

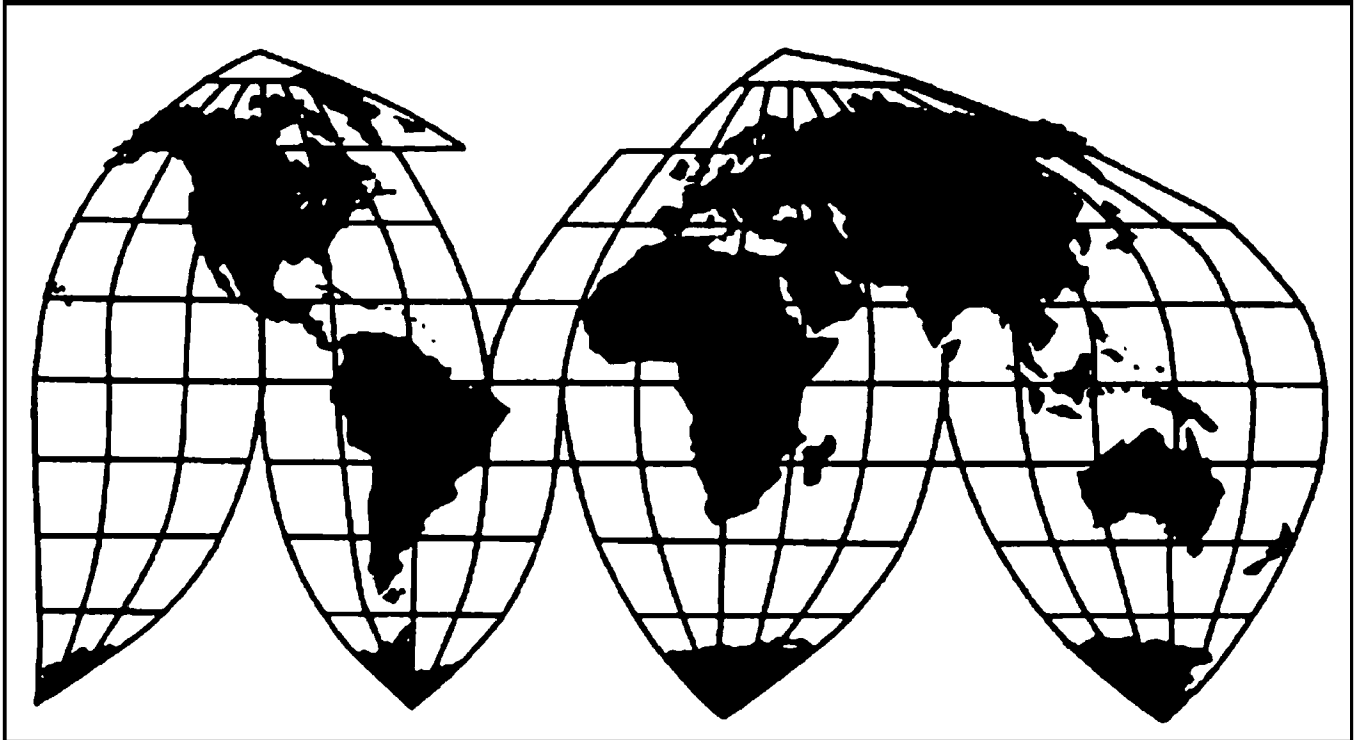
Walk-Behind Lawn Mowers from China and Vietnam

Investigation Nos. 701-TA-648 and 731-TA-1521-1522 (Preliminary)

Publication 5091

July 2020

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Note.—Information that would reveal confidential operations of individual concerns may not be published.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-648 and 731-TA-1521-1522 (Preliminary)

Walk-Behind Lawn Mowers from China and Vietnam

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of walk-behind lawn mowers (“walk-behind mowers”) from China and Vietnam provided for in subheading 8433.11.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (“LTFV”) and to be subsidized by the government of China.²

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

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

BACKGROUND

On May 26, 2020, MTD Products, Inc., Valley City, Ohio, filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured

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

² 85 FR 37426 (June 22, 2020), 85 FR 37417 (June 22, 2020).

or threatened with material injury by reason of subsidized imports of walk-behind mowers from China and LTFV imports of walk-behind mowers from China and Vietnam. Accordingly, effective May 26, 2020, the Commission instituted countervailing duty investigation No. 701-TA-648 and antidumping duty investigation Nos. 731-TA-1521-1522 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference through written submissions to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 2, 2020 (85 FR 33710). In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference through written questions, submissions of opening remarks and written testimony, written responses to questions, and postconference briefs. All persons who requested the opportunity were permitted to participate.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of certain walk-behind lawn mowers (“walk-behind mowers”) from China and Vietnam that are allegedly sold in the United States at less than fair value and walk-behind mowers from China that are subsidized by the government of China.

I. The Legal Standard for Preliminary Determinations

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

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also *American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States*, 20 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

II. Background

MTD Products, Inc. (“MTD” or “Petitioner”), a U.S. producer of walk-behind mowers filed the petitions in these investigations on May 26, 2020, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (“LTFV”) and subsidized imports of walk-behind mowers from China and LTFV imports of walk-behind mowers from Vietnam. Representatives and counsel for MTD submitted an opening statement, witness testimony, responses to staff questions, and a post-conference brief.^{3 4}

Several respondent entities participated in these investigations. Sumece Hardware & Tools Co., Ltd. (“Sumece”), a Chinese producer and exporter of walk-behind mowers, and Merotec Inc. (“Merotec”), a U.S. importer and reseller of walk-behind mowers, jointly submitted an opening statement, witness testimony, responses to staff questions, and a post-conference brief.⁵ Pulsar Products, Inc. (“Pulsar”), a U.S. importer of walk-behind mowers, and Ducar Technology Company Limited (“Ducar”), a Vietnamese producer and exporter, jointly filed a post-conference brief.⁶

³ In light of the restrictions on access to the Commission building due to the COVID-19 pandemic, the Commission conducted its conference in these investigations through parties’ submissions of written opening statements, written testimony, written responses to questions, and post-conference briefs as set forth in procedures provided to the parties.

