in the Northeast, Midwest, Mountain, Pacific Coast, and Southeast regions of the United States, but had retail locations throughout the United States. The responding purchasers represented firms in a variety of domestic industries, including office supply, office furniture, and retail industries. \*\*\* procured the largest quantities of VMFCs from China, while purchasers \*\*\* were the largest purchasers of U.S.-produced VMFCs during January 2016-June 2019. Three of six firms (\*\*\*) reported competing for sales to customers with manufacturers or importers of VMFCs, online retailers, and office superstores.

## **Channels of distribution**

U.S. producers and importers sold the largest share of VMFCs to \*\*\* as shown in table II-2. A decreasing share of U.S. producers' shipments were made to \*\*\* during 2016 to 2018, and was lower in the January to June 2019 compared with January to June 2018 as well.

One importer of VMFCs from China, \*\*\*.

**Table II-2**

**VMFCs: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Share of U.S. shipments (percent)</b>				
U.S. producers: to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: China to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Mexico to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Nonsubject to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: All sources: to Distributors	***	***	***	***	***
to Retailers	***	***	***	***	***
to End users	***	***	***	***	***

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

## Geographic distribution

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

**Table II-3****Geographic market areas in the United States served by U.S. producers and U.S. importers**

Region	U.S. producers	Subject U.S. importers
Northeast	6	***
Midwest	6	***
Southeast	6	***
Central Southwest	6	***
Mountains	5	***
Pacific Coast	6	***
Other <sup>1</sup>	3	***
All regions (except Other)	5	***
Reporting firms	6	***

<sup>1</sup> 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-4 provides a summary of the supply factors regarding domestically produced VMFCs. The Commission did not receive any questionnaire responses from Chinese producers; therefore, these factors are not available for VMFCs imported from China.

**Table II-4****VMFCs: Supply factors that affect the ability to increase shipments to the U.S. market**

Item	2016	2018	2016	2018	2016	2018	Shipments by market in 2018 (percent)		Able to shift to alternate products
	Capacity (units)		Capacity utilization (percent)		Inventories as a ratio to total shipments (percent)		Home market shipments	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	3 of 6
China	***	***	***	***	***	***	***	***	0 of 0

Note.--Responding U.S. producers accounted for more than 75 percent of U.S. production of VMFCs in 2018. No responses to the Commission questionnaire were received for foreign producer or exporter firms for U.S. imports of VMFCs from China during 2016-18. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part I, "Summary Data and Data Sources."

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

## **Domestic production**

Based on available information, U.S. producers of VMFCs have the ability to respond to changes in demand with relatively large changes in the quantity of shipments of U.S.-produced VMFCs to the U.S. market. Factors mitigating responsiveness of supply include availability of inventories and inability to shift shipments from alternate markets. The main contributing factors to this degree of responsiveness of supply are the availability of substantial unused capacity and ability of U.S. producers to shift production to or from alternate products.<sup>5</sup>

Domestic capacity to produce VMFCs remained constant from 2016 to 2018, while production declined, leading to a \*\*\* percent decline in capacity utilization during this time. U.S. producers' inventories decreased from 2016 to 2018. U.S. producers exported less than \*\*\* percent of their total shipments of VMFCs in 2018. U.S. producers reported Canada, Central America, and the Middle East as major export markets. Other products reported by some producers as being produced on the same equipment as VMFCs include pedestal and lateral metal file cabinets. Factors reported as constraining production include equipment/tooling for key components (noted by four producers), labor and equipment (three producers), facility space and sales volume, and price (one producer each). While petitioner Hirsh has distinct manufacturing processes between other products and VMFCs,<sup>6</sup> two U.S. producers reported that there were limited factors preventing them from switching production between VMFCs and other types of metal file cabinets and VMFCs, and three of six responding U.S. producers stated that they could switch production between other products and VMFCs.

## **Subject imports from China**

The Commission issued foreign producers' or exporters' questionnaires to 50 firms believed to produce and/or export VMFCs from China but received no questionnaire responses from foreign producers or exporters in China. Therefore, information on Chinese capacity to produce VMFCs in 2018 is not directly available. However, subject imports of VMFCs from China increased more than six-fold from 2016 to 2018.<sup>7</sup> Responding purchaser \*\*\* reported that the ability for China to supply VMFCs increased since January 1, 2016. \*\*\*.<sup>8</sup> These estimates

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<sup>5</sup> Petitioner stated that direct fulfillment has had some effect on the amount of inventories held in its warehouse. Conference transcript, p. 62 (Bailey).

<sup>6</sup> Conference transcript, p. 21 (Wetterberg), and staff field trip notes, August 13, 2019.

<sup>7</sup> See Part IV.

<sup>8</sup> IBIS World Industry Report, "Metal Furniture Manufacturing in China", March 2019, p. 18.

indicate that Chinese producers of VMFCs may be able to respond to changes in price with large changes in supply.

### **Imports from nonsubject sources**

The quantity of VMFCs imported from nonsubject sources decreased from 2016 to 2018. However, the quantity of VMFCs imported from nonsubject sources was higher in the first half of 2019 compared to the first half of 2018. Imports from nonsubject sources Mexico, Taiwan, and the United Kingdom represented \*\*\* percent of the quantity of total imports of VMFCs for 2018.

Two of six purchasers reported the availability of nonsubject imports of VMFCs in the U.S. market has changed since January 1, 2016. Purchaser \*\*\* reported that it discontinued purchasing Taiwan metal cabinets, while purchaser \*\*\* reported Mexico's competitiveness led to an increase of Mexican VMFCs in the U.S. market.<sup>9</sup>

### **Supply constraints**

No responding U.S. producers or importers reported supply constraints since January 1, 2016. Most purchasers (seven of ten) reported that they did not experience supply constraints from their suppliers. Purchaser \*\*\* reported that its vendors can deny orders due to speed, availability, and customer feedback, while \*\*\* reported there was short-term supply disruption \*\*\*.

### **New suppliers**

The majority of responding purchasers (eight of nine) indicated that new suppliers have not entered the VMFC market since January 2016. The remaining purchaser \*\*\* reported that since 2016, overseas vendors have reached out to its global sourcing team in Asia, but did not specify which vendors.

### **U.S. demand**

Based on available information, the overall demand for VMFCs is likely to experience small-to-moderate changes in response to changes in price. The main contributing factor is the lack of substitute products. While VMFCs constitute the entire cost of the product itself, it represents a small share of the cost of outfitting an entire office.

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<sup>9</sup> \*\*\*.

## End uses and cost share

VMFCs are end-use products used in business and home office settings. They are stand-alone products that are not incorporated into any other products such as desks. VMFCs are used primarily for file storage and are reportedly unlike lateral file cabinets, which can be used for “general-purpose storage” while pedestal file cabinets can be used for “storage of personal belongings and other office supplies.”<sup>10 11</sup> Purchaser \*\*\* reported that approximately \*\*\* percent of its sales to end users are for residential consumers, with approximately \*\*\* percent to business customers including offices, interior designers, and healthcare customers. Purchasers \*\*\* described customers as end use individual and small business consumers, while \*\*\* reported selling to retail customers. Purchasers \*\*\* also reported selling to businesses.

## Business cycles

Five of six U.S. producers reported that the VMFC market was not subject to any distinct business cycles or conditions of competition. Petitioner Hirsh stated that office vacancy rates are negatively correlated with demand for VMFCs.<sup>12</sup> In the second quarter of 2019, the office vacancy rate rose by 10 basis points to 16.8 percentage points.<sup>13</sup> In contrast, 1 U.S. producer, 3 of 5 importers and 6 of 10 purchasers reported that the market was subject to distinct business cycles or conditions of competition. One U.S. producer (\*\*\*), three importers (\*\*\*), and four purchasers (\*\*\*) reported that VMFC demand is somewhat seasonal, including a back to school/business season (August-September) and/or a tax season (January-April).

## Demand trends

All U.S. producers and \*\*\*, along with the majority of purchasers reported that U.S. demand for VMFCs has decreased since January 1, 2016, (table II-5).

The majority of responding U.S. purchasers (five of nine) reported that the use of digital file storage has affected the overall demand for VMFCs since January 1, 2016. U.S. producer \*\*\* reported a slow decline due to digital trends. However, petitioner Hirsh stated that

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<sup>10</sup> Conference transcript, p. 45 (Bailey).

<sup>11</sup> Hearing transcript, p. 18 (Bailey).

<sup>12</sup> Hearing transcript, p. 33, 50 (Bailey).

<sup>13</sup> Moody’s Real Estate Analytics Service (REIS). “National Office Market Update Q2 2019.” August 28, 2019. <https://www.reis.com/national-office-market-update-q2-2019/>. Retrieved October 15, 2019.

“while the world may be moving slowly to digital storage, that has not affected sales of vertical files in recent years.”<sup>14</sup> \*\*\* reported that improvements in technology have made digital storage more convenient. Purchaser \*\*\* reported that an increase in digital storage has precipitated a decline in the use of physical storage, leading to its decision to reduce the number of VMFCs it purchased, and purchaser \*\*\* cited a trend showing consumers are purchasing fewer file cabinets, preferring digital file storage.

Petitioner Hirsh stated that purchaser concentration increased since 2016, creating downward pressure on prices for VMFCs.<sup>15</sup>

**Table II-5**  
**VMFCs: Firms' perceptions regarding demand in the United States and outside of the United States**

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	---	---	4	1
Importers	---	1	3	1
Purchasers	2	---	4	2
Demand outside the United States:				
U.S. producers	---	1	1	---
Importers	---	1	2	1
Purchasers	---	1	1	1

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

### Substitute products

Nearly all responding U.S. producers (five), importers (four), and purchasers (eight of nine) reported that there were no substitutes for VMFCs.

### Substitutability issues

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

<sup>14</sup> Hearing transcript, p. 9 (Cannon).

<sup>15</sup> Hearing transcript, p. 65 (Bailey).

{its} major customers that switched their purchases to China chose to leave {Hirsh's} store display samples in the stores on display, even though they were purchasing and selling Chinese-made goods."<sup>16</sup>

## Lead times

VMFCs are primarily sold from inventory. U.S. producers reported that \*\*\* percent of their commercial shipments were fulfilled from inventories, with lead times averaging \*\*\* days. The remaining \*\*\* percent of their commercial shipments were produced-to-order, with lead times averaging \*\*\* days.<sup>17</sup>

## Knowledge of country sources

Eight purchasers reported they had marketing/pricing knowledge of domestic VMFCs; one of VMFCs from China, six of VMFCs from Mexico, and two of other countries. Eight of nine responding purchasers indicated their customers do not have a country preference. Purchaser \*\*\* reported that it prioritizes U.S.-produced VMFCs, but reported purchasing VMFCs manufactured in Mexico due to domestic producers' inability to meet demand/volume. As shown in table II-6, the majority of responding purchasers (six of nine) do not make purchasing decisions based on the producer or country of origin.

**Table II-6**  
**VMFCs: Purchasing decisions based on producer and country of origin**

Decision	Always	Usually	Sometimes	Never
Purchases based on producer: Purchaser's decision	1	2	4	2
Purchaser's customer's decision	---	1	6	1
Purchases based on country of origin: Purchaser's decision	---	2	1	6
Purchaser's customer's decision	---	1	7	---

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

## Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for VMFCs were quality (noted by seven firms), price (seven), and availability/supply (three), as

<sup>16</sup> Hearing transcript, p. 49 (Wetterberg).

<sup>17</sup> Because importers \*\*\*, there is no estimate of the share of commercial shipments that were produced-to-order or sold from inventory for importers of VMFCs from China.



shown in table II-7. Quality was the most frequently cited first-most important factor in purchasing decisions (cited by six firms), followed by price/cost (two). Price/cost was the most frequently reported second-most important factor (four), and availability/supply was the most frequently reported third-most important factor (two). Customer demand, design, lead times, supply chain capacity, value, and vendor relationships were reported by purchasers as other factors.

**Table II-7**  
**VMFCs: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor<sup>1</sup>**

Item	1st	2nd	3rd	Total
	Number of firms (number)			
Quality	6	1	---	7
Price / Cost	2	4	1	7
Availability / Supply	1	---	2	3
All other factors	1	4	6	NA

<sup>1</sup> Other factors include: Customer demand, design, lead-times, supply chain capacity, value, and vendor relationships.

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

### Importance of specified purchase factors

Purchasers were asked to rate the importance of 18 factors in their purchasing decisions (table II-8). The factors rated as very important by more than half of responding purchasers were as follows: availability and quality meets industry standards (10 purchasers each); color, finish, and design, durability/sturdiness/longevity, price, and reliability of supply (9 each); delivery time and product consistency (8 each); payment terms (7); and packaging (6).

**Table II-8 VMFCs: Importance of purchase factors, as reported by U.S. purchasers, by factor**

Factor	Number of firms reporting		
	Very	Somewhat	Not
Availability	10	---	---
Color, finish, and design	9	1	---
Delivery terms	5	5	---
Delivery time	8	2	---
Discounts offered	5	5	---
Durability, sturdiness, and longevity	9	1	---
Minimum quantity requirements	3	7	---
Packaging	6	4	---
Payment terms	7	3	---
Price	9	1	---
Product consistency	8	2	---
Product depth	2	7	1

Product range	2	7	1
Quality meets industry standards	10	---	---
Quality exceeds industry standards	1	9	---
Reliability of supply	9	1	---
Technical support/service	2	6	2
U.S. transportation costs	5	5	---

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

### Supplier certification

Four of nine responding purchasers require their suppliers to become certified or qualified to sell VMFCs to their firm, with certification times ranging from 6 days to 90 days. Purchaser \*\*\* reported that factors for certification include adherence to purchaser standards, financial history and reputability, uniqueness of offerings, price, site evaluations, and supply chain stability.

Most responding purchasers (eight of nine) reported that no supplier had failed in their attempts to certify or qualify VMFCs or had lost its approved status since 2016. Purchaser \*\*\* During the hearing

### Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2016 (table II-9). A plurality of responding purchasers (four of nine) reported decreased purchases of domestically produced VMFCs; two purchasers reported constant and two reported fluctuating purchases of domestic VMFCs. The majority of purchasers (8 of 10) reported that they did not purchase VMFCs from China. Purchaser \*\*\* attributed changes to be sales-driven, while \*\*\* reported it specifically increased its purchases from Mexico due to quality, cost, and capacity. Purchaser \*\*\* reported reducing purchases of U.S.-produced VMFCs due to store closures.