⁴ MTD Opening Statement and Witness Testimony dated June 12, 2020 (“MTD Testimony”); MTD Post-Conference Brief dated June 19, 2020 (“MTD Post-Conference Brief”).

⁵ Sumece and Merotec Opening Statement and Witness Testimony dated June 12, 2020 (“Sumece and Merotec Testimony”); Sumece and Merotec Post-Conference Brief dated June 19, 2020 (“Sumece and Merotec Post-Conference Brief”).

⁶ Pulsar and Ducar Post-Conference Brief dated June 19, 2020 (“Pulsar and Ducar Post-Conference Brief”).

Data Coverage. U.S. industry data are based on the questionnaire responses of five domestic producers that accounted for *** U.S. production of walk-behind mowers during 2019.⁷ U.S. import data are based on usable questionnaire responses that were received from ten firms that are believed to account for *** percent of subject imports from China and nearly all subject imports from Vietnam in 2019, and official Commerce import statistics that are believed to cover *** percent of U.S. imports of walk-behind mowers from nonsubject countries in 2019 under HTS statistical reporting number 8433.11.0050.⁸ The Commission received usable responses to its foreign producer/exporter questionnaire from four Chinese producer/exporters that accounted for approximately *** percent of Chinese production of subject merchandise, and a usable response from one Vietnamese producer/exporter of subject merchandise from Vietnam accounting for approximately all walk-behind mower production in Vietnam.⁹

III. Domestic Like Product

A. In General

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”¹⁰ 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

⁷ Confidential Report (“CR”) and Public Report (“PR”) at I-4.

⁸ CR/PR at I-4. The Commission issued importer questionnaires to 130 firms believed to be U.S. importers of walk-behind mowers. CR/PR at IV-1.

⁹ CR/PR at VII-3 (China) and VII-10 (Vietnam).

¹⁰ 19 U.S.C. § 1677(4)(A).

those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”¹¹ 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.”¹²

By statute, the Commission’s “domestic like product” analysis begins with the “article subject to an investigation,” *i.e.*, the subject merchandise as determined by Commerce.¹³ Therefore, Commerce’s determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is “necessarily the starting point of the Commission’s like product analysis.”¹⁴ The Commission then defines the domestic like product in light of the imported articles Commerce has identified.¹⁵ The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and

¹¹ 19 U.S.C. § 1677(4)(A).

¹² 19 U.S.C. § 1677(10).

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

¹⁴ *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); *see also Hitachi Metals, Ltd. v. United States*, Case No. 19-1289, slip op. at 8-9 (Fed. Cir. Feb. 7, 2020) (the statute requires the Commission to start with Commerce’s subject merchandise in reaching its own like product determination).

¹⁵ *Cleo*, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Torrington*, 747 F. Supp. at 748–52 (affirming the Commission’s determination defining six like products in investigations where Commerce found five classes or kinds).

uses” on a case-by-case basis.^{16 17} No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.¹⁸ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁹

B. Product Description

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

{C}ertain rotary walk-behind lawn mowers, which are grass-cutting machines that are powered by internal combustion engines. The scope of these investigations covers certain walk-behind lawn mowers, whether self-propelled or non-self-propelled, whether finished or unfinished, whether assembled or unassembled, and whether containing any additional features that provide for functions in addition to mowing.

¹⁶ See, e.g., *Cleo*, 501 F.3d at 1299; *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).

¹⁷ In a semi-finished product analysis, the Commission typically examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles. See, e.g., *Hydrofluorocarbon Blends and Components from China*, 731-TA-1279 (Preliminary), USITC Pub. 4558 at 7-9 (Aug. 2015); *Glycine from India, Japan, and Korea*, Inv. Nos. 731-TA-1111-1113 (Preliminary), USITC Pub. No. 3921 at 7 (May 2007).

¹⁸ See, e.g., S. Rep. No. 96-249 at 90–91 (1979).

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

Walk-behind lawn mowers within the scope of these investigations are only those powered by an internal combustion engine with a power rating of less than 3.7 kilowatts. These internal combustion engines are typically spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a maximum displacement of 196cc. Walk-behind lawn mowers covered by this scope typically must be certified and comply with the Consumer Products Safety Commission Safety Standard For Walk-Behind Power Lawn Mowers under the 16 CFR part 1205. However, lawn mowers that meet the physical descriptions above, but are not certified under 16 CFR part 1205 remain subject to the scope of these proceedings.

The internal combustion engines of the lawn mowers covered by this scope typically must comply with and be certified under Environmental Protection Agency air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. However, lawn mowers that meet the physical descriptions above but that do not have engines certified under 40 CFR part 1054 or other parts of subchapter U remain subject to the scope of these proceedings.

For purposes of these investigations, an unfinished and/or unassembled lawn mower means at a minimum, a sub-assembly comprised of an engine and a cutting deck shell attached to one another. A cutting deck shell is the portion of the lawn mower—typically of aluminum or steel—that houses and protects a user from a rotating blade. Importation of the subassembly whether or not accompanied by, or attached to, additional components such as a handle, blade(s), grass catching bag, or wheel(s) constitute an unfinished lawn mower for purposes of these investigations. The inclusion in a third country of any components other than the mower sub-assembly does not remove the lawn mower from the scope. A lawn mower is within the scope of these investigations regardless of the origin of its engine.