**Table II-9**  
**VMFCs: Changes in purchase patterns from U.S., subject, and nonsubject countries**

Source of purchases	Increased	No change	Decreased	Fluctuated	Did not purchase
United States	1	2	4	2	1
China	1	---	---	1	8
Mexico	2	---	1	3	3
All other sources	---	1	2	---	6
Sources unknown	---	---	1	---	7

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

Six of nine responding purchasers reported that they had not changed suppliers since January 1, 2016. \*\*\* reported shifting suppliers due to re-sourcing of its private-label VMFCs, purchaser \*\*\* reported dropping HON and Hirsh as suppliers due to decreased demand, and purchaser \*\*\* added \*\*\*.

### **Importance of purchasing domestic product**

Eight purchasers reported that most or all of their purchases did not require purchasing U.S.-produced product. Purchasers \*\*\* reported that domestic product was required by law for \*\*\* percent, \*\*\* percent, and \*\*\* percent of purchases, respectively; purchaser \*\*\* reported that its customers required that it purchase U.S.-produced product (\*\*\* percent), and no firms reported other preferences for domestic product.

### **Comparisons of domestic products, subject imports, and nonsubject imports**

Purchasers were asked a number of questions comparing VMFCs produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 18 factors (table II-8) for which they were asked to rate the importance (table II-10).

**Table II-10**  
**VMFCs: Purchasers' comparisons of domestic and imported products**

Factor	Number of firms reporting								
	United States vs. China			United States vs. Nonsubject sources			China vs. Nonsubject sources		
	S	C	I	S	C	I	S	C	I
Availability	2	2	---	1	5	---	---	3	1
Color, finish, and design	2	2	---	---	6	---	---	3	1
Delivery terms	3	1	---	2	4	---	1	1	2
Delivery time	4	---	---	2	3	1	1	1	2
Discounts offered	---	2	2	---	5	1	1	2	1
Durability, sturdiness, and longevity	2	2	---	---	6	---	---	2	2
Minimum quantity requirements	1	3	---	---	6	---	---	3	1
Packaging	2	2	---	---	6	---	---	2	2
Payment terms	1	3	---	---	6	---	---	3	1
Price	---	1	3	---	3	3	1	1	2
Product consistency	2	2	---	---	6	---	---	2	2
Product depth	1	3	---	---	6	---	---	3	1
Product range	2	2	---	---	5	1	---	2	1
Quality meets industry standards	2	2	---	1	5	---	---	2	2
Quality exceeds industry standards	2	2	---	---	6	---	---	2	2
Reliability of supply	2	2	---	1	5	---	---	2	2
Technical support/service	2	1	1	1	4	1	---	1	3
U.S. transportation costs	2	1	1	2	2	2	---	1	3

<sup>1</sup> A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

All four responding purchasers reported that U.S.-produced VMFCs were either superior or comparable to VMFCs produced in China on 14 of 18 factors, including availability and reliability of supply (both rated as very important by most purchasers). Most responding purchasers (three of four) reported that U.S.-produced VMFCs are inferior to VMFCs imported from China on price, another factor rated as very important by a majority of purchasers.

Purchasers reported that domestically produced VMFCs and VMFCs imported from nonsubject sources are generally comparable across all factors. The majority of purchasers comparing VMFCs imported from China to those imported from nonsubject sources reported

that they were comparable on 9 of 18 factors. Factors for which VMFCs imported from China were reported by the majority of purchasers to be inferior to nonsubject VMFCs were delivery terms (two of three firms), delivery time (two of three), and U.S. transportation costs (three of four).

### Comparison of U.S.-produced and imported VMFCs

In order to determine whether U.S.-produced VMFCs can generally be used in the same applications as those imported from China, U.S. producers, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-11, all responding U.S. producers reported that VMFCs from the United States, China, Mexico, and other countries were “always” interchangeable. The majority of responding importers and purchasers reported that VMFCs from the United States, China, Mexico, and other countries were “always” or “frequently” interchangeable.

**Table II-11**  
**VMFCs: Interchangeability between product produced in the United States and in other countries, by country pair**

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

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

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

As can be seen from table II-12, five of eight responding purchasers reported that domestically produced product “always” met minimum quality specifications. In contrast, \*\*\* reported that VMFCs produced in China “usually” met minimum quality specifications.

**Table II-12**  
**VMFCs: Ability to meet minimum quality specifications**

Source of purchases	Always	Usually	Sometimes	Rarely or never
United States	5	2	1	---
China	***	***	***	***
Mexico	2	2	---	1
All other sources	1	---	1	---

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

In addition, U.S. producers, importers, and purchasers were asked to assess how often factors other than price were significant in sales of VMFCs from the United States, China, or nonsubject countries. As seen in table II-13, when comparing VMFCs from the United States, China, and nonsubject countries on factors other than price, all responding U.S. producers and most responding importers reported that factors other than price were “never” significant when comparing VMFCs produced in the United States to VMFCs imported from China. Half of responding purchasers (two of four) reported factors other than price were “sometimes” significant between VMFCs produced in the United States and China.

**Table II-13**  
**VMFCs: Perceived importance of factors other than price between VMFCs produced in the United States and in other countries,<sup>1</sup> by country pair**

	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	---	---	---	4	---	---	1	2	1	---	2	1
United States vs. Mexico	---	---	---	2	---	---	1	2	---	---	3	3
United States vs. Other	---	---	---	2	---	---	3	2	---	---	1	2
China vs. Mexico	---	---	---	2	---	---	1	2	1	---	1	1
China vs. Other	---	---	---	2	---	---	3	2	---	---	1	1
Mexico vs. Other	---	---	---	2	---	---	2	1	---	---	1	1

<sup>1</sup> Purchasers were asked how often domestically produced or imported VMFCs meets minimum quality specifications for their own or their customers’ uses.

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

## Elasticity estimates

This section discusses elasticity estimates; any participating parties were encouraged to comment on these estimates. Petitioner did not comment on them in its posthearing brief.

## **U.S. supply elasticity**

The domestic supply elasticity<sup>18</sup> for VMFCs measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of VMFCs. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced VMFCs. Analysis of these factors above indicates that the U.S. industry has the ability greatly increase or decrease shipments to the U.S. market; an estimate in the range of 6 to 10 is suggested.

## **U.S. demand elasticity**

The U.S. demand elasticity for VMFCs measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of VMFCs. This estimate depends on factors discussed above such as the existence, availability, and commercial viability of substitute products. Based on the available information, the aggregate demand for VMFCs is likely to be moderately inelastic; a range of -0.5 to -1.0 is suggested.

## **Substitution elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>19</sup> Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced VMFCs and imported VMFCs is likely to be high, and in the range of 4 to 8.

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<sup>18</sup> A supply function is not defined in the case of a non-competitive market.

<sup>19</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.





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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies and dumping margins was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and (except as noted) is based on the questionnaire responses of six firms that accounted for the vast majority of U.S. production of VMFCs during 2018.

### **U.S. producers**

The Commission issued a U.S. producer questionnaire to 11 firms based on information contained in the petition, and through research. Six firms provided usable data on their productive operations.<sup>1</sup> Staff believes that these responses represent the vast majority of U.S. production of VMFCs.

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

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<sup>1</sup> \*\*\* indicated that it does not produce (and never has produced) VMFCs.

**Table III-1**

**VMFCs: U.S. producers of VMFCs, their positions on the petition, production locations, and shares of reported production, 2018**

Firm	Position on petition	Production location(s)	Share of production (percent)
Hirsh	Petitioner	Dover, DE	***
HON	***	Cedartown, GA	***
IMF Solution	***	Manitowoc, WI	***
Metal Box	***	Franklin Park, IL	***
Tennsco	***	Dickson, TN	***
Virco	***	Conway, Arkansas	***
Total			***

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

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

**Table III-2**

**VMFCs: U.S. producers' ownership, related and/or affiliated firms**

Item / Firm	Firm Name	Affiliated/Ownership
<b>Ownership:</b>		
***	***	***
***	***	***
***	***	***
<b>Ownership:</b>		
<b>Related producers:</b>		
***	***	***
***	***	***
<b>Related importers/exporters:</b>		
***	***	***
***	***	***
***	***	***
<b>Related producers:</b>		
***	***	***
***	***	***

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

As indicated in table III-2, one U.S. producer is related to a foreign producer of VMFCs. (\*\*\*) and \*\*\* directly imports VMFCs from \*\*\*. No U.S. producers are related to

U.S. importers of the subject merchandise and no U.S. producers purchased the subject merchandise from U.S. importers.

Table III-3 presents important industry events since January 1, 2016.

**Table III-3**  
**VMFCs: Domestic industry events, since January 1, 2016**

Month and year	Description
August 2017	<b>Facility expansion</b> — HON announced plans to expand its existing office-furniture manufacturing facility in Cedartown, Georgia, over the next year and a half to produce wood furniture, with an anticipated investment of \$14.5 million and creation of 60 new jobs. <sup>1 ***</sup>
August 2019	<b>Production improvements</b> — Tennsco reported energy savings from installing variable-frequency drives (“VFDs”) on two washer systems and on both paint lines in Plant 5 after previously installing a VFD line at Plant 2. The VFDs allowed motors to be run “considerably slower” to reduce energy usage by 40-50 percent. <sup>2</sup>

<sup>1</sup> *The Polk County Standard Journal*, “HON Company Announces Expansion Plans,” Cedartown, GA, August 23, 2017, [http://www.northwestgeorgianews.com/edition\\_sj/page-a/page\\_0c9d452f-a67a-57de-b23c-7c08d302cf20.html](http://www.northwestgeorgianews.com/edition_sj/page-a/page_0c9d452f-a67a-57de-b23c-7c08d302cf20.html); Area Development News Desk, “HON Company Expands Cedartown, Georgia, Manufacturing Center,” Westbury, NY, August 16, 2017, <https://www.areadevelopment.com/newsItems/8-16-2017/the-hon-company-cedartown-georgia.shtml>; Dalheim, Robert, “HON Office Furniture Invests \$14.5 Million in Expansion, Creates 60 Jobs,” *Woodworking Network*, August 15, 2017, <https://www.woodworkingnetwork.com/furniture/hon-office-furniture-invests-145-million-expansion-creates-60-jobs>; *The Polk County Standard Journal*, “HON Company Set to Expand, Bring on 60 New Jobs in \$14.5 Million Project,” Cedartown, GA, August 15, 2017, [http://www.northwestgeorgianews.com/polk\\_standard\\_journal/news/local/the-hon-company-set-to-expand-bring-on-new-jobs/article\\_112f24ec-81cb-11e7-9e6c-933c7f86b158.html](http://www.northwestgeorgianews.com/polk_standard_journal/news/local/the-hon-company-set-to-expand-bring-on-new-jobs/article_112f24ec-81cb-11e7-9e6c-933c7f86b158.html); State of Georgia, Office of the Governor, “Deal: HON Company to Create 60 Jobs in Polk County,” August 15, 2017, <https://nathandeal.georgia.gov/press-releases/2017-08-15/deal-hon-company-create-60-jobs-polk-county>, retrieved September 8, 2019.

<sup>2</sup> Gadd, Chris, “Dickson’s Largest Biz, Tennsco, Invests in Solar Energy, Green Tech, and ‘Power to Peddle,’” *Nashville Tennessean*, <https://www.tennessean.com/story/news/local/dickson/2019/08/07/dicksons-tennsco-invests-green-energy-power-peddle/1947573001/>, retrieved September 8, 2019.

Sources: As cited.

Table III-4 presents U.S. producers’ reported changes in operations since January 1, 2016.

**Table III-4**  
**VMFCs: U.S. producers' reported changes in operations, since January 1, 2016**

Item / Firm	Reported changed in operations
<b>Prolonged shutdowns or curtailments:</b>	
***	***
***	***
***	***
<b>Other:</b>	
***	***

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

## U.S. production, capacity, and capacity utilization

Table III-5 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. VMFCs producers' capacity \*\*\* from 2016 to 2018, including the interim periods of January to June 2018 and 2019. Total production decreased by \*\*\* percent from 2016 to 2018, and it was lower in interim 2019 than interim 2018 by \*\*\* percent.<sup>2</sup> Capacity utilization decreased by \*\*\* percentage points during 2016-18, driven largely by capacity utilization decreases by \*\*\*.<sup>3</sup> From 2016-18, \*\*\* had the largest share of production, which accounted for between \*\*\* percent, while \*\*\* had the second largest share of production, accounting for between \*\*\* percent.

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<sup>2</sup> A representative for U.S. producer \*\*\*. Email message from \*\*\* August 28, 2019.

<sup>3</sup> From 2016 to 2018, \*\*\* production decreased by \*\*\* and \*\*\* percent, respectively. \*\*\* combined decreased production was \*\*\* units less in 2018 than in 2016. The decline in production, which started in the third quarter of 2016, coincided with the lost sales \*\*\*. In 2016, \*\*\* purchases of VMFCs produced in the United States were \*\*\* in that year. \*\*\* purchases of VMFCs produced in the United States accounted for approximately \*\*\*. \*\*\* U.S. importer and purchaser questionnaires, sections II-5a and II-1, respectively.

**Table III-5**  
**VMFCs: U.S. producers' production, capacity, and capacity utilization, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Capacity (units)</b>				
Hirsh	***	***	***	***	***
HON	***	***	***	***	***
IMF Solution	***	***	***	***	***
Metal Box	***	***	***	***	***
Tennsco	***	***	***	***	***
Virco	***	***	***	***	***
All firms	***	***	***	***	***
	<b>Production (units)</b>				
Hirsh	***	***	***	***	***
HON	***	***	***	***	***
IMF Solution	***	***	***	***	***
Metal Box	***	***	***	***	***
Tennsco	***	***	***	***	***
Virco	***	***	***	***	***
All firms	***	***	***	***	***
	<b>Share of production (percent)</b>				
Hirsh	***	***	***	***	***
HON	***	***	***	***	***
IMF Solution	***	***	***	***	***
Metal Box	***	***	***	***	***
Tennsco	***	***	***	***	***
Virco	***	***	***	***	***
All firms	***	***	***	***	***
	<b>Capacity utilization (percent)</b>				
Hirsh	***	***	***	***	***
HON	***	***	***	***	***
IMF Solution	***	***	***	***	***
Metal Box	***	***	***	***	***
Tennsco	***	***	***	***	***
Virco	***	***	***	***	***
All firms	***	***	***	***	***

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.

**Figure III-1**  
**VMFCs: U.S. producers' production, capacity, and capacity utilization, 2016-18, January through June 2018, and January through June 2019**

\* \* \* \* \*

### **Alternative products**

Table III-6 presents U.S. producers' capacity and production on the same equipment during 2016-18, January to June 2018, and January to June 2019. \*\*\*. As shown in table III-6, \*\*\* percent of 2018 production on the equipment used to make VMFCs. Three firms (\*\*\*), which accounted for \*\*\* percent to total U.S. production of VMFCs in 2018, produced alternative products on that equipment. Of the responding U.S. producers, the vast majority of \*\*\* production consisted of alternative products to VMFCs.<sup>4</sup> At the

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<sup>4</sup> \*\*\*. \*\*\* U.S producers' questionnaire responses, section II-3a.

Commission's hearing, a representative from Hirsh testified that since the production process for VMFCs is highly standardized, its large-volume lends itself towards tremendous amounts of automation, which allows its Dover, Delaware production facility to be "enormously efficient."<sup>5</sup> Hirsh officials indicated that despite the advantage of high-automation and high-throughput, the major disadvantage is the flexibility to produce other products on the same equipment, which would be extraordinarily expensive.<sup>6</sup>

Hirsh indicated that its highly automated, low product-mix, high-volume VMFC production limits flexibility to the point that changing over to a different product would not only be expensive but also require discarding much of the facility's existing capital investment,<sup>7</sup> expending a significant amount of capital to acquire new equipment, and retraining the employees.<sup>8</sup> The Petitioner estimates capital costs of (a) \*\*\* would be required to convert the dedicated VMFC lines to produce lateral file cabinets and (b) \*\*\* would be required to convert the dedicated VMFC lines to produce pedestals. Moreover, in either case, the required conversion time frame will be \*\*\* prior to commencement of production on the converted lines.<sup>9</sup>

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<sup>5</sup> Hearing transcript, pp. 73-74 (Bailey).

<sup>6</sup> Hearing transcript, pp.73-74 (Bailey).

<sup>7</sup> Hearing transcript, pp. 73-74 (Bailey).

<sup>8</sup> Hearing transcript, pp. 72-73 (Wetterberg).

<sup>9</sup> Petitioner's postconference, brief, exh. 5, "Estimated Costs and Activities Needed for Conversion of Dedicated Vertical File Lines."

**Table III-6**  
**VMFCs: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
Overall capacity	***	***	***	***	***
Production:					
Vertical metal file cabinets	***	***	***	***	***
Lateral metal file cabinets	***	***	***	***	***
Pedestal metal file cabinets	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	<b>Ratios and shares (percent)</b>				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Vertical metal file cabinets	***	***	***	***	***
Lateral metal file cabinets	***	***	***	***	***
Pedestal metal file cabinets	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

Note.—\*\*\*.

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

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

Table III-7 presents U.S. producers' U.S. shipments, export shipments, and total shipments for 2016-18, January to June 2018, and January to June 2019. During 2016-18, U.S. producers' U.S. shipments in terms of quantity and value decreased by \*\*\* percent and \*\*\* percent, respectively.<sup>10</sup> During 2016-18, \*\*\* U.S. shipments decreased by \*\*\* percent based on quantity and \*\*\* percent based on value.<sup>11</sup> Overall, the average unit value of U.S. shipments increased by \*\*\* percent during 2016-18. Three firms reported exports, primarily to Canada.

<sup>10</sup> \*\*\* reported a small amount of internal consumption and transfers to related firms. This accounted for less than ten percent of its total share of shipments. \*\*\* U.S. producer questionnaire, section II-7.

<sup>11</sup> \*\*\* accounted for approximately \*\*\* percent of total U.S. shipments in 2018.



\*\*\*.<sup>12</sup> During 2016-18, U.S. producers' export shipments in terms of quantity and value increased by \*\*\* percent and \*\*\* percent, respectively. U.S. producers' export shipments were lower in terms of quantity and value in interim 2019 than during interim 2018 by \*\*\* percent and \*\*\* percent, respectively.

**Table III-7**  
**VMFCs: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	<b>Value (1,000 dollars)</b>				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	<b>Unit value (dollars per unit)</b>				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	<b>Share of quantity (percent)</b>				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	<b>Share of value (percent)</b>				
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

Note.—During 2016-18 and January through June 2019, \*\*\* accounted for \*\*\*. Hirsh indicated the difference in the average unit values ("AUVs") of U.S. producers' domestic shipments and U.S. producers' export shipments is explained by differences in product mix. \*\*\* of the U.S. producers' export shipments were two drawer and three drawer VMFCs and no other types of VMFCs.

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

<sup>12</sup> \*\*\* U.S. producer questionnaire, section II-7.

## U.S. producers' inventories

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. During 2016-18, U.S. producers' end-of-period inventories decreased by \*\*\* percent, and were \*\*\* percent lower in interim 2019 than in interim 2018. Inventories as a ratio to U.S. production, U.S. shipments, and total shipments increased in 2017 but were lower in 2018 than in 2016, and were lower in interim 2019 than in interim 2018.<sup>13</sup>

**Table III-8**  
**VMFCs: U.S. producers' inventories, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
U.S. producers' end-of-period inventories	***	***	***	***	***
	<b>Ratio (percent)</b>				
Ratio of inventories to--					
U.S. production	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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

## U.S. producers' imports and purchases

U.S. producers' imports and purchases of VMFCs are presented in table III-9. \*\*\*. During 2016-18, Hirsh's production of VMFCs \*\*\*.<sup>14</sup>

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<sup>13</sup> In its U.S. producer questionnaire, \*\*\*. \*\*\* U.S. producer and U.S. importer questionnaire responses, sections II-8 and II-6a, respectively.

<sup>14</sup> At the Commission's hearing, Hirsh indicated there are differences in the product mix between its U.S. production of VMFCs and its subsidiary's production of VMFCs in Mexico. Hirsh's subsidiary in Mexico produces four drawer, five drawer, and deeper cabinets than are produced in the United States. Hirsh's U.S. production focuses on two-drawer and three drawer VMFCs. Hirsh's subsidiary in Mexico produces different design requirements, including thicker gauges of steel. Hearing transcript, pp. 54 and 62 (Bailey).

**Table III-9**

**VMFCs: U.S. producers' U.S. production, imports and purchases, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
	<b>Ratio (percent)</b>				
***	***	***	***	***	***
	<b>Narrative</b>				
***	***				

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

## U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data. U.S. producers' employment measured by production and related workers ("PRWs") decreased by \*\*\* percent, during 2016-18.<sup>15</sup> <sup>16</sup> U.S. producers' total hours worked, hours worked, wages paid, and productivity (units per hour) all decreased during 2016-18 and were lower in interim 2019 than in 2018. U.S. producers hourly wages increased by \*\*\* percent during 2016-18.

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<sup>15</sup> \*\*\*". \*\*\* U.S. producer questionnaire responses, section II-9.

<sup>16</sup> \*\*\* indicated that its employee head count was reduced to zero when it curtailed VMFCs production in late 2018. Email message from \*\*\* August 28, 2019.

**Table III-10****VMFCs: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
Production and related workers (PRWs) (number)	***	***	***	***	***
Total hours worked (1,000 hours)	***	***	***	***	***
Hours worked per PRW (hours)	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***
Hourly wages (dollars per hour)	***	***	***	***	***
Productivity (units per hour)	***	***	***	***	***
Unit labor costs (dollars per unit)	***	***	***	***	***

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

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

### U.S. importers

The Commission issued importer questionnaires to 50 firms believed to be importers of subject VMFCs, as well as to all U.S. producers of VMFCs.<sup>1</sup> Usable questionnaire responses were received from five companies. As discussed in Part I, U.S. import data are based on the questionnaire responses of five firms that submitted useable U.S. importers questionnaires representing \*\*\* of U.S. imports from China under HTS statistical reporting number 9403.10.0020. Table IV-1 lists all responding U.S. importers of VMFCs from China and other sources, their locations, and their shares of U.S. imports, in 2018.<sup>2</sup>

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<sup>1</sup> The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by \*\*\*, may have accounted for more than one percent of total imports under HTS subheading 9403.10.00 in 2018.

<sup>2</sup> Inscap Corporation did not provide an importers' questionnaire response, but reported that it imported \*\*\* units from Canada during 2016-18. Staff received a total of 32 responses (from both the preliminary and final phase, combined) from firms indicating that they did not import VMFCs during 2016-18. \*\*\*.

**Table IV-1**

**VMFCs: U.S. importers, their headquarters, and share of total imports by source, 2018**

Firm	Headquarters	Share of imports by source (percent)				
		China	Mexico	All other sources	Nonsubject sources	All import sources
Aurora	Torrance, CA	***	***	***	***	***
Hirsh	West Des Moines, IA	***	***	***	***	***
Staples	Framingham, MA	***	***	***	***	***
Teknion	Mt. Laurel, NJ	***	***	***	***	***
The Container Store	Coppell, TX	***	***	***	***	***
Total		***	***	***	***	***

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

## U.S. imports

Figure IV-1 and table IV-2 present data for U.S. imports of VMFCs from China and all other sources.<sup>3 4</sup> U.S. imports of VMFCs from China accounted for \*\*\* percent of total imports of VMFCs by quantity and \*\*\* percent by value in 2018. During 2016-18, subject U.S. imports of VMFCs from China increased by \*\*\* percent, based on quantity, and by \*\*\* percent, based on value, and was \*\*\* and \*\*\* percent higher in interim 2019 compared to interim 2018, respectively. The ratio of U.S. imports of VMFCs to U.S. production increased from \*\*\* percent in 2016, to \*\*\* percent of U.S. production in 2018, and were higher in interim 2019 compared to interim 2018. The average unit value (dollar per unit) of U.S. imports of VMFCs from China decreased by \*\*\* from 2016-18, and were lower in interim 2019 compared to interim 2018. The average unit value for U.S. imports of VMFCs from nonsubject sources increased by \*\*\* percent from 2016-18, but were lower in interim 2019 compared to interim 2018.<sup>5</sup> In its posthearing brief, the petitioners stated that the “relatively higher AUVs of

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<sup>3</sup> \*\*\*. \*\*\* U.S. importer questionnaire, section III-4b. \*\*\* reported in its final phase U.S. importer questionnaire response quantity and value data \*\*\* what it had reported during the preliminary phase response as a result of reporting errors. For further details see the end of Part IV.

<sup>4</sup> Importer \*\*\* initially reported import data from \*\*\*, but these imports were found to be outside the scope of this proceeding. \*\*\* reported imports of in-scope merchandise from the \*\*\*. Email message from \*\*\*, October 11, 2019.

<sup>5</sup> \*\*\*.

Chinese imports as compared to the AUVs of U.S. producers' U.S. shipments reflect primarily the differences in the product mix (\*\*\*)<sup>6</sup>.

**Table IV-2**  
**VMFCs: U.S. imports by source, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
U.S. imports from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	<b>Value (1,000 dollars)</b>				
U.S. imports from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	<b>Unit value (dollars per unit)</b>				
U.S. imports from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	<b>Share of quantity (percent)</b>				
U.S. imports from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Table continued on next page.

<sup>6</sup> Petitioners' posthearing brief, exhibit 1, p. 5.

**Table IV-2--Continued**  
**VMFCs: U.S. imports by source, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Share of value (percent)</b>				
U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	<b>Ratio to U.S. production</b>				
U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Table continued on next page.



**Table IV-2—Continued**  
**VMFCs: U.S. imports by source, 2016-18, January to June 2018, and January to June 2019**

Item	Between calendar years			Between partial year periods
	2016-18	2016-17	2017-18	2018-19
	<b>Change in quantity (percent)</b>			
U.S. imports from.-- China	▲ ***	▲ ***	▲ ***	▲ ***
Mexico	▼ ***	▼ ***	▼ ***	▲ ***
All other sources	▼ ***	▼ ***	▼ ***	▼ ***
Nonsubject sources	▼ ***	▼ ***	▼ ***	▲ ***
All import sources	▲ ***	▲ ***	▲ ***	▲ ***
	<b>Change in value (percent)</b>			
U.S. imports from.-- China	▲ ***	▲ ***	▲ ***	▲ ***
Mexico	▼ ***	▼ ***	▼ ***	▲ ***
All other sources	▼ ***	▼ ***	▼ ***	▼ ***
Nonsubject sources	▼ ***	▼ ***	▼ ***	▲ ***
All import sources	▲ ***	▲ ***	▲ ***	▲ ***
	<b>Change in unit value (percent)</b>			
U.S. imports from.-- China	▼ ***	▼ ***	▼ ***	▼ ***
Mexico	▲ ***	▲ ***	▲ ***	▼ ***
All other sources	▲ ***	▲ ***	▲ ***	▼ ***
Nonsubject sources	▲ ***	▲ ***	▲ ***	▼ ***
All import sources	▲ ***	▲ ***	▼ ***	▼ ***
	<b>Change in share of quantity (percentage points)</b>			
U.S. imports from.-- China	▲ ***	▲ ***	▲ ***	▲ ***
Mexico	▼ ***	▼ ***	▼ ***	▼ ***
All other sources	▼ ***	▼ ***	▼ ***	▼ ***
Nonsubject sources	▼ ***	▼ ***	▼ ***	▼ ***
	<b>Change in share of value (percentage points)</b>			
U.S. imports from.-- China	▲ ***	▲ ***	▲ ***	▲ ***
Mexico	▼ ***	▼ ***	▼ ***	▼ ***
All other sources	▼ ***	▼ ***	▼ ***	▼ ***
Nonsubject sources	▼ ***	▼ ***	▼ ***	▼ ***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent.  
▲ represents an increase. ▼ represents a decrease.

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

**Figure IV-1**  
**VMFCs: U.S. imports by source, 2016-18, January to June 2018, and January to June 2019**

\* \* \* \* \*

## **Negligibility**

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.<sup>7</sup> Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then

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<sup>7</sup> 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)).

imports from such countries are deemed not to be negligible.<sup>8</sup> Imports from China accounted for \*\*\* percent of total imports of VMFCs by quantity during April 2018 through March 2019. Table IV-3 presents U.S. imports during the twelve month period preceding the petition.