The lawn mowers subject to these investigations are typically at subheading: 8433.11.0050. Lawn mowers subject to these investigations may also enter under Harmonized Tariff Schedule of the United States (HTSUS) 8407.90.1010 and 8433.90.1090. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under investigation is dispositive.²⁰

²⁰ Certain Walk-Behind Lawn Mowers and Parts Thereof From the People’s Republic of China and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations, 85 Fed. Reg. 37417, 37422 (June 22, 2020); Certain Walk-Behind Lawn Mowers and Parts Thereof From the People’s Republic of China: Initiation of Countervailing Duty Investigation, 85 Fed. Reg. 37426, 37429 (June 22, 2020).

The walk-behind mowers subject to these investigations are manually operated lawn and garden equipment used to cut grass. They are either self-propelled or pushed from behind by an operator. They consist of internal combustion engines with a maximum power output less than 3.7 kilowatts (kW) (typically vertical shaft engines), metal cutting deck shells, blades, handles, wheels, and a variety of fasteners (*e.g.*, screws, nuts, and bolts). The engine powers a horizontal, rotating cutting blade, and if coupled with a transmission, provides forward propulsion. Walk-behind mowers can also include additional equipment and components, such as grass collection bags or mulchers, but mowers without additional equipment and components are still defined as walk-behind mowers in the scope of these investigations. Unfinished and unassembled mowers are included within the scope of these investigations, so long as they include a subassembly consisting of at least an internal combustion engine and a cutting deck shell. Walk-behind mowers are subject to safety standards when sold in the United States.²¹

C. Domestic Like Product Analysis

The Commission has considered two domestic like product issues in these investigations: 1) whether unfinished walk-behind mowers should be a separate domestic like product from finished walk-behind mowers under a semi-finished like product analysis; and 2) whether out-of-scope battery/electric and corded mowers, and walk-behind mowers with a power rating greater than 3.7 kW, should be included in the domestic like product with finished

²¹ CR/PR at I-10. Both the American National Standards Institute's ("ANSI") standards for Pedestrian-Controlled Mowers and Ride-On Mowers and the Consumer Products Safety Commission's ("CPSC") Safety Standard for Walk-Behind Power Lawn Mowers apply to products covered by these investigations. *Id.*

walk-behind mowers. We address these issues below. Based on the record in the preliminary phase of these investigations, we define a single domestic like product consisting of walk-behind mowers, co-extensive with the scope of these investigations.²²

1. Whether Unfinished Walk-behind Mowers should be a Separate Domestic Like Product from Finished Walk-behind Mowers

Dedication for Use. All five responding domestic producers reported that unfinished lawn mowers are dedicated to the production of the downstream finished walk-behind mower and do not have independent uses.²³

Separate Markets. All five responding domestic producers reported that unfinished walk-behind mowers and finished walk-behind mowers are part of the same market.²⁴ ***.²⁵

Differences in Physical Characteristics and Functions of the Upstream and Downstream Articles. Three of the four responding firms reported that there are no differences in the physical characteristics and functions of the upstream articles (unfinished walk-behind mowers) and the downstream articles (finished walk-behind mowers).²⁶ The remaining responding firm,

***.²⁷

Differences in Value. Two of the four responding firms reported that there are no significant differences in the cost or value between unfinished walk-behind mowers and

²² MTD argues that the Commission should define the domestic like product to be walk-behind mowers, co-extensive with the scope of the investigations. MTD Post-Conference Brief at 42-43. Respondents do not dispute MTD's proposed domestic like product definition at the preliminary phase of these investigations. Sumec and Merotec Witness Testimony at 1.

²³ CR/PR at I-12, n.16.

²⁴ CR/PR at I-12, n.16.

²⁵ CR/PR at Table III-7.

²⁶ CR/PR at I-12, n.16.

²⁷ CR/PR at I-12, n.16.

finished walk-behind mowers.²⁸ One of the two remaining firms, ***, reported that the *** while the fourth firm, ***, reported that ***.²⁹

Extent of Processes Used to Transform Upstream Product into Downstream Product.

Three of the four responding firms reported the processes used to transform unfinished lawn mowers into finished lawn mowers are significant and particularly labor or capital intensive.³⁰

The remaining firm, ***, stated that ***.³¹

Conclusion. The record reflects that unfinished walk-behind mowers are dedicated to the production of downstream finished walk-behind mowers, are part of the same market, and share the same physical characteristics and functions. Responses regarding differences in value and the extent of transformation varied and were not consistent. On balance, for purposes of the preliminary phase of these investigations, we include unfinished walk-behind mowers in the same domestic like product as finished walk-behind mowers.³²

2. Whether Out-of-Scope Mowers Should be Included in the Same Domestic Like Product as Walk-behind Mowers

Physical Characteristics and Uses. Walk-behind mowers are nonriding gas-powered lawn and garden equipment designed to be manually operated and used by homeowners to cut grass in residential yards. Walk-behind mowers range from relatively simple to more complex premium products with more powerful engines and additional features, such as grass-catching bags and electric starting capabilities, sold at higher price points.³³

²⁸ CR/PR at I-12, n.16.

²⁹ CR/PR at I-12, n.16.

³⁰ CR/PR at I-12, n.16.

³¹ CR/PR at I-12, n.16.

³² We note that during the POI, there were *** reported U.S. shipments of unfinished walk-behind mowers by U.S. producers. CR/PR at Table IV-5.

³³ CR/PR at II-1.