**Table IV-3**  
**VMFCs: U.S. imports in the twelve month period preceding the filing of the petition, April 2018 through March 2019**

Item	April 2018 through March 2019	
	Quantity (units)	Share quantity (percent)
U.S. imports from.--		
China	***	***
Mexico	***	***
All other sources	***	***
Nonsubject sources	***	***
All import sources	***	***

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

### Apparent U.S. consumption and U.S. market shares

Table IV-4 presents data on apparent U.S. consumption and U.S. market shares for VMFCs during 2016-18, January to June 2018, and January to June 2019. From 2016 to 2018, apparent U.S. consumption based on quantity increased by \*\*\* percent and based on value increased by \*\*\* percent; this increase in apparent consumption was due to the increased quantity of subject imports which was greater than the decline in U.S. producer's U.S. shipments.<sup>9 10</sup> Apparent U.S. consumption was \*\*\* percent higher in interim 2019 compared to 2018 based on quantity and \*\*\*, based on value. During 2016-18, U.S. producers' U.S. shipments decreased by \*\*\* percent and \*\*\* percent based on quantity and value, respectively. From 2016 to 2018, U.S. importers' U.S. shipments from all sources increased by \*\*\* percent, based on quantity, and \*\*\* percent, based on value, and were higher in interim 2019 compared to interim 2018, in both quantity and value.

<sup>8</sup> Section 771 (24) of the Act (19 U.S.C § 1677(24)).

<sup>9</sup> As noted earlier, \*\*\* reported in its final phase U.S. importer questionnaire response quantity and value data that were \*\*\* what it had reported during the preliminary phase response as a result of reporting errors.

<sup>10</sup> The petitioners stated that the absence of increased demand for the U.S. product, and the fact that U.S. industry instead suffered declining sales over the period of investigation, may further explain the market participants' perceptions that U.S. demand was in decline," which contrasted its previous statements that demand had been strong. Petitioners' posthearing brief, exhibit 1, pp. 20-21.

**Table IV-4**

**VMFCs: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	<b>Value (1,000 dollars)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	<b>Share of quantity (percent)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	<b>Share of value (percent)</b>				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Changes in U.S. shipments and U.S. market share data are presented in table IV-5. The share of apparent consumption attributed to U.S. importers' U.S. shipments from China increased by \*\*\* percentage points from 2016 to 2018, in quantity terms, while on a value basis U.S. imports of VMFCs from China increased by \*\*\* percentage points from 2016 to 2018. U.S. producers' U.S. shipments, based on market share, decreased by \*\*\* percentage points during 2016-18, based on quantity, and decreased by \*\*\* percentage points based on value. U.S. importers' U.S. shipments of VMFCs from Mexico decreased by \*\*\* percentage points based on quantity from 2016 to 2018, and decreased by \*\*\* percentage points based on value. The U.S. market share of U.S. importers' U.S. shipments of VMFCs from Mexico were higher in interim 2019 compared to interim 2018 based on quantity and value.

**Table IV-5**

**VMFCs: Changes in apparent U.S. consumption and market shares, 2016-18, between calendar years 2016-17, 2017-18, and between partial year periods January to June 2018 and January to June 2019**

Item	Between calendar years			Between partial year periods
	2016-18	2016-17	2017-18	2018-19
	<b>Change in quantity (percent)</b>			
U.S. producers' U.S. shipments	▼***	▼***	▼***	▼***
U.S. importers' U.S. shipments from.--				
China	▲***	▲***	▲***	▲***
Mexico	▼***	▼***	▼***	▲***
All other sources	▼***	▲***	▼***	▼***
Nonsubject sources	▼***	▼***	▼***	▲***
All import sources	▲***	▲***	▲***	▲***
Apparent U.S. consumption	▲***	▲***	▼***	▲***
	<b>Change in value (percent)</b>			
U.S. producers' U.S. shipments	▼***	▼***	▼***	▼***
U.S. importers' U.S. shipments from.--				
China	▲***	▲***	▲***	▲***
Mexico	▼***	▼***	▼***	▲***
All other sources	▲***	▲***	▼***	▼***
Nonsubject sources	▼***	▼***	▼***	▲***
All import sources	▲***	▲***	▲***	▲***
Apparent U.S. consumption	▲***	▲***	▼***	▲***
	<b>Change in market share based on quantity (percentage points)</b>			
U.S. producers' U.S. shipments	▼***	▼***	▼***	▼***
U.S. importers' U.S. shipments from.--				
China	▲***	▲***	▲***	▲***
Mexico	▼***	▼***	▼***	▲***
All other sources	▼***	▼***	▼***	▼***
Nonsubject sources	▼***	▼***	▼***	▼***
All import sources	▲***	▲***	▲***	▲***
	<b>Change in market share based on value (percentage points)</b>			
U.S. producers' U.S. shipments	▼***	▼***	▼***	▼***
U.S. importers' U.S. shipments from.--				
China	▲***	▲***	▲***	▲***
Mexico	▼***	▼***	▼***	▲***
All other sources	▼***	▼***	▼***	▼***
Nonsubject sources	▼***	▼***	▼***	▲***
All import sources	▲***	▲***	▲***	▲***

Note.--Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. ▲ represents an increase. ▼ represents a decrease.

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

**Figure IV-2**  
**VMFCs: Apparent U.S. consumption, 2016-18, January to June 2018, and January to June 2019**

\* \* \* \* \*

**Table IV-6**

**VMFCs: Differences between the preliminary and final phase reported subject import volumes, \*\*\* U.S. Imports, 2016-18**

<b>Preliminary phase</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
*** U.S. shipments from China: Quantity (units)	***	***	***
Value (\$1,000 dollars)	***	***	***
<b>Final phase</b>			
*** U.S. shipments from China: Quantity (units)	***	***	***
Value (\$1,000 dollars)	***	***	***
<b>Change Preliminary to Final</b>			
*** U.S. shipments from China: Quantity (units)	***	***	***
Value (\$1,000 dollars)	***	***	***

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

In response to staff inquiry about the discrepancy in import data report in the preliminary and final phase of these investigations, \*\*\* provided the following response:

- \*\*\*. \*\*\* U.S. importer questionnaire, section III-4b. \*\*\* reported in its final phase U.S. importer questionnaire response quantity and value data \*\*\* what it had reported during the preliminary phase response as a result of reporting errors.
- \*\*\*.
- \*\*\*.



● \*\*\*<sup>11</sup>

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<sup>11</sup> Email from \*\*\*, October 17, 2019.



## Part V: Pricing data

### Factors affecting prices

#### Raw material costs

VMFCs are primarily made of cold-rolled steel coils, although they may be produced using galvanized steel coils. VMFCs also contain file suspension system components and can also contain accessories, such as card-label holders and drawer pulls made from various materials. U.S. producers' raw materials, as a share of cost of goods sold ("COGS"), increased irregularly from \*\*\* percent in 2016 to \*\*\* percent in 2018. The majority of responding U.S. producers (\*\*\*) and importers (\*\*\*) reported that raw material prices have increased since January 1, 2016.

As illustrated in Figure V-1, between January 2016 and September 2019, steel cold-rolled coil prices decreased by \*\*\* percent and peaking in March 2017, where prices were \*\*\* percent higher than prices in January 2016. Cold-rolled coil prices decreased by \*\*\* percent from January 2016 to June 2019. Galvanized steel prices tracked steel cold-rolled coil prices closely, also peaked in March 2017 and then decreased through June 2019. Galvanized steel prices decreased by \*\*\* percent from January 2016 until September 2019.

**Figure V-1**

**Steel cold-rolled coil and hot-dipped galvanized steel coil, average domestic transaction prices (U.S. \$/short ton) by month, January 2016-June 2019**

\* \* \* \* \*

Five U.S. producers and one U.S. importer (\*\*\*) reported that the implementation of tariff remedies in the section 232 investigation on steel imports had an impact on the VMFCs market.<sup>1</sup> As shown in table V-1, the majority of responding U.S. producers and importers reported an increase in raw material costs and prices of VMFCs because of the section 232 duties.

**Table V-1**

**VMFCs: Firms' perceptions regarding the impact of the Section 232 investigation on steel imports**

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
232 impact on raw material costs for VMFCs in the U.S. market				
U.S. producers	5	---	---	1
Importers	2	---	---	1
232 impact on prices for VMFCs in the U.S. market:				
U.S. producers	4	1	1	---
Importers	2	---	---	1

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

## U.S. inland transportation costs

Four responding U.S. producers and three responding U.S. importers reported that they typically arrange transportation to their customers. \*\*\*.

## Pricing practices

### Pricing methods

U.S. producers and importers reported using transaction-by-transaction negotiations, contracts, price lists, and other methods for setting prices. As presented in table V-2, U.S. producers sell more often via transaction-by-transaction negotiations and contracts, while importers use transaction-by-transaction negotiations and contracts, but relatively more frequently via set price lists.

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<sup>1</sup> Please refer to Part I for additional information on Section 232 investigation on steel imports.

**Table V-2**  
**VMFCs: U.S. producers' and importers' reported price setting methods, by number of responding firms<sup>1</sup>**

Method	U.S. producers	U.S. importers
Transaction-by-transaction	4	3
Contract	5	3
Set price list	2	4
Other	1	---
Responding firms	6	5

<sup>1</sup> 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.

Petitioner stated that a general trend towards online retail sales has led to greater transparency and prices in the U.S. market and has intensified competition based on price. It added that online retailers monitor one another, as well as brick-and-mortar retailers.<sup>2</sup> Six of nine responding purchasers reported that internet sales of VMFCs has an impact on price, while five of nine reported that internet sales had an impact on competition. Furthermore, \*\*\* reported that transparency between competitors has resulted in price matching.

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<sup>2</sup> Hearing transcript, pp. 23-24 (Jensen).

U.S. producers reported selling the vast majority of their VMFCs pursuant to annual contracts (table V-3). \*\*\* importers of VMFCs from China reported their shares of U.S. commercial shipments by type of sale in 2018.<sup>3</sup>

**Table V-3**  
**VMFCs: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2018**

Item	U.S. producers	Subject U.S. importers
Share (percent)		
Share of commercial U.S. shipments.-- Long-term contracts	***	***
Annual contract	***	***
Short-term contracts	***	***
Spot sales	***	***

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

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

Most U.S. producers' short-term or annual contracts do not allow for price renegotiation, but long-term contracts allow for renegotiation (three of four responding firms) (\*\*\*) . No producers reported that contracts fixed quantities in their contracts for any term, but five firms reported that their annual contracts fixed price (\*\*\*) , and two firms (\*\*\*) reported that their long-term contracts fixed price, while three firms reported both fixed price and quantity for short-term contracts. Petitioner Hirsh stated that its contracts do not have volume commitments, and that it typically renegotiates prices with a two to four month advanced notice.<sup>4</sup>

\*\*\* reported no price renegotiations for short-term contracts or for one-year contracts. It reported fixing both price and quantity in its short-term contracts, and indexing annual contracts to raw material costs. No firm reported indexing short-term contracts to raw material costs.

Two purchasers reported that they purchase product daily, two purchase weekly, and two purchase monthly. Four of 10 responding purchasers reported that their purchasing frequency had not changed since 2016. Most purchasers contact between one and four suppliers before making a purchase; one purchaser (\*\*\*) reported contacting between

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<sup>3</sup> \*\*\*.

<sup>4</sup> Hearing transcript, pp. 47-48 (Bailey, Jensen).

one and thirty suppliers and one purchaser (\*\*\*) reported contacting between one and ten suppliers.

## **Sales terms and discounts**

The majority of U.S. producers and importers typically quote prices on an f.o.b. basis. Most producers (four of nine) offer quantity discounts, while two offer total volume discounts, two offer other discounts, and one reported no discount policy. Three importers did not report a discount policy, three reported quantity discounts, three reported total volume discounts, and one reported other discounts.

## **Price leadership**

Purchasers reported that SP Richards, Staples, and Target were price leaders.

## **Price data and import purchase cost 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 VMFCs products shipped to unrelated U.S. customers during January 2016-June 2019. In addition to price data, the Commission also requested that importers provide landed duty-paid values<sup>5</sup> and quantities for imports of VMFCs for firms' internal use, repackaging, or retail sale.

**Product 1.**-- Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

**Product 2.**-- Vertical metal file cabinet, 20.75" — 24.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

**Product 3.**-- Vertical metal file cabinet, 27.75" — 29.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

**Product 4.**-- Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers and one pencil drawer, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

**Product 5.**-- Vertical metal file cabinet, 17.75" — 20.25" deep, three file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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<sup>5</sup> Values were reported as landed, duty-paid values at the U.S. port of entry, including ocean freight and insurance costs, brokerage charges, and import duties (i.e., all charges except inland freight in the United States).

**Product 6.**-- Vertical metal file cabinet, 25.75" — 27.25" deep, four file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

Six U.S. producers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.<sup>6</sup> Pricing data reported by these producers accounted for approximately \*\*\* percent of U.S. producers' shipments of VMFCs during January 2016-June 2019. Usable pricing data were not available for U.S. shipments of VMFCs imported from China. Importer \*\*\* provided usable purchase cost data for products 1-6, which accounted for approximately \*\*\* percent of total imports from China in 2018.<sup>7</sup>

Importers were asked to provide additional information on costs beyond landed-duty paid costs incurred from importing VMFCs themselves. \*\*\* reported that there were logistical or supply chain costs (\*\*\* percent),<sup>8</sup> warehousing/inventory carrying costs (\*\*\* percent), and insurance costs (\*\*\* percent)<sup>9</sup>.

Importers were asked to identify the benefits of importing VMFCs themselves as opposed to purchasing them from a U.S. producer or importer. Importer \*\*\* reported that the "quality is equal with a lower cost."<sup>10</sup> \*\*\* reported that it \*\*\*.

U.S. sales prices and importers' purchase cost data for products 1-6 are presented in tables V-4 to V-9 and figures V-7 to V-12.<sup>11</sup> Nonsubject country prices are presented in Appendix E.

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<sup>6</sup> 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.

<sup>7</sup> Importer \*\*\* initially reported purchase cost data for products 1-6, but these products were found to be outside the scope of this investigation and these data are not presented in the purchase cost tables below.

<sup>8</sup> \*\*\*.

<sup>9</sup> The percentages are expressed as an estimated ratio to LDP value.

<sup>10</sup> While importers \*\*\*.

<sup>11</sup> Purchase cost data for VMFCs imported from China was not available for product 3.



**Table V-4**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 1,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 1: Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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

**Table V-5**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 2,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 2: Vertical metal file cabinet, 20.75" — 24.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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

**Table V-5**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 3,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 3: Vertical metal file cabinet, 27.75" — 29.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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

**Table V-7**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 4,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 4: Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers and one pencil drawer, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Table V-8**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 5,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 5: Vertical metal file cabinet, 17.75" — 20.25" deep, three file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Table V-9**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 6,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		China (cost)	
	Price (dollars per unit)	Quantity (units)	LDP value (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 6: Vertical metal file cabinet, 25.75" — 27.25" deep, four file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Figure V-7**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 1,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*

**Figure V-8**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 2,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*



**Figure V-8**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 3,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*

**Figure V-10**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 4,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*

**Figure V-11**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 5,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*

**Figure V-12**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic product and landed duty-paid values and quantities of imported product 6,<sup>1</sup> by quarter, January 2016—June 2019**

\* \* \* \* \*

## Price trends

In general, domestic prices increased for products 1, 3, 4, and 5 and decreased for products 2 and 6 during January 2016-June 2019. Table V-10 summarizes the trends by product. As shown in the table, domestic price changes ranged from a \*\*\* percent decline to a \*\*\* percent increase during January 2016-June 2019.

**Table V-10**  
**VMFCs: Number of quarters containing observations low price, high price, and change in price over period, by product and source, January 2016—June 2019**

Item	Number of quarters	Low price (dollars per unit)	High price (dollars per unit)	Change in price over period <sup>1</sup> (percent)
Product 1: United States price	***	***	***	***
China cost	***	***	***	***
Product 2: United States price	***	***	***	***
China cost	***	***	***	***
Product 3: United States price	***	***	***	***
China cost	***	***	***	***
Product 4: United States price	***	***	***	***
China cost	***	***	***	***
Product 5: United States price	***	***	***	***
China cost	***	***	***	***
Product 6: United States price	***	***	***	***
China cost	***	***	***	***

<sup>1</sup> Percentage change is calculated using data from the first quarter in which data were available in 2016 to the last quarter in which data were available if it is among the last four quarters of the period studied.

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

## Price comparisons

There were no price data for VMFCs imported from China available; it is therefore not possible to compare U.S. prices with the price of VMFCs imported from China.<sup>12</sup>

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<sup>12</sup> The landed duty-paid cost of VMFCs imported from China were below the sales price of domestically produced VMFCs in \*\*\* instances (\*\*\*) and above the sales price of domestically produced VMFCs in the remaining \*\*\* instances (\*\*\*)).

## Lost sales and lost revenue

In the preliminary phase of the investigations, the Commission requested that U.S. producers of VMFCs report purchasers where they experienced instances of lost sales or revenue due to competition from imports of VMFCs from China from January 2016 to December 2018. Two U.S. producers submitted lost sales and lost revenue allegations.

In the final phase of the investigations, when asked if they had to reduce prices or rollback announced price increases, \*\*\* responding producers reported doing so. Producers \*\*\* reported that they had lost sales to imports of VMFCs from China.

Staff contacted 42 purchasers and received responses from 10 purchasers.<sup>13</sup> In the final phase, purchasers reported purchasing or importing \*\*\* units during January 2016-June 2019 (table V-11). Of the 10 responding purchasers, two reported that, since 2016, they had purchased imported VMFCs from China instead of U.S.-produced product (table V-12). Both of these purchasers reported that subject import prices were lower than U.S.-produced product, and one purchaser (\*\*\*) reported that price was a primary reason for its decision to purchase imported product rather than U.S.-produced product. This purchaser (\*\*\*) estimated the quantity of VMFCs from China purchased instead of domestic product to be \*\*\* units.

Of the six responding purchasers, one (\*\*\*) reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China and estimated the price reduction to be \*\*\* percent (table V-13). In addition, four purchasers stated they did not know whether U.S. producers had decreased prices.

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<sup>13</sup> Purchasers \*\*\* were the largest purchasers of VMFCs between January 2016 and June 2019.

**Table V-11**  
**VMFCs: Purchasers' reported purchases**

Purchaser	Purchases and imports in January 2016-June 2019 (units)			Change in domestic share <sup>2</sup> (pp, 2016-18)	Change in subject country share <sup>2</sup> (pp, 2016-18)
	Domestic	Subject	All other <sup>1</sup>		
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	***	***	***	***	***

<sup>1</sup> Includes all other sources and unknown sources.

<sup>2</sup> Percentage points (pp) change: Change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

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

**Table V-12**

**VMFCs: Purchasers' responses to purchasing subject imports instead of domestic product**

Purchaser	Subject imports purchased instead of domestic (Y/N)	Imports priced lower (Y/N)	If purchased subject imports instead of domestic, was price a primary reason		
			Y/N	If Yes, quantity (units)	If No, non-price reason
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	Yes--2; No--8	Yes--2; No--2	Yes--1; No--2	***	

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

**Table V-13**

**VMFCs: Purchasers' responses regarding U.S. producer price reductions**

Purchaser	Producers reduced price (Y/N)	If produced reduced prices:	
		Estimated U.S. price reduction (percent)	Additional information, if available
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total / average	Yes--1; No--5	***	---

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

During the preliminary phase of these investigations, purchasers identified value, quality, and ease of service as non-price reasons for purchasing imported rather than U.S.-produced VMFCs.



## Part VI: Financial experience of U.S. producers

### Background

The financial results of five U.S. producers of VMFCs are presented in this section of the report.<sup>1</sup> The responding U.S. producers reported their financial results on the basis of Generally Accepted Accounting Principles (“GAAP”). With the exception of \*\*\*,<sup>2</sup> which reported on a fiscal-year basis, firms reported their financial results on a calendar-year basis. The two largest producers of VMFCs, \*\*\*, accounted for \*\*\* percent of the reported net sales quantity in 2018.<sup>3</sup>

### Operations on Vertical Metal File Cabinets

Table VI-1 presents aggregated data on U.S. producers’ operations with respect to VMFCs in 2016-2018, January to June 2018, and January to June 2019. Table VI-2 presents changes in average unit value data between periods and table VI-3 presents selected company-specific financial data.

Staff verified the results of \*\*\* with its company records. The verification adjustments were incorporated into this report. \*\*\*. \*\*\*.<sup>4</sup>

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<sup>1</sup>\*\*\* provided a U.S. producers’ questionnaire but did not report usable financial data. Based on reported data, \*\*\* represented less than \*\*\* percent of total net sales (value) throughout 2016-2018, and it did not reported assets, capital expenditures or research & development expenses.

<sup>2</sup>\*\*\*. U.S. producers’ questionnaire response, section III-2A.

<sup>3</sup> \*\*\* accounted for \*\*\* percent and \*\*\* percent, respectively, of total net sales volume in 2018. However, in terms of net sales value, \*\*\* accounted for \*\*\* percent, while \*\*\* accounted for \*\*\* percent in 2018, due to \*\*\*.

<sup>4</sup> The changes did not materially affected \*\*\*.

**Figure VI-1**  
**VMFCs: Share of net sales quantity by firm, 2018**

\* \* \* \* \*

**Table VI-1**  
**VMFCs: Results of operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019**

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Quantity (units)</b>				
Net sales	***	***	***	***	***
	<b>Value (1,000 dollars)</b>				
Net sales	***	***	***	***	***
Cost of goods sold.--					
Steel costs	***	***	***	***	***
Other raw material	***	***	***	***	***
Total raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Interest expense	***	***	***	***	***
All other expenses	***	***	***	***	***
All other income	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
	<b>Ratio to net sales (percent)</b>				
Cost of goods sold.--					
Steel costs	***	***	***	***	***
Other raw material	***	***	***	***	***
Total raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***

Table continued.

Table VI-1--Continued

VMFCs: Results of operations of U.S. producers, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Ratio to total COGS (percent)</b>				
Cost of goods sold.-- Steel costs	***	***	***	***	***
Other raw material	***	***	***	***	***
Total raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
	<b>Unit value (dollars per unit)</b>				
Net sales	***	***	***	***	***
Cost of goods sold.-- Steel costs	***	***	***	***	***
Other raw material	***	***	***	***	***
Total raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
	<b>Number of firms reporting</b>				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	***	***	***	***	***

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.

**Table VI-2**

**VMFCs: Changes in AUVs, between fiscal years and between partial year periods**

Item	Between fiscal years			Between partial year period
	2016-18	2016-17	2017-18	2018-19
	<b>Change in AUVs (dollars per unit)</b>			
Net sales	▲***	▼***	▲***	▼***
Cost of goods sold.--				
Steel costs	▲***	▼***	▲***	▲***
Other raw material	▲***	▲***	▲***	▼***
Total raw materials	▲***	▼***	▲***	▲***
Direct labor	▲***	▼***	▲***	▲***
Other factory costs	▲***	▲***	▲***	▲***
Average COGS	▲***	▼***	▲***	▲***
Gross profit	▼***	▼***	▼***	▼***
SG&A expense	▲***	▲***	▲***	▼***
Operating income or (loss)	▼***	▼***	▼***	▼***
Net income or (loss)	▼***	▼***	▼***	▼***

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

**Table VI-3**  
**VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019**

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Total net sales (units)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total net sales quantity	***	***	***	***	***
	<b>Total net sales (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total net sales value	***	***	***	***	***
	<b>Cost of goods sold (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total COGS	***	***	***	***	***
	<b>Gross profit or (loss) (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total gross profit or (loss)	***	***	***	***	***

Table continued.

Table VI-3--Continued

VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>SG&amp;A expenses (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total SG&A expenses	***	***	***	***	***
	<b>Operating income or (loss) (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total operating income or (loss)	***	***	***	***	***
	<b>Net income or (loss) (1,000 dollars)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total net income or (loss)	***	***	***	***	***
	<b>COGS to net sales ratio (percent)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average COGS to net sales ratio	***	***	***	***	***

Table continued.

Table VI-3--Continued

VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Gross profit or (loss) to net sales ratio (percent)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average gross profit or (loss) to net sales ratio	***	***	***	***	***
	<b>SG&amp;A expense to net sales ratio (percent)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average SG&A expense to net sales ratio	***	***	***	***	***
	<b>Operating income or (loss) to net sales ratio (percent)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average operating income or (loss) to net sales ratio	***	***	***	***	***
	<b>Net income or (loss) to net sales ratio (percent)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average net income or (loss) to net sales ratio	***	***	***	***	***

Table continued.



Table VI-3--Continued

VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Unit net sales value (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit net sales value	***	***	***	***	***
	<b>Unit steel costs (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit steel costs	***	***	***	***	***
	<b>Unit other raw materials (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit other raw materials	***	***	***	***	***
	<b>Unit total raw materials (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit raw materials	***	***	***	***	***

Table continued.

Table VI-3--Continued

VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Unit direct labor (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit direct labor	***	***	***	***	***
	<b>Unit other factory costs (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit other factory costs	***	***	***	***	***
	<b>Unit COGS (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit COGS	***	***	***	***	***
	<b>Unit gross profit or (loss) (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit gross profit or (loss)	***	***	***	***	***

Table continued.

Table VI-3--Continued

VMFCs: Select results of operations of U.S. producers, by company, 2016-18, January to June 2018, and January to June 2019

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	<b>Unit SG&amp;A expenses (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit SG&A expense	***	***	***	***	***
	<b>Unit operating income or (loss) (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit operating income or (loss)	***	***	***	***	***
	<b>Unit net income or (loss) (dollars per unit)</b>				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Average unit net income or (loss)	***	***	***	***	***

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.

## Net sales quantity and value

Net sales of VMFCs consist of commercial sales and a small amount of internal consumption and transfers to related firms, which is included but not shown separately in this section of the report.<sup>5</sup> Commercial sales accounted for over \*\*\* percent of both net sales quantity and value during the period examined. From 2016 to 2018, net sales volume decreased by \*\*\* percent and net sales revenue decreased by \*\*\* percent. There was a lot of variation in the average unit values (“AUVs”) of net sales between companies in this industry. In 2018, the net sales AUVs ranged from \$\*\*\* reported by \*\*\* to \$\*\*\* reported by \*\*\*.<sup>6</sup> Overall, the average net sales unit value (dollars per unit) increased irregularly from \$\*\*\* in 2016 to \$\*\*\* in 2018. On a company-specific basis, \*\*\* companies reported net sales AUVs decreased in 2018 compared to 2016.<sup>7</sup> \*\*\* reported lower net sales AUVs in January to June 2019 than in January to June 2018.<sup>8</sup>

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<sup>5</sup> Among producers reporting financial data, internal consumption was only reported by \*\*\*, and represented \*\*\* percent of net sales volume and value, respectively, for the industry during the period examined. Transfers to related firms (\*\*\*) represented \*\*\* percent of net sales volume and value, respectively, for the industry during the period examined. In response to questions by staff, \*\*\*. Email from \*\*\*.

<sup>6</sup> The differences in AUVs among producers is due to variations in products and pricing. \*\*\*, explained that the \*\*\*. Email from \*\*\*. Another U.S. producer, \*\*\*, explained that \*\*\*. Email from \*\*\*.

<sup>7</sup> \*\*\* were the only firms to report higher net sales AUVs from 2016 to 2018. The companies reported \*\*\* percent increase, respectively. \*\*\* reported its net sales AUVs increased from 2016 to 2018 for two reasons - \*\*\*. Email from \*\*\*.

<sup>8</sup> \*\*\* had a \*\*\* percent lower AUV in January to June 2019 when compared to January to June 2018. Also, \*\*\* had no activity in January to June 2019. Company officials stated that \*\*\*. Email from \*\*\*.

## Costs of goods sold and gross profit or (loss)

Raw material costs represent the largest component of overall COGS, and steel costs represent the majority of total raw material costs. The total cost of steel as a share of COGS ranged from \*\*\* percent (2017) to \*\*\* percent (January to June 2019). On a unit basis, steel costs increased from \$\*\*\* in 2016 to \$\*\*\* in 2018. In January to June 2019, steel costs (\$\*\*\*) were higher than in January to June 2018 (\$\*\*\*). \*\*\* U.S. producers reported \*\*\* unit steel costs in 2018 compared with both 2017 and 2016.<sup>9</sup><sup>10</sup> \*\*\* U.S. producers reported \*\*\* unit steel costs in January to June 2019 compared with January to June 2018.<sup>11</sup> With respect to their U.S. operations, no producers reported that they purchase inputs from related parties.

Other raw materials represented \*\*\* percent of overall COGS and \*\*\* percent of total 2018 raw material costs. The total cost of other raw materials as a share of COGS ranged from \*\*\* percent (January to June 2019) to \*\*\* percent (2017). On a dollars-per-unit basis, other raw material costs increased from \$\*\*\* in 2016 to \$\*\*\* in 2018. In January to June 2019, other raw material costs (\$\*\*\*) were slightly lower than in January to June 2018 (\$\*\*\*). \*\*\* were reported as the primary components of other raw materials.