Although walk-behind mowers share a basic common use with out-of-scope mowers – to cut grass – they differ physically. Battery-powered lawn mowers are typically smaller and less powerful than gas-powered lawn mowers and their batteries need to be re-charged more often than walk-behind mowers need to be refueled. Robotic mowers are even less powerful than battery-powered lawn mowers. Corded lawn mowers are limited to the range of their electric cord. Out-of-scope walk-behind mowers with a power rating greater than 3.7 kW are considerably larger and more powerful, with multiple blades and larger cutting decks, than typical residential walk-behind mowers.³⁴ These physical differences translate into different applications. Out-of-scope battery, robotic, and corded mowers tend to be used to care for smaller areas than walk-behind mowers; larger out-of-scope walk-behind mowers, with a power rating greater than 3.7 kW, are generally used for commercial landscaping needs involving larger areas that require faster and more efficient mowing by trained professionals.³⁵

Manufacturing Facilities, Production Processes and Employees. Walk-behind mowers are comprised of several major components including the engines, the cutting deck shells, the blades, the handles, and the wheels. The cutting deck shells are manufactured from sheet metal that undergoes tool and die operations, stamping, metal forming, and welding until it is in the desired form. In an assembly line, wheels, axles, and plastic clips are attached to the cutting deck, then the engine, blades, and handle are attached and the operational controls are assembled.³⁶ Domestically produced walk-behind mowers are produced using the same basic processes, equipment, and employees, although there may be variations in power and size,

³⁴ MTD Post-Conference Brief at 43-44.

³⁵ MTD Post-Conference Brief at 43-44.

³⁶ CR/PR at I-11-12.

depending on whether they are push mowers or self-propelled, and whether they contain a bagger or not.³⁷

Out-of-scope mowers are produced using different processes than those used to produce walk-behind mowers because they are comprised of materially different components. For example, walk-behind mowers are powered by a gas-powered internal combustion engine with steel or aluminum cutting deck shell while battery or corded mowers are powered by electric engines and have plastic cutting deck shells.³⁸ Further, MTD generally utilizes different equipment and processes for its larger out-of-scope walk-behind mowers with a power rating above 3.7 kW than it uses to produce its typical residential walk-behind mowers, even in the same plant.³⁹

Channels of Distribution. Walk-behind mowers are typically sold to distributors or large retailers specializing in lawn care and home improvement that then market and sell the walk-behind mowers directly to homeowners and other end-users.⁴⁰ Larger out-of-scope walk-behind mowers with engines greater than 3.7 kW are sold at independent specialty dealers.⁴¹

Interchangeability. Based on the record, in-scope walk-behind mowers are generally interchangeable subject to variations in size, power, and features; they are suitable to cut residential lawns of varying sizes and are suitable for some commercial uses.⁴²

³⁷ MTD Post-Conference Brief at 47; CR/PR at Table D-1.

³⁸ MTD Post-Conference Brief at 47.

³⁹ MTD Post-Conference Brief, Exhibit 41 at 6.

⁴⁰ CR/PR at I-10.

⁴¹ MTD Post-Conference Brief at 46. The record in the preliminary phase of these investigations does not contain information on the channels of distribution for other out-of-scope mowers.

⁴² CR/PR at I-10, II-1; See MTD Post-Conference Brief Exhibits 35 to 37 and 42 for a range of MTD walk-behind mowers including its Cub Cadet brand mowers.

Due to physical distinctions, there is limited interchangeability between walk-behind mowers and out-of-scope battery, corded, and robotic mowers (which are typically used to cut smaller areas) or with the larger out-of-scope walk-behind mowers with a power rating greater than 3.7 kW (which are typically used in commercial applications).⁴³

Producer and Customer Perceptions. MTD asserts that producers and customers perceive walk-behind mowers as a distinct product category. It asserts that walk-behind mowers are considered more expensive than out-of-scope battery and corded mowers that are generally used for smaller areas; it also contends that they are less expensive than out-of-scope robotic mowers and larger out-of-scope walk-behind mowers with a power rating above 3.7 kW that are generally used in commercial applications.⁴⁴

Price. The record shows that prices for domestically produced walk-behind mowers differ based on variations in their features. The pricing product data collected by the Commission indicate prices ranging from \$*** to \$*** per walk-behind mower for products with different features.⁴⁵

Conclusion. Walk-behind mowers produced in the United States are similar in physical characteristics and uses, are produced using similar production processes, are sold through the same channels of distribution, are largely interchangeable, are reportedly perceived as a separate and distinct product category, and vary in price based on their features. They are substantially different in physical characteristics from out-of-scope mowers in terms of their

⁴³ MTD Post-Conference Brief at 45. We recognize that electric and gas-powered mowers can be substituted for each other to a degree, as discussed below in relation to demand conditions.

⁴⁴ MTD Post-Conference Brief at 45.

⁴⁵ CR/PR at Tables V-4 --V-6. The record in the preliminary phase of these investigations does not contain pricing information for out-of-scope mowers.

components, and often their power source (battery or electric versus gas-powered), which translates into differences in applications, production processes, interchangeability, producer and customer perceptions, and prices. In view of the foregoing, and in the absence of any argument to the contrary, we define a single domestic like product consisting of all walk-behind mowers coextensive with the scope of these investigations.

IV. Domestic Industry and Related Parties

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.”⁴⁶ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

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

⁴⁶ 19 U.S.C. § 1677(4)(A).

or which are themselves importers.⁴⁷ Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.⁴⁸

Three domestic producers (***) are subject to possible exclusion from the domestic industry under the related party provision in the preliminary phase of these investigations because they each imported subject merchandise during the period of investigation ("POI").⁴⁹ *** are also related parties through common ownership and/or related affiliates.⁵⁰ Therefore, the Commission must consider whether appropriate circumstances exist to exclude any one of these domestic producers from the domestic industry. None of the parties raise any arguments with respect to the related parties provision.

***. *** is a small domestic producer of walk-behind mowers, accounting for only *** percent of U.S. production in 2019.⁵¹ It *** the petitions.⁵² *** did not import subject

⁴⁷ See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

⁴⁸ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

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

⁴⁹ CR/PR at III-10 & Table III-9.

⁵⁰ *** is 100-percent owned by ***, a U.S. importer of subject walk-behind mowers, which is in turn owned 100 percent by **. ** is also ** to **, a Chinese producer of walk-behind mowers. ** Producer Questionnaire Response at 1-5, I-7; ** Importer Questionnaire Response at I-3; CR at Table III-2. ** has a **. CR/PR at Table III-2.

⁵¹ CR/PR at Table III-1.