The second largest component of COGS during the period examined was other factory costs, which represented between \*\*\* percent (in 2018) and \*\*\* percent (in 2017) of overall COGS. On a unit basis, other factory costs increased from \$\*\*\* in 2016, to \$\*\*\* in 2017, and to \$\*\*\* in 2018. In January to June 2019, other factory costs (\$\*\*\*) were higher than in January to June 2018 (\$\*\*\*).<sup>12</sup>

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<sup>9</sup> \*\*\* reported increased steel costs in both 2017 and 2018. \*\*\* reported that the increase in its raw materials AUVs from 2016 to 2018 (\*\*\* percent) was primarily attributable to “steel, due to the Section 232 import tariffs.” Email from \*\*\*.

<sup>10</sup> \*\*\* were the \*\*\* companies that reported a decrease in their steel unit values from 2016 to 2018. \*\*\* reported a decrease of \*\*\* percent, while \*\*\* reported a decrease of \*\*\* percent. \*\*\* reported an irregular increase in its steel unit values of \*\*\* percent from 2016 to 2018; its steel unit values decreased by \*\*\* percent from 2017 to 2018.

<sup>11</sup> \*\*\* reported higher steel costs in January to June 2019 compared to January to June 2018.

<sup>12</sup> \*\*\* reported that the increase in its other factory costs AUVs from 2016 to 2018 was due to \*\*\*. Email from \*\*\*.

Direct labor, the last component of COGS, accounted for between \*\*\* percent (in January to June 2019) and \*\*\* percent (in 2016) of overall COGS. On a unit basis, direct labor moved within a relatively narrow range: \$\*\*\* in 2016, decreasing to \$\*\*\* 2017, and increasing to \$\*\*\* in 2018. In January to June 2019, on a unit basis, direct labor costs (\$\*\*\*) were higher than in January to June 2018 (\$\*\*\*). \*\*\* consistently had the highest unit direct labor cost among the reporting firms.<sup>13</sup>

On an overall basis, the VMFC industry's gross profit decreased from \$\*\*\* in 2016 to \$\*\*\* in 2017 and \$\*\*\* in 2018. The decrease in gross profit from 2016 to 2018 reflects a larger decline in sales revenue as compared to COGS, and sales volume declined.<sup>14</sup> Gross profit was lower in January to June 2019 (\$\*\*\*) than in January to June 2018 (\$\*\*\*). The lower gross profit between the partial year periods was due to lower revenue coupled with higher COGS, and volume declined. \*\*\*.

## **SG&A expenses and operating income**

As shown in table VI-1, the industry's SG&A expense ratio (i.e., total SG&A expenses divided by total revenue) increased from \*\*\* percent in 2016 to \*\*\* percent in 2018, and it was lower in January to June 2019 at \*\*\* percent than January to June 2018 at \*\*\* percent. The increase in the SG&A expense ratio from 2016 to 2018 is attributable to a decrease in net sales value, rather than an increase in SG&A expenses. Actual SG&A expenses decreased from \$\*\*\* in 2016 to \$\*\*\* in 2018, and it was lower in January to June 2019 at \$\*\*\* than in January to June 2018 at \$\*\*\*. Table VI-3 shows that from 2016 to 2018 the pattern of company-specific SG&A expense ratios were mixed in terms of directional trend, with \*\*\* companies reporting an increased SG&A expense ratio from 2016 to 2018, and \*\*\* reporting a decline in the SG&A expense ratio

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<sup>13</sup> As mentioned previously, there is a wide range of net sales AUVs for VMFCs. Similarly, there is a large degree of variation in the average unit value of COGS between the companies.

<sup>14</sup> The decrease in the per-unit gross profit reflects an increase of \$\*\*\* from 2016-2018 in the per-unit COGS, which was greater than the increase of \$\*\*\* in the industry's net sales AUV from 2016-2018. However, the lower per-unit gross profit in the partial year period reflects a higher per-unit COGS (\$\*\*\*), and a lower industry net sales AUV (\$\*\*\*).

from 2016 to 2018. Between the comparable interim periods, \*\*\* companies reported a lower SG&A expense ratio, and \*\*\* reported a higher SG&A expense ratio.<sup>15</sup>

Operating income followed the same directional trend as gross profit and decreased from \$\*\*\* in 2016 to \$\*\*\* in 2017, and then decreased further, to \$\*\*\*, in 2018. Operating income was lower in January to June 2019 at \$\*\*\* than in January to June 2018 at \$\*\*\*. All firms reported similar directional trends in operating income during the period examined. \*\*\* companies reported operating losses.<sup>16</sup>

## **Other expenses and net income**

Classified below the operating income level are interest expense, other expenses, and other income, which are usually allocated to the product line from high levels in the corporation. Interest expense was relatively small in this industry and decreased from \$\*\*\* in 2016 to \$\*\*\* in 2018. Other expenses decreased from \$\*\*\* in 2016 to \$\*\*\* in 2018. Finally, all other income decreased irregularly from \$\*\*\* in 2016 to \$\*\*\* in 2018. Interest expense was slightly higher at \$\*\*\* in January to June 2019 when compared to \$\*\*\* in January to June 2018. Other expenses were flat at \$\*\*\*, and all other income was only reported in January to June 2018 at \$\*\*\*.

Overall, net income followed a similar directional trend to gross profit and operating income, decreasing from \$\*\*\* in 2016 to \$\*\*\* in 2017 and \$\*\*\* in 2018. Net income was \$\*\*\* in January to June 2018, and it was a net loss of \$\*\*\* in January to June 2019.<sup>17</sup>

## **Variance analysis**

Due to differences in cost structure and product mix between the companies, which may result in less comparability of costs among firms and a less meaningful analysis, a variance analysis is not presented in this report.

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<sup>15</sup> \*\*\*.

<sup>16</sup> \*\*\* reported operating losses in 2017, 2018, and January to June 2018. \*\*\* reported operating losses in January to June 2019.

<sup>17</sup> \*\*\* reported net losses in 2017, 2018, and January to June 2018. \*\*\* reported net losses in January to June 2019.

## Capital expenditures and research and development expenses

Table VI-4 presents capital expenditures and research and development (“R&D”) expenses by firm. \*\*\* responding firms provided capital expenditure data, and \*\*\* provided data on R&D expenses. \*\*\* accounted for the largest company-specific amount of capital expenditures during each year of the period examined.<sup>18</sup> Total reported capital expenditures for the industry increased from \$\*\*\* in 2016 to \$\*\*\* in 2018, and it was higher in January to June 2019 at \$\*\*\* than in January to June 2018 at \$\*\*\*.<sup>19</sup>

**Table VI-4**  
**VMFCs: Capital expenditures and research and development expenses for U.S. producers, by firm, 2016-18, January to June 2018, and January to June 2019**

Item	Fiscal year			January to June	
	2016	2017	2018	2018	2019
	Capital expenditures (1,000 dollars)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total capital expenditures	***	***	***	***	***
Research and development expenses (1,000 dollars)					
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total research and development expenses	***	***	***	***	***

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

<sup>18</sup> \*\*\*.

<sup>19</sup> \*\*\* explained that \*\*\*. Email from \*\*\*.



## Assets and return on assets

Table VI-5 presents data on the U.S. producers' total assets and their operating return on assets ("ROA").<sup>20</sup> Total net assets for the VMFC industry decreased from \$\*\*\* in 2016 to \$\*\*\* in 2018, and the ROA declined from \*\*\* percent to \*\*\* percent during this time.<sup>21 22</sup>

**Table VI-5**  
**VMFCs: Value of assets used in production, warehousing, and sales, and return on investment for U.S. producers by firm, 2016-18**

Firm	Fiscal years		
	2016	2017	2018
	<b>Total net assets (1,000 dollars)</b>		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Total net assets	***	***	***
	<b>Operating return on assets (percent)</b>		
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
Average operating return on assets	***	***	***

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

<sup>20</sup> With respect to a company's overall operations, staff notes that a total asset value (i.e., the bottom line number on the asset side of a company's balance sheet) reflects an aggregation of a number of assets, which are generally not product specific. Accordingly, high-level allocation factors were required in order to report a total asset value for VMFCs.

<sup>21</sup> \*\*\* U.S. producer (\*\*\*) had a negative ROA in 2017 and 2018 due to having operating losses in 2017 and 2018.

<sup>22</sup> \*\*\* explained that \*\*\*. Email from \*\*\*.

## Capital and investment

The Commission requested U.S. producers of VMFCs to describe any actual or potential negative effects of imports of VMFCs from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-6 presents the number of firms reporting an impact in each category and table VI-7 provides the U.S. producers' narrative responses.

**Table VI-6**  
**VMFCs: Actual and anticipated negative effects of imports on investment and growth and development**

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

Note.--\*\*\* reported that it did not experience or anticipate negative effects of imports.

Source: Compiled from data submitted in response to Commission questionnaires

**Table VI-7**

**VMFCs: VMFCs: Narratives relating to actual and anticipated negative effects of imports on investment and growth and development, since January 1, 2016**

Item / Firm	Narrative
<b>Reduction in the size of capital investments:</b>	
***	***
***	***
<b>Return on specific investments negatively impacted:</b>	
***	***
<b>Other negative effects on investments:</b>	
***	***
***	***
***	***
<b>Other effects on growth and development:</b>	
***	***
***	***
***	***
***	***
<b>Anticipated effects of imports:</b>	
***	***
***	***
***	***
***	***
***	***



## Part VII: Threat considerations and information on nonsubject countries

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

*In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors<sup>1--</sup>*

*(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*

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<sup>1</sup> 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.”

*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,*

*(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).<sup>2</sup>*

Information on the nature of the subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV and V*; and information on the effects of imports of the subject merchandise on U.S.

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<sup>2</sup> 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.”

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 50 firms believed to produce and/or export VMFCs from China.<sup>3</sup> There were no responses to the Commission's questionnaire from producers/exporters of VMFCs from China. The Commission did not receive a response from any Chinese producers. With a total output value of \$15 billion in 2017, China is the leading office furniture manufacturer and exporter. The United States is China's main customer for global office furniture; it accounting for \$1.2 billion, or 28 percent, of total Chinese office furniture exports as it accounted for almost one-third of total world output of office furniture in 2017.<sup>4</sup> According to the petitioner and Chinese producers' websites, the capacity and production of office furniture in China has increased and substantial excess capacity exists to produce in China.<sup>5</sup>

Although public information on the VMFCs industry in China is very limited, some information is available on China's broader furniture industry. China's office and home furniture industry has grown in recent years due to rising levels of domestic urbanization, increasing Chinese economic growth, and growth in export markets.<sup>6</sup> According to one source, the office furniture industry (a subset of the larger furniture industry) in China has experienced an average annual growth rate of 10 percent in the past decade, and total output was approximately \$15 billion in 2017. While China is a major exporter of office furniture, domestic consumption has also risen in recent years, increasing by 2 percent in 2017 to \$11.3 billion.<sup>7</sup> As

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<sup>3</sup> These firms were identified through a review of information submitted in the petition and contained in \*\*\* records.

<sup>4</sup> Spinelli, M. (2018). The office furniture in China. Center for Industrial Studies (CSIL) – Milan, Italy. Petitioner's postconference brief, Exhibit 13.

<sup>5</sup> Petitioner's postconference brief, p. 39, and Exhibit 13.

<sup>6</sup> Business Wire, "The Furniture Market in China with a Focus on Custom Furniture (2018-2020)," September 6, 2018, <https://www.businesswire.com/news/home/20180906005685/en/Furniture-Market-China-Focus-Custom-Furniture-2018-2022>, retrieved May 20, 2019.

<sup>7</sup> Spinelli, Mauro, "The Office Furniture in China," CSIL Centre for Industrial Studies, <https://www.ciff.furniture/chinese-trends/market/59-the-office-furniture-in-china>, retrieved May 20, 2019.

the Chinese economy has grown, operational costs for producers of office furniture have also increased. Recently, the industry reportedly has experienced increasing competition from low-cost manufacturers in Malaysia, Cambodia, and Indonesia, which has resulted in certain smaller Chinese producers closing their operations.<sup>8</sup> Chinese production of furniture products, including office furniture, is concentrated in the Pearl River Delta (Guangdong-Hong Kong-Macau) region, however there has been a rapidly expanding industry in the Yangtze River Delta region (i.e., greater Shanghai) as well.<sup>9</sup> The remainder of this section provides an overview of firms that are believed to produce subject vertical metal file cabinets in China.

**Chung Wah Furniture Factory Company** (“Chung Wah”) is a producer of vertical metal filing cabinets and other metal furniture pieces, and has manufacturing facilities located in China and Hong Kong. According to its website, the firm has 30,000 square meters of manufacturing capacity and has approximately 200 employees. Many products produced by Chung Wah are sold under the brand name Essen.<sup>10</sup>

**Edsal Sandusky Corporation** is a manufacturer of partitions and fixtures, cabinets, carts, wagons, lockers, file storage (including VMFCs), and other related products in China, and serves customers primarily in the United States. The firm has three distribution and shipping centers located in California, Tennessee, and Pennsylvania.<sup>11</sup>

**Xinhui Second Light Machinery Factory Co., Ltd.** is a producer of metal furniture, including VMFCs and other office furniture, and has manufacturing operations located in Jiangmen, China. The firm employs 700 workers, has 250 sets of metal punching machines, 180 sets of welding machines, 6 powder coating lines (equipment imported from Germany), 6 packaging lines, and a tooling workshop. Exports account for 80 percent of its sales, with Europe, the United States, and Australia listed as major foreign markets. According to its website, Xinhui has an annual turnover of approximately \$35 million.<sup>12</sup>

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<sup>8</sup> Spinelli, Mauro, “The Office Furniture in China,” CSIL Centre for Industrial Studies, <https://www.ciff.furniture/chinese-trends/market/59-the-office-furniture-in-china>, retrieved May 20, 2019.

<sup>9</sup> Daxue Consulting, “Furniture Market in China,” <https://daxueconsulting.com/furniture-market-china-2/>, retrieved May 20, 2019.

<sup>10</sup> Essen Office Furniture, “About Us,” [http://chungwah.com.hk/?page\\_id=7](http://chungwah.com.hk/?page_id=7), retrieved May 20, 2019.

<sup>11</sup> Bloomberg, “Edsal Sandusky Corp,” <https://www.bloomberg.com/profiles/companies/6702884Z:US-edsal-sandusky-corp>, retrieved May 8, 2019.

<sup>12</sup> Xinhui Second Light Machinery Factory Co., Ltd., “Company Introduction,” <https://www.b2bmit.com/showroom-9040484.htm>, retrieved May 20, 2019.