⁵² CR/PR at Table III-1.

merchandise in 2017, 2018, or January to March (“interim”) 2019; its imports of subject merchandise were limited to *** units in 2019 and *** units in interim 2020.⁵³ *** indicated that ***. The ratio of its subject imports to U.S. production was *** percent in 2017 and 2018, *** percent in 2019, and *** in interim 2019; *** did not report any domestic production in interim 2020.⁵⁴ Its operating income margin was *** the industry average throughout the POI.⁵⁵

During the POI, *** primary interest appears to have been domestic production given its intermittent and limited volume of subject imports. There is no indication that *** domestic production operations benefited from its subject imports to any significant degree. Given that its imports of subject merchandise were intermittent and lower than its domestic production when they occurred, and the fact that no party has argued for its exclusion, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

***. *** accounted for *** percent of U.S. production of walk-behind mowers in 2019.⁵⁶ As such, it was the *** largest of the *** reporting domestic producers.⁵⁷ It *** on the petitions.⁵⁸ ***, imported *** units of subject merchandise in 2019, which was the only portion of the POI in which it imported subject merchandise.⁵⁹ ***.⁶⁰ The ratio of its ***

⁵³ CR/PR at Table III-9.

⁵⁴ CR/PR at Tables III-4 and III-9.

⁵⁵ CR/PR at Table VI-3. *** operating income margin was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020. *Id.*

⁵⁶ CR/PR at Table III-1.

⁵⁷ CR/PR at Table III-1.

⁵⁸ CR/PR at Table III-1.

⁵⁹ CR/PR at Table III-9.

⁶⁰ CR/PR at Table III-9.

subject imports to *** production was *** percent in 2019.⁶¹ *** operating income margin was *** the industry average throughout the POI.⁶²

Given its significantly larger volume of domestic production, *** primary interest appears to be domestic production rather than importation of subject merchandise. There is no indication that *** domestic production operations benefited to any significant degree from its *** imports of the subject merchandise or that *** derived any benefits from its corporate relationships with *** or ***. In view of the ***, and the fact that no party has argued for its exclusion, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

***. *** and accounted for *** percent of U.S. production of walk-behind mowers in 2019.⁶³ Its only imports of subject merchandise during the POI were *** units in ***.⁶⁴ *** indicated that it ***.⁶⁵ The ratio of its subject imports to production was *** percent in 2019.⁶⁶ *** operating margin *** the industry average throughout the POI.⁶⁷

The record indicates that *** primary interest is in domestic production given its very limited volume of subject imports compared to its domestic production. It is unclear on this record whether *** domestic production operations benefited to any significant degree from its imports of the subject merchandise or whether it derived any benefit from its corporate

⁶¹ CR/PR at Table III-9.

⁶² CR/PR at Table VI-3. *** operating income margin was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020. *Id.*

⁶³ CR/PR at Table III-1.

⁶⁴ CR/PR at Table III-9.

⁶⁵ CR/PR at Table III-9.

⁶⁶ CR/PR at Table III-9.

⁶⁷ CR/PR at Table VI-3. *** operating income margin was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020. *Id.*

relationship with ***.⁶⁸ However, given its clear interest in domestic production and its large share of domestic production, and the fact that no party has argued for its exclusion, we find that appropriate circumstances do not exist to exclude *** from the domestic industry as a related party.

Given our domestic like product definition, we define the domestic industry to consist of all domestic producers of walk-behind mowers.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.⁶⁹

For the reasons stated below, we find that subject imports from China and Vietnam are not negligible.⁷⁰ Based on the Commission's importer questionnaire data, during the period May 2019 through April 2020, the 12-month period preceding the filing of the petitions on May 26, 2020, subject imports from China accounted for *** percent of total U.S. imports of walk-

⁶⁸ *** has announced that it plans to close its *** by***. CR at Table VII-2.

⁶⁹ 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i). The exceptions to this general rule are not pertinent here.

⁷⁰ Respondents Pulsar and Ducar argue that the Commission should terminate the antidumping duty investigation with respect to subject imports from Vietnam because the volume of subject imports from Vietnam was negligible for most of the POI as they did not enter the U.S. market until November 2019; they assert that Ducar is the only Vietnamese producer of subject walk-behind mowers. Pulsar and Ducar further argue against a negligibility analysis based only on imports entering the U.S. under HTS subheading 8433.11.0050, which covers lawn mowers, because Commerce's scope of investigation also includes imports entering under two other HTS subheadings covering lawn mower parts and stand-alone engines. Pulsar and Ducar Post-Conference Brief at 2-9. The Commission intends to further examine respondents' claim in any final phase of these investigations. However, as detailed above, multiple data sets show that subject imports from Vietnam exceeded the requisite threshold during the statutory negligibility period. None of the parties raised any negligibility issues with respect to China.

behind mowers by quantity and subject imports from Vietnam accounted for *** percent.⁷¹ Alternatively, based on official Commerce statistics using HTS statistical reporting number 8433.11.0050, China accounted for *** percent and Vietnam accounted for *** percent of total imports of walk-behind mowers by quantity during May 2019 through April 2020.⁷² Thus, subject imports from China and Vietnam are both above the pertinent negligibility threshold, based on both importer questionnaire data and official Commerce import statistics.

We therefore find that subject imports from China and Vietnam are not negligible for purposes of these antidumping and countervailing duty investigations.

VI. Cumulation

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

- (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

⁷¹ CR/PR at Table IV-4. The subject import volumes for China are the same in the countervailing duty investigation as in the antidumping duty investigation.

⁷² CR/PR at IV-8, n.9.

- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁷³

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁷⁴ Only a “reasonable overlap” of competition is required.⁷⁵

Based on the record of the preliminary phase of these investigations, we consider subject imports from China and Vietnam on a cumulated basis because the statutory criteria for cumulation appear to be satisfied.⁷⁶ As an initial matter, petitioner filed the antidumping/countervailing duty petitions with respect to both countries on the same day, May 26, 2020.⁷⁷ Further, we find a reasonable overlap of competition between subject imports from

⁷³ See *Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int’l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

⁷⁴ See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁷⁵ The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition.” H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy*, 678 F. Supp. at 902); see *Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); *Wieland Werke, AG*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

⁷⁶ MTD argues that the Commission should cumulate subject imports from China and Vietnam because they are fungible and compete directly against each other, are marketed and sold in the same geographic markets throughout the United States, are all sold in the same channels of distribution primarily to large department and home improvement retailers, and were all simultaneously present in the U.S. market during the POI. MTD Post-Conference Brief at 12-14. None of the respondents made any arguments related to cumulation. Respondent Sumec stated that it reserves the right to revisit whether cumulation is appropriate in any final phase of these investigations. Sumec and Merotec Post-Conference Brief at 7, n.20.

⁷⁷ CR/PR at I-1. None of the statutory exceptions to cumulation applies.

China and Vietnam, and between subject imports from each source and the domestic like product, for the reasons described below.

Fungibility. All responding U.S. producers reported that the domestic product and subject imports were always interchangeable and almost all importers reported that domestic product and subject imports were always or frequently interchangeable.⁷⁸ Further, the record reflects an overlap in the product mix for U.S. producer's shipments and imports of subject merchandise from China and Vietnam with respect to types of walk-behind mower propulsion, start mechanisms, grass-bags, cutting decks, motor sizes, and blade sizes.⁷⁹

Channels of Distribution. U.S. producers shipped the majority of their shipments to retailers over the POI with the remainder primarily to distributors. U.S. importers of subject imports from China shipped their product to distributors and end-users in 2017, but after that year they sold the majority of their shipments to retailers with the remainder to distributors; only a small share of their shipments were to distributors in interim 2020.⁸⁰ Subject imports from Vietnam were *** shipped to distributors.⁸¹ In sum, the record shows that walk-behind

⁷⁸ CR/PR at Table II-6. In comparing the domestic like product with subject imports from China, all five U.S. producers reported that they were always interchangeable, four out of eight importers reported that they were always interchangeable, three importers reported that they were frequently interchangeable and one importer reported that they were never interchangeable. *Id.*

In comparing the domestic like product with subject imports from Vietnam, three U.S. producers reported that they were always interchangeable, two out of five importers reported that they were always interchangeable and three importers reported that they were frequently interchangeable. *Id.*

In comparing subject imports from China with subject imports from Vietnam, three U.S. producers reported that they were always interchangeable, two out of four importers reported that they were always interchangeable, and two importers reported that they were frequently interchangeable. *Id.*

⁷⁹ CR/PR at Table IV-6.

⁸⁰ CR/PR at Table II-2.

⁸¹ CR/PR at Table II-2.

mowers from all sources were sold to distributors during the POI, and there was also overlap in the retailer channel between subject imports from China and the domestic like product.

Geographic Overlap. U.S. producers reported selling walk-behind mowers to all regions in the contiguous United States during the POI. Subject imports from China and Vietnam were also sold in all regions of the contiguous United States during the period of investigation.⁸²

Simultaneous Presence in Market. Subject imports from China were present in 35 of the 40 months during January 2017 to April 2020. Subject imports from Vietnam were continuously present in the U.S. market after entering the U.S. market in November 2019.⁸³

Conclusion. We find that subject imports from each subject country are fungible with the domestic like product and each other, there is a reasonable overlap in their channels of distribution, walk-behind mowers from all sources were sold in similar geographic markets, and they were simultaneously present in the U.S. market. Therefore, for the preliminary phase of these investigations we find that there is a reasonable overlap of competition between the domestic like product and imports from each subject country and between imports from each subject country.

Accordingly, we cumulate subject imports from China and Vietnam for purposes of our analysis of whether there is a reasonable indication of material injury by subject imports.

⁸² CR/PR at Table II-3.

⁸³ CR/PR at IV-12 and Table IV-8.

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

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁸⁴ In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁸⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁸⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁸⁷ 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.”⁸⁸

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is “materially injured or threatened with material injury by reason of” unfairly traded imports,⁸⁹ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable

⁸⁴ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁸⁵ 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).

⁸⁶ 19 U.S.C. § 1677(7)(A).

⁸⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁸ 19 U.S.C. § 1677(7)(C)(iii).

⁸⁹ 19 U.S.C. §§ 1671b(a), 1673b(a).

exercise of its discretion.⁹⁰ 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.⁹¹

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

⁹⁰ *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).

⁹¹ 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).

injury threshold.⁹² In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁹³ 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.⁹⁴ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁹⁵

⁹² SAA at 851-52 (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); *accord Mittal Steel*, 542 F.3d at 877.

⁹³ 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.”).

⁹⁴ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁹⁵ *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.”⁹⁶ 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.”⁹⁷ The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁹⁸

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.⁹⁹ Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.¹⁰⁰

⁹⁶ *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*.

⁹⁷ *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.

⁹⁸ *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.”).

⁹⁹ We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

¹⁰⁰ *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.”).

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

U.S. demand for walk-behind mowers is influenced by several factors, including the rate of home ownership; as home ownership increases and homeowners need to care for their lawns, the demand for walk-behind mowers increases.¹⁰¹ The quarterly rate of home ownership has remained relatively stable, increasing from 63.7 percent in January 2017 to 65.3 percent in January 2020.¹⁰² Housing starts, another indicator of demand for walk-behind mowers, increased by 31.6 percent from January 2017 to December 2019, but decreased by 39.8 percent from January 2020 to May 2020.¹⁰³

Demand for walk-behind mowers is seasonal and affected by weather. U.S. producers and almost all responding importers indicated that demand for walk-behind mowers is higher in the spring and summer; domestic producer *** noted that the standard selling season for walk-behind mowers is late February through July.¹⁰⁴ MTD reported that weather plays the largest factor in the demand and sales of walk-behind mowers and it reported that weather has been “relatively normal to the overall curve” from 2017 to 2019.¹⁰⁵

Demand for walk-behind mowers is also affected by substitutes, in particular non-gas-powered mowers, which account for approximately 25 percent of the total lawn mower

¹⁰¹ CR/PR at II-9. The rate of home ownership is defined as the proportion of households that are owner-occupied.