**Jiaying Haihong Metalworking Co., Ltd.** (“Jiaying”) is a producer of metal filing cabinets, including subject VMFCs, and nonsubject metal lateral, pedestal, and storage cabinets in Pinghu, Zhejiang Province of China. Jiaying’s manufacturing operations include CNC equipment imported from Japan and automated coating equipment imported from Germany. The firm employs between 100 and 200 workers and has annual revenue ranging between \$1 million and \$2.5 million. According to the company’s website, major foreign markets include North America, South America, and Eastern Europe.<sup>13</sup>

## **Exports**

According to GTA, the leading export markets for metal office furniture from China based on quantity are the United States, Hong Kong, and Japan (table VII-1). During 2018, the United States was the top export market for metal office furniture from China, accounting for 23.4 percent of total Chinese exports of metal office furniture, followed by Hong Kong and Japan, which accounted for 7.1 and 6.3 percent, respectively.

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<sup>13</sup> Jiaying Haihong Metalworking Co., Ltd., “Company Information,” <https://jhmcl.en.china.cn/about.html>, retrieved accessed May 20, 2019.

**Table VII-1**  
**Metal office furniture: Exports from China by destination market, 2016-18**

Destination market	Calendar year		
	2016	2017	2018
	<b>Quantity (units)</b>		
United States	2,397,023	3,419,858	3,556,362
Hong Kong	277,264	273,057	1,080,119
Japan	601,326	715,464	951,025
Germany	317,379	449,263	872,717
Korea South	769,086	907,163	823,410
Australia	576,505	730,936	818,540
Indonesia	309,930	357,958	507,453
United Arab Emirates	450,222	462,035	390,752
United Kingdom	355,364	304,438	377,024
All other destination markets	4,792,720	5,276,364	5,804,248
Total exports	10,846,819	12,896,536	15,181,650
	<b>Value (1,000 dollars)</b>		
United States	115,758	138,331	196,770
Hong Kong	21,218	18,102	21,451
Japan	25,859	28,653	34,129
Germany	8,512	8,968	12,773
Korea South	13,261	15,922	19,198
Australia	34,084	41,273	41,206
Indonesia	16,972	19,716	28,205
United Arab Emirates	13,004	13,142	15,437
United Kingdom	9,719	11,215	14,390
All other destination markets	260,770	281,132	302,855
Total exports	519,156	576,453	686,414

Table continued on next page.

**Table VII-1--Continued**  
**Metal office furniture: Exports from China by destination market, 2016-18**

Destination market	Calendar year		
	2016	2017	2018
	<b>Unit value (dollars per unit)</b>		
United States	48	40	55
Hong Kong	77	66	20
Japan	43	40	36
Germany	27	20	15
Korea South	17	18	23
Australia	59	56	50
Indonesia	55	55	56
United Arab Emirates	29	28	40
United Kingdom	27	37	38
All other destination markets	54	53	52
Total exports	48	45	45
	<b>Share of quantity (percent)</b>		
United States	22.1	26.5	23.4
Hong Kong	2.6	2.1	7.1
Japan	5.5	5.5	6.3
Germany	2.9	3.5	5.7
Korea South	7.1	7.0	5.4
Australia	5.3	5.7	5.4
Indonesia	2.9	2.8	3.3
United Arab Emirates	4.2	3.6	2.6
United Kingdom	3.3	2.4	2.5
All other destination markets	44.2	40.9	38.2
Total exports	100.0	100.0	100.0

Note.—The data presented likely overstates as they include products other than VMFCs.

Source: Official exports statistics under HS subheading 9403.10 as reported by China Customs in the Global Trade Atlas database, accessed September 5, 2019.

## U.S. inventories of imported merchandise

Table VII-2 presents data on U.S. importers' reported inventories of VMFCs. U.S. importers' end-of-period inventories of imports from China increased by \*\*\* percent from 2016 to 2018. The increase in the U.S. importers' end-of-period inventories of VMFCs from China is

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<sup>14</sup> \*\*\* U.S. importer questionnaire response, section II-5a.

**Table VII-2**

**VMFCs: U.S. importers' end-of-period inventories of imports by source, 2016-18, January to June 2018, and January to June 2019**

Item	Calendar year			January to June	
	2016	2017	2018	2018	2019
	<b>Inventories (units); Ratios (percent)</b>				
Imports from China: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Mexico: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all other sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from nonsubject sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from all import sources: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***

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

## U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of VMFCs from China after June 30, 2019 (table VII-3). \*\*\*.<sup>15</sup>

<sup>15</sup> \*\*\* U.S. importer questionnaire, section II-3a.

**Table VII-3**  
**VMFCs: Arranged imports, July 2019 through June 2020**

Item	Period				
	Jul-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Total
	Quantity (units)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
Mexico	***	***	***	***	***
All other sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

## Antidumping or countervailing duty orders in third-country markets

Counsel to the Petitioner testified to having no knowledge of any ongoing antidumping or countervailing duty orders or investigations in third-country markets.<sup>16</sup> Moreover, review of quarterly notifications to the World Trade Organization’s Committee on Anti-Dumping Practices found no additional import-injury orders on the subject product in third-country markets.<sup>17</sup>

## Information on nonsubject countries

At the staff conference, a representative of Petitioner, Hirsh, testified that Mexico and Canada are the leading nonsubject countries that provide VMFCs to the U.S. market.<sup>18</sup> During 2016-18, imports of VMFCs from nonsubject sources were predominantly from Mexico.

## The industry in Mexico

Among U.S. importers that responded to the importer questionnaire in both the preliminary and final phases of these investigations, \*\*\*.<sup>19</sup> Petitioner’s parent company owns EDN,<sup>20</sup> which manufactures VMFCs in Mexico at its facility in Mexicali, Baja California Norte (“BCN”).<sup>21</sup>

<sup>16</sup> Conference transcript, p. 57 (Cannon).

<sup>17</sup> World Trade Organization, “Anti-dumping,” [https://www.wto.org/english/tratop\\_e/adp\\_e/adp\\_e.htm](https://www.wto.org/english/tratop_e/adp_e/adp_e.htm), retrieved May 17, 2019.

<sup>18</sup> Conference transcript, p. 57 (Bailey).

<sup>19</sup> U.S. importer questionnaire responses.

<sup>20</sup> Petitioner’s posthearing brief, exh. 1 “Responses to ITC Commissioner Questions,” p. 3; hearing transcript, p. 53 (Bailey).

<sup>21</sup> Hirsh Industries Mexico, Internet web page, <https://www.hirshindustries.com.mx/>, retrieved May 29, 2019.

\*\*\*.<sup>22</sup> This facility was also intended to supply both the Mexican and other Latin American markets and to provide capacity to produce other types of metal office furniture.<sup>23</sup> A Petitioner's witness during the hearing stated that there is very little overlap in the VMFCs produced in Hirsch's facility in Dover, Delaware and the Mexican facility,<sup>24</sup> and that pricing is nearly identical where there is overlap.<sup>25</sup> The Mexicali facility produces larger, deeper, and heavier VMFCs of \*\*\*,<sup>26</sup> with four or five drawers, compared to the Dover facility which does not produce five-drawer VMFCs.<sup>27</sup> Further information was not readily available about other manufacturers of VMFCs in Mexico.

According to GTA, in 2018 the leading export markets for metal office furniture (except seats), including VMFCs, from Mexico (in terms of quantity) are the United States, Guatemala, and Costa Rica (table VII-4). During 2018, the United States was the predominant export market for metal office furniture (except seats) from Mexico, accounting for 99.2 percent of the total (in terms of quantity).

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<sup>22</sup> Petitioner's posthearing brief, exh. 1 "Responses to ITC Commissioner Questions," p. 3; Petitioner's prehearing brief, exh. 2 "Declaration of Thomas Bailey," para. 20.

<sup>23</sup> Hearing transcript, p. 53 (Bailey).

<sup>24</sup> Petitioner's posthearing brief, exh. 1 "Responses to ITC Commissioner Questions," p. 3; hearing transcript, p. 54 (Bailey).

<sup>25</sup> Hearing transcript, pp. 62-63 (Bailey).

<sup>26</sup> Petitioner's posthearing brief, exh. 1 "Responses to ITC Commissioner Questions," pp. 3-4.

<sup>27</sup> Petitioner's posthearing brief, exh. 1 "Responses to ITC Commissioner Questions," p. 3; hearing transcript, p. 62 (Bailey).

**Table VII-4**  
**Metal office furniture (except seats): Exports from Mexico by destination market, 2016-18**

Destination market	Calendar year		
	2016	2017	2018
	<b>Quantity (units)</b>		
Exports from Mexico to the United States	610,444	637,207	649,869
Exports from Mexico to other major destination markets.--			
Guatemala	483	582	1,682
Costa Rica	1,655	1,245	1,004
Panama	1,071	3,051	664
Honduras	277	338	627
El Salvador	295	461	336
Canada	329	262	229
Colombia	25	31	188
Argentina	1	242	123
All other destination markets	787	2,642	617
Total exports from Mexico	615,367	646,061	655,339
	<b>Value (1,000 dollars)</b>		
Exports to the United States	36,357	42,809	46,073
Exports to other major destination markets.--			
Guatemala	71	56	370
Costa Rica	101	83	69
Panama	80	98	52
Honduras	22	27	125
El Salvador	22	29	24
Canada	4	15	13
Colombia	6	1	34
Argentina	0	21	2
All other destination markets	105	199	373
Total exports from Mexico	36,767	43,337	47,135

Table continued on next page.

**Table VII-4--Continued****Metal office furniture (except seats): Exports from Mexico by destination market, 2016-18**

Destination market	Calendar year		
	2016	2017	2018
	<b>Unit value (dollars per unit)</b>		
Exports from Mexico to the United States	60	67	71
Exports from Mexico to other major destination markets.--			
Guatemala	146	96	220
Costa Rica	61	66	68
Panama	75	32	78
Honduras	78	79	200
El Salvador	73	62	72
Canada	12	59	58
Colombia	233	45	182
Argentina	155	85	20
All other destination markets	133	75	605
Total exports from Mexico	60	67	72
	<b>Share of quantity (percent)</b>		
Exports from Mexico to the United States	99.2	98.6	99.2
Exports from Mexico to other major destination markets.--			
Guatemala	0.1	0.1	0.3
Costa Rica	0.3	0.2	0.2
Panama	0.2	0.5	0.1
Honduras	0.0	0.1	0.1
El Salvador	0.0	0.1	0.1
Canada	0.1	0.0	0.0
Colombia	0.0	0.0	0.0
Argentina	0.0	0.0	0.0
All other destination markets	0.1	0.4	0.1
Total exports from Mexico	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. United States includes Puerto Rico.

Source: Official exports statistics under HS subheading 9403.10 as reported by INEGI in the Global Trade Atlas database, accessed September 5, 2019.

## Global exports

Data on global exports of metal office furniture (except seats), including VMFCs, during 2016-18 are presented in table VII-5. Canada (8.9 percent of total global exports by value), Germany (7.9 percent), and Italy (7.5 percent) were the largest nonsubject exporters (in terms of value) in 2018, together accounting for nearly one-quarter (24.3 percent) of all global exports.



**Table VII-5**  
**Metal office furniture (except seats): Global exports by leading exporters, 2016-18**

Destination market	Calendar year		
	2016	2017	2018
	<b>Value (1,000 dollars)</b>		
Global exports from.--			
United States	203,940	210,553	214,785
China	519,156	576,453	686,414
Global exports from all other major reporting exporters.--			
Canada	278,093	275,611	250,607
Germany	190,938	196,614	222,289
Italy	184,460	206,322	210,497
United Kingdom	116,156	106,778	131,973
Spain	108,106	114,696	122,132
Taiwan	79,911	108,824	107,073
Netherlands	59,462	81,451	90,559
Poland	53,665	62,876	74,157
Belgium	62,493	62,077	70,650
Malaysia	54,158	57,153	67,642
All other exporters	502,950	530,813	574,083
Total global exports	2,413,488	2,590,221	2,822,863
	<b>Share of value (percent)</b>		
Global exports from.--			
United States	8.5	8.1	7.6
China	21.5	22.3	24.3
Global exports from all other major reporting exporters.--			
Canada	11.5	10.6	8.9
Germany	7.9	7.6	7.9
Italy	7.6	8.0	7.5
United Kingdom	4.8	4.1	4.7
Spain	4.5	4.4	4.3
Taiwan	3.3	4.2	3.8
Netherlands	2.5	3.1	3.2
Poland	2.2	2.4	2.6
Belgium	2.6	2.4	2.5
Malaysia	2.2	2.2	2.4
All other exporters	20.8	20.5	20.3
Total global exports	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 9403.10 as reported by national statistical authorities in the Global Trade Atlas database, accessed September 5, 2019.



**APPENDIX A**

***FEDERAL REGISTER* NOTICES**



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://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
84 FR 19958, May 7, 2019	<i>Vertical Metal File Cabinets From China; Institution of Anti-Dumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-05-07/pdf/2019-09259.pdf">https://www.govinfo.gov/content/pkg/FR-2019-05-07/pdf/2019-09259.pdf</a>
84 FR 24093, May 24, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-05-24/pdf/2019-10937.pdf">https://www.govinfo.gov/content/pkg/FR-2019-05-24/pdf/2019-10937.pdf</a>
84 FR 24089, May 24, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Initiation of Countervailing Duty Investigation</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-05-24/pdf/2019-10936.pdf">https://www.govinfo.gov/content/pkg/FR-2019-05-24/pdf/2019-10936.pdf</a>
84 FR 28855, June 20, 2019	<i>Vertical Metal File Cabinets from China; Determinations</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13044.pdf">https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-13044.pdf</a>
84 FR 37618, August 1, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-08-01/pdf/2019-16327.pdf">https://www.govinfo.gov/content/pkg/FR-2019-08-01/pdf/2019-16327.pdf</a>
84 FR 37622, August 1, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-08-01/pdf/2019-16326.pdf">https://www.govinfo.gov/content/pkg/FR-2019-08-01/pdf/2019-16326.pdf</a>
84 FR 43613, August 21, 2019	<i>Vertical Metal File Cabinets From China; Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-08-21/pdf/2019-18019.pdf">https://www.govinfo.gov/content/pkg/FR-2019-08-21/pdf/2019-18019.pdf</a>
84 FR 57394, October 25, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Final Affirmative Countervailing Duty Determination</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-10-25/pdf/2019-23338.pdf">https://www.govinfo.gov/content/pkg/FR-2019-10-25/pdf/2019-23338.pdf</a>
84 FR 57398, October 25, 2019	<i>Vertical Metal File Cabinets From the People's Republic of China: Final Determination of Sales at Less Than Fair Value</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2019-10-25/pdf/2019-23337.pdf">https://www.govinfo.gov/content/pkg/FR-2019-10-25/pdf/2019-23337.pdf</a>



**APPENDIX B**

**LIST OF HEARING WITNESSES**





**CALENDAR OF PUBLIC HEARING**

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

**Subject:** Vertical Metal File Cabinets from China  
**Inv. Nos.:** 701-TA-623 and 731-TA-1449 (Final)  
**Date and Time:** October 8, 2019 - 9:30 a.m.