¹⁰² CR/PR at II-9 & Figure II-1.

¹⁰³ CR/PR at II-10-11 & Figure II-2.

¹⁰⁴ CR/PR at II-9.

¹⁰⁵ CR/PR at II-10 & n.30.

industry.¹⁰⁶ According to ***,¹⁰⁷ U.S. shipments of electric walk-behind mowers sharply increased from 2017 to 2019 while U.S. shipments of gasoline walk-behind mowers decreased.¹⁰⁸

U.S. producers and importers provided mixed responses on U.S. demand trends for walk-behind mowers since January 2017: four importers reported that demand for walk-behind mowers in the United States had increased; two producers and two importers reported that there had been no change; one producer and three importers reported that demand had decreased, and one producer and one importer reported that demand had fluctuated.¹⁰⁹

Apparent U.S. consumption for walk-behind mowers declined *** percent from 2017 to 2019.¹¹⁰ It was *** units in 2017, *** units in 2018, *** units in 2019, *** units in interim 2019, and *** units in interim 2020.¹¹¹

2. Supply Conditions

The domestic industry held the largest share of the U.S. walk-behind mower market over the POI followed by nonsubject imports and subject imports. In 2019, the domestic

¹⁰⁶ CR/PR at II-2, II-12.

¹⁰⁷ The *** was prepared for the ***; Petitions at Exhibit I-1.

¹⁰⁸ The *** reports that shipments of electric walk-behind rotary mowers increased from 2017 to 2019 by *** percent (from *** units to *** units), while shipments of gasoline walk-behind mowers decreased by *** percent (from *** units to *** units). These data for gasoline walk-behind mowers may include some out-of-scope product, such as walk-behind mowers with a power rating greater than 3.7 kW; however, walk-behind mowers with a power rating of less than 3.7 kW account for *** percent of the walk-behind mowers in the United States. CR/PR at II-12 & n. 32.

¹⁰⁹ CR/PR at Table II-4. *** reported that retailers indicated demand has increased slightly in 2020. U.S. importer *** noted that while the gas walk-behind mower industry is “robust” it is “being cannibalized” by battery operated walk-behind mowers. U.S. importer *** stated that there has been an industry shift towards battery-operated mowers due to the decreasing costs of “longer lasting” lithium-ion batteries. CR/PR at II-11.

¹¹⁰ Apparent U.S. consumption was *** percent lower in interim 2020 than in interim 2019. CR/PR at Table C-1.

¹¹¹ CR/PR at Table IV-10.

industry had a U.S. market share of *** percent.¹¹² The domestic industry is concentrated, with five U.S. producers, and it underwent some substantial structural changes over the POI.¹¹³ In 2019, *** accounted for *** percent of U.S. production, *** percent, *** percent, and *** percent; U.S. producer Ariens closed its plant in Auburn, Nebraska in 2018.¹¹⁴ Husqvarna, ***, closed its production facility in McRae, Georgia in 2019, which resulted in a decrease of *** units of U.S. production capacity and *** units of production.¹¹⁵ ***.¹¹⁶

U.S. production capacity fell from 2017 to 2019, primarily due to ***.¹¹⁷ The domestic industry's capacity utilization was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020.¹¹⁸ *** and importer *** reported that the COVID-19 pandemic had caused supply shortages due to production disruptions. *** stated that ***, and Chinese producer Sumec reported that, due to Husqvarna's departure from the market, major purchasers needed to find an alternate source of supply.¹¹⁹

Subject imports accounted for *** percent of the U.S. market in 2019.¹²⁰ Subject imports from China were at much lower levels at the beginning than at the end of the POI.¹²¹

¹¹² CR/PR at Table IV-10.

¹¹³ CR/PR at Table III-1.

¹¹⁴ CR/PR at Table III-1.

¹¹⁵ CR/PR at II-6 & n.29, and Table III-3 & n.4. ***. *Id.*

¹¹⁶ CR/PR at III-3 and Table III-3. Honda is ***. *Id.*

¹¹⁷ CR/PR at Table III-4.

¹¹⁸ CR/PR at Table III-4. Thus, although it was low throughout the POI, peaking at *** percent in interim 2020, with the exit of Husqvarna and Ariens from domestic production, the domestic industry's capacity utilization increased *** percentage points from 2017 to 2019; it was *** percentage points higher in interim 2020 than in interim 2019. CR/PR at Table C-1.

¹¹⁹ CR/PR at II-8.

¹²⁰ CR/PR at Table IV-10.

¹²¹ CR/PR at Table IV-2.

Subject imports from Vietnam entered the market in 2019. ***, ***, and *** were the largest U.S. importers of subject merchandise from China, and *** was the only U.S. importer of subject merchandise from Vietnam.¹²² Nonsubject imports accounted for *** percent of the U.S. market in 2019.¹²³ All reported nonsubject imports were imported by *** from ***.¹²⁴

3. Substitutability and Other Conditions

Based on the record, we find that subject imports and the domestic like product are moderately to highly substitutable, subject to variations in features. Factors limiting substitutability include product range, quality, and servicing of the product.¹²⁵

All responding U.S. producers reported that walk-behind mowers from the United States, China, and Vietnam were always interchangeable, and most U.S. importers reported that they were always or frequently interchangeable.¹²⁶ Most U.S. producers reported that non-price factors are sometimes or never important in purchasing decisions whereas most importers reported that they are frequently important.¹²⁷ Purchasers responding to the Commission's lost sales/lost revenue survey ("LSLR Survey") reported quality, price, brand offerings, and manufacturing capacity as important purchasing factors.¹²⁸

¹²² CR/PR at Table IV-1.