A session was held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, SW., Washington, DC.

**OPENING REMARKS:**

Petitioner (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)

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

Kelley Drye & Warren LLP  
Washington, DC  
on behalf of

Hirsh Industries, LLC

**Thomas Bailey**, President and Chief Executive Officer,  
Hirsh Industries, LLC

**Brandon Wetterberg**, Director of Product Management,  
Hirsh Industries, LLC

**Dave Jensen**, Vice President, Sales, Hirsh Industries, LLC

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

**William B. Hudgens**, Senior Trade Analyst, Georgetown Economic Services, LLC

**Kathleen W. Cannon** )  
**R. Alan Luberda** ) – OF COUNSEL  
**Joshua R. Morey** )

**CLOSING REMARKS:**

Petitioner (**Kathleen W. Cannon**, Kelley Drye & Warren LLP)

**-END-**



**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**

**VMFCs: Summary data concerning the U.S. market, 2016-18, January to June 2018, and January to June 2019**

(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		Calendar year			Jan-Jun
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	▲***	▲***	▼***	▲***
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Mexico.....	***	***	***	***	***	▼***	▼***	▼***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▼***	▼***
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***
U.S. consumption value:									
Amount.....	***	***	***	***	***	▲***	▲***	▼***	▲***
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Importers' share (fn1):									
China.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Mexico.....	***	***	***	***	***	▼***	▼***	▼***	▲***
All other sources.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Nonsubject sources.....	***	***	***	***	***	▼***	▼***	▼***	▲***
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***
U.S. importers' U.S. shipments of imports from--									
China:									
Quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Mexico									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Ending inventory quantity.....	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity.....	***	***	***	***	***	▼***	▲***	▼***	▼***
Value.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▲***	▼***	▲***
Ending inventory quantity.....	***	***	***	***	***	▲***	▼***	▲***	▲***
Nonsubject sources:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▲***
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Ending inventory quantity.....	***	***	***	***	***	▲***	▼***	▲***	▲***
All import sources:									
Quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Value.....	***	***	***	***	***	▲***	▲***	▲***	▲***
Unit value.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***

Table continued on next page.

**Table C-1--Continued**

**VMFCs: Summary data concerning the U.S. market, 2016-18, January to June 2018, and January to June 2019**

(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		Calendar year			Jan-Jun
	2016	2017	2018	2018	2019	2016-18	2016-17	2017-18	2018-19
U.S. producers <sup>1</sup> :									
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 hour).....	***	***	***	***	***	▼***	▲***	▼***	▲***
Unit labor costs.....	***	***	***	***	***	▲***	▼***	▲***	▲***
Net sales:									
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit value.....	***	***	***	***	***	▲***	▼***	▲***	▼***
Cost of goods sold (COGS).....	***	***	***	***	***	▼***	▼***	▼***	▲***
Gross profit or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
SG&A expenses.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Capital expenditures.....	***	***	***	***	***	▲***	▼***	▲***	▲***
Unit COGS.....	***	***	***	***	***	▲***	▼***	▲***	▲***
Unit SG&A expenses.....	***	***	***	***	***	▲***	▲***	▲***	▼***
Unit operating income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
Unit net income or (loss) (fn2).....	***	***	***	***	***	▼***	▼***	▼***	▼***
COGS/sales (fn1).....	***	***	***	***	***	▲***	▲***	▲***	▲***
Operating income or (loss)/sales (fn1)....	***	***	***	***	***	▼***	▼***	▼***	▼***
Net income or (loss)/sales (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***

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

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

fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

**APPENDIX D**

**SECTION 301 PROCEEDINGS AND SECTION 232 PROCLAMATIONS**





**Table D-1**  
**Section 301 actions: Office of the United States Trade Representative (“USTR”) proceedings, 2018-19.**

<b>Product list</b>	<b>Effective date</b>	<b>Action</b>
Tranche 1	July 6, 2018	<b>Enacted:</b> Additional 25 percent ad valorem duties on approximately \$34 billion of imports classifiable under 818 HTS tariff subheadings (Annex A to 83 FR 28710). <sup>1</sup>
Tranche 2	August 23, 2018	<b>Enacted:</b> Additional 25 percent ad valorem duties on approximately \$16 billion of imports classifiable under 279 HTS tariff subheadings (Annex A to 83 FR 40823). <sup>2</sup>
Tranche 3	September 24, 2018	<b>Enacted:</b> Additional 10 percent ad valorem duties on approximately \$200 billion of imports classifiable under 5,745 HTS tariff subheadings and partial subheadings (Annex A to 83 FR 47974), which are scheduled to increase to 25 percent on January 1, 2019 (Annex B to 83 FR 47974). <sup>3</sup>
Tranche 3	October 1, 2018	<b>Amendment:</b> Fourteen HTS tariff subheadings in chapter 44 (under Annex A to 83 FR 47974, September 21, 2018) were removed and replaced by 38 corresponding new HTS subheadings to conform to the International Convention on the Harmonized Commodity Description and Coding System. <sup>4</sup>
Tranche 3	March 2, 2019	<b>Postponed:</b> Duty increases from 10 percent to 25 percent were rescheduled (83 FR 65198). <sup>5</sup>
Tranche 3	Not applicable	<b>Postponed:</b> Additional ad valorem duties to remain at 10 percent until further notice (84 FR 7966). <sup>6</sup>
Tranche 3	May 10, 2019	<b>Enacted:</b> Duty increases from 10 percent to 25 percent ad valorem were rescheduled (84 FR 20459). <sup>7</sup>
Tranche 3	Prior to June 1, 2019	<b>Enacted:</b> Delayed duty increases from 10 percent to 25 percent ad valorem enacted May 10, 2019 on certain products exported from China before May 10, 2019, that enter into the United States before June 1, 2019 (84 FR 21892). <sup>8</sup>
Tranche 3	Prior to June 15, 2019	<b>Enacted:</b> The date was extended for the delayed duty increase from 10 percent to 25 percent ad valorem on certain products exported from China before May 10, 2019 that enter into the United States before June 15, 2019 (84 FR 26930). <sup>9</sup>
Tranche 4, List 1	September 1, 2019	<b>Enacted:</b> Additional 10 percent ad valorem duties on imports classifiable under 3,229 full HTS tariff subheadings and 4 partial HTS subheadings (Annexes A and B to 84 FR 43304). Imports on products classifiable under HTS subheadings on lists 1 and 2 totaled approximately \$300 billion. <sup>10</sup>
Tranche 4, List 2	December 15, 2019	<b>Enacted:</b> Additional 10 percent ad valorem duties on imports classifiable under 542 full HTS tariff subheadings and 8 partial HTS subheadings (Annexes C and D to 84 FR 43304). Imports on products classifiable under HTS subheadings on lists 1 and 2 totaled approximately \$300 billion. <sup>10</sup>
Tranche 4, List 1	September 1, 2019	<b>Amendment:</b> Additional 10 percent ad valorem duties were increased to 15 percent ad valorem on products covered by Annex A (84 FR 45821). <sup>11</sup>
Tranche 4, List 2	December 15, 2019	<b>Amendment:</b> Additional 10 percent ad valorem duties were increased to 15 percent ad valorem on products covered by Annex C (84 FR 45821). <sup>11</sup>
Tranches 1, 2, and 3	October 1, 2019	<b>Proposed:</b> Additional 25 percent ad valorem duties to be increased 30 percent ad valorem on products covered by Annex C – List 3, Part 1 (84 FR 46212). <sup>12</sup>

<sup>1</sup> USTR, *Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 28710, June 20, 2018.

<sup>2</sup> USTR, *Notice of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 40823, August 16, 2018.

<sup>3</sup> USTR, *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.

<sup>4</sup> USTR, *Conforming Amendment and Modification to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 49153, September 28, 2018.

<sup>5</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 83 FR 65198, December 19, 2018.

<sup>6</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 7966, March 5, 2019.

<sup>7</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 20459, May 9, 2019.

<sup>8</sup> USTR, *Implementing Modification to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 21892, May 15, 2019

<sup>9</sup> USTR, *Additional Implementing Modification to Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 26930, June 10, 2019.

<sup>10</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 43304, August 20, 2019.

<sup>11</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 45821, August 30, 2019.

<sup>12</sup> USTR, *Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation*, 84 FR 46212, September 3, 2019.

**Table D-2**  
**Section 232 actions: Presidential proclamations, 2017-19**

Effective date	Action
April 19, 2017	Commerce announced the institution of an investigation, by its U.S. Bureau of Industry and Security (“BIS”) into the potential impact of imported steel mill products on national security (82 FR 19205). <sup>1</sup>
January 11, 2018	The Secretary of Commerce submitted the BIS Section 232 steel imports report to the President. <sup>2</sup>
March 23, 2018	The President announced the imposition of 25 percent ad valorem national-security duties on U.S. steel imports. Initially exempted— Canada and Mexico (83 FR 11625). <sup>3</sup>
March 23 through May 1, 2018	<b>Adjustment:</b> Exempted— Argentina, Australia, Brazil, Canada, the European Union (“EU”) member states, Korea, and Mexico (83 FR 13361). <sup>4</sup>
May 1 through June 1, 2018	<b>Adjustment:</b> Exemptions continued with annual quota limits— Argentina, Brazil, and Korea. Exemptions not continued— Canada, Mexico, and EU member states (83 FR 20683, 83 FR 25857). <sup>5</sup>
August 13, 2018	<b>Adjustment:</b> Exemptions continued— Argentina, Australia, Brazil, and Korea. Duty rate doubled to 50 percent ad valorem— Turkey (83 FR 40429). <sup>6</sup>
May 20, 2019	<b>Adjustment:</b> Exemptions reinstated— Canada and Mexico (84 FR 23421). <sup>7</sup>
May 21, 2019	<b>Adjustment:</b> Duty rate cut from 50 percent back to 25 percent ad valorem— Turkey (84 FR 23987). <sup>8</sup>

<sup>1</sup> *Notice Request for Public Comments and Public Hearing on Section 232 National Security Investigation of Imports of Steel*, April 17, 2017, 82 FR 19205, April 26, 2017.

<sup>2</sup> “Statement from the Department of Commerce on Submission of Steel Section 232 Report to the President,” News Release January 11, 2018, <https://www.commerce.gov/news/press-releases/2018/01/statement-department-commerce-submission-steel-section-232-report>.

<sup>3</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9705, March 8, 2018, 83 FR 11625, March 15, 2018.

<sup>4</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9711, March 22, 2018, 83 FR 13361, March 28, 2018.

<sup>5</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9740, April 30, 2018, 83 FR 20683, May 7, 2018; *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9759, May 31, 2018, 83 FR 25857, June 5, 2018. Continuation of the exemption for Australia, as of June 1, 2018, was included in subsequent Presidential Proclamation 9772, August 10, 2018.

<sup>6</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9772, August 10, 2018, 83 FR 40429, August 15, 2018.

<sup>7</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9886, May 16, 2019, 84 FR 23421, May 21, 2019.

<sup>8</sup> *Adjusting Imports of Steel Into the United States*, Presidential Proclamation 9894, May 19, 2019, 84 FR 23987, May 23, 2019.



**APPENDIX E**  
**NONSUBJECT COUNTRY PRICE DATA**



One importer (\*\*\*) reported price data for Mexico for products 1-6. Price data reported by this firm accounted for \*\*\* percent of U.S. commercial shipments from Mexico.<sup>1</sup> These price items and accompanying data are comparable to price and purchase cost data presented in tables V-4 to V-9. Price and quantity data for Mexico are shown in tables E-1 to E-6 and in figures E-1 to E-6 (with domestic data).

In comparing nonsubject country pricing data with U.S. producer price data, prices for product imported from Mexico were lower than prices for U.S.-produced product in \*\*\* instances and higher in \*\*\* instances. Due to insufficient subject country pricing data, price comparisons were not available between VMFCs imported from Mexico and prices for VMFCs imported from China. A summary of price differentials between U.S.-produced VMFCs and VMFCs imported from Mexico is presented in table E-7.

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<sup>1</sup> All nonsubject import data for Mexico were submitted by \*\*\*.

**Table E-1**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 1,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 1: Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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



**Table E-2**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 2,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 2: Vertical metal file cabinet, 20.75" — 24.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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

**Table E-3**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 3,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 3: Vertical metal file cabinet, 27.75" — 29.25" deep, two file drawers, letter size (14.0" — 16.25" wide), containing a lock, not containing casters

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

**Table E-4**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 4,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 4: Vertical metal file cabinet, 17.75" — 20.25" deep, two file drawers and one pencil drawer, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Table E-5**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 5,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 5: Vertical metal file cabinet, 17.75" — 20.25" deep, three file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Table E-6**

**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and nonsubject imported product 6,<sup>1</sup> by quarter, January 2016—June 2019**

Period	United States		Mexico	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
<b>2016:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2017:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2018:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
<b>2019:</b>				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

<sup>1</sup> Product 6: Vertical metal file cabinet, 25.75" — 27.25" deep, four file drawers, letter size (14.00" — 16.25" wide), containing a lock, not containing casters

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

**Figure E-1**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,<sup>1</sup> by quarter, January 2016—June 2019**

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**Figure E-2**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,<sup>1</sup> by quarter, January 2016—June 2019**

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**Figure E-3**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,<sup>1</sup> by quarter, January 2016—June 2019**

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**Figure E-4**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,<sup>1</sup> by quarter, January 2016—June 2019**

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**Figure E-5**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 5,<sup>1</sup> by quarter, January 2016—June 2019**

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**Figure E-6**  
**VMFCs: Weighted-average f.o.b. prices and quantities of domestic and imported product 6,<sup>1</sup> by quarter, January 2016—June 2019**

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**Table E-7**

**VMFCs: Summary of higher/lower unit values for nonsubject price data, by source, January 2016 through June 2019**

Comparison	Total number of comparisons	Lower		Higher	
		Number of quarters	Quantity (units)	Number of quarters	Quantity (units)
<b>Nonsubject source vs United States.--</b> Mexico vs. United States	***	***	***	***	***

Note.--Due to insufficient price data for China, nonsubject source vs subject source comparisons are not presented.

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