¹²³ CR at Table IV-10.

¹²⁴ CR/PR at IV-3 and Table IV-1.

¹²⁵ CR/PR at II-13.

¹²⁶ CR/PR at Table II-6. *** reported that the subject product is offered with the same "general mix" of product specifications including add-ons and special components, similar sized engines, similar cutting-widths and deck sizes, grass-catching bags, self-propelled capabilities, and electric starters. Importer *** reported that while all mowers will cut grass, they can differ in durability and reliability. Importer *** reported that component parts that are proprietary to manufacturers can limit interchangeability. CR/PR at II-14.

¹²⁷ CR/PR at Table II-7. Chinese producer Sumece reported that after-sale service is an important consideration and that MTD has a "better after-sale service system." CR/PR at II-14.

¹²⁸ CR/PR at II-13.

Walk-behind mowers are primarily sold to distributors or large retailers of lawn care and home improvement goods, which then sell these goods to homeowners and other end-users.¹²⁹ U.S. producers sold the majority of their walk-behind mowers to retailers and the remainder to distributors, with a very small portion of its shipments to end-users. U.S. importers of subject merchandise shipped their products to distributors and end-users in 2017, but after that year they sold the majority of their shipments to retailers, with the remainder primarily to distributors and only a small share to end-users.¹³⁰ Nonsubject imports were shipped to *** throughout the POI.¹³¹

Most U.S. producers and four of seven responding importers reported that there were substitutes for walk-behind mowers, including zero turn mowers, riding mowers, and battery-operated mowers; all responding producers and almost all responding importers reported that the prices for out-of-scope mowers did not affect the prices for walk-behind mowers. As discussed above, shipments of electric walk-behind mowers have increased.¹³²

According to MTD, prices for walk-behind mowers are determined in the spring of the year prior to delivery when the prices for engines and other major components are set; components are shipped to the factories in the summer and fall, production of the mowers starts in the fall and winter, and the mowers are delivered to retailers the following spring.¹³³

¹²⁹ CR/PR at I-10.

¹³⁰ Although the share of U.S. shipments of walk-behind mowers sold to end-users (as compared to retailers and distributors) differed as between U.S. producers and subject importers, on a volume basis U.S. producers actually sold more units of walk-behind mowers to end-users in 2017 (approximately *** units) than subject importers (*** units). Calculated from CR/PR at Tables II-2 and C-1 (share of U.S. producer's shipments to end-users was *** percent, rounded up to *** percent in Table II-2).

¹³¹ CR/PR at Table II-2.

¹³² CR/PR at II-12.

¹³³ CR/PR at V-4 & n.14.

U.S. producers reported setting prices using contracts and set price lists; importers reported using the same methods, as well as transaction-by-transaction negotiations.¹³⁴ Domestic producers sold *** of their walk-behind mowers through annual contracts in 2019, whereas importers sold primarily through annual contracts and short-term contracts.¹³⁵ U.S. producers' annual contracts and U.S. importers' annual and short-term contracts fix prices and are not indexed to raw material costs.¹³⁶ Walk-behind mower prices are affected by the size of the engine, the type of propulsion system (self or non-self-propelled), and features such as grass-catching bags and electric starting capabilities.¹³⁷ U.S. producers and U.S. importers both reported providing quantity discounts.¹³⁸

Walk-behind mowers must be certified and comply with the ANSI standards for Pedestrian-Controlled Mowers and Ride-On Mowers and the CPSC Safety Standard for Walk-Behind Power Lawn Mowers. In addition, the internal combustion engines of the walk-behind mowers typically must comply with and be certified under the U.S. Environmental Protection Agency ("EPA") air pollution control standards for small, non-road spark-ignition engines.¹³⁹

Raw materials accounted for *** percent of the cost of goods sold ("COGS") for domestically produced walk-behind mowers in 2019.¹⁴⁰ Walk-behind mowers contain

¹³⁴ CR/PR at V-4-5 & Table V-2.

¹³⁵ CR/PR at Table V-3. U.S. importers sold a very small share of their products through spot sales. *Id.*

¹³⁶ CR/PR at V-5. U.S. producer *** reported that its prices can be renegotiated, while *** reported that prices are not renegotiated. Half of responding importers reported that prices in their annual contracts can be renegotiated. *Id.*

¹³⁷ CR/PR at II-1.

¹³⁸ CR/PR at V-5-6.

¹³⁹ CR/PR at I-7, I-10; Title 16, Part 1205 of the Code of Federal Regulations (CPSC safety standards); Title 40, Chapter I, Subchapter U, Part 1054 of the Code of Federal Regulations (EPA standards).

¹⁴⁰ CR/PR at Table VI-1.

components made from steel and cast aluminum among other raw materials; therefore, the section 232 tariffs on steel and aluminum during the POI may have affected raw material costs.¹⁴¹ A majority of U.S. producers and U.S. importers of walk-behind mowers reported that the section 232 tariffs had caused raw material costs to increase. A majority of U.S. producers and a plurality of U.S. importers also reported that these tariffs caused walk-behind mowers' prices to increase.¹⁴²

Additional duties pursuant to section 301 of the Trade Act of 1974 were imposed on imports of certain subject walk-behind mower imports from China in August of 2019.¹⁴³ Although at least half of the responding U.S. producers and a majority or plurality of U.S. importers reported that the section 301 tariffs had not changed the supply of walk-behind mowers from any source, a majority of U.S. producers and most U.S. importers reported that the section 301 tariffs had caused prices for walk-behind mowers to increase. In addition, a majority of U.S. producers reported that the section 301 tariffs caused raw material costs to fluctuate while most U.S. importers also reported that they caused raw material costs to increase.¹⁴⁴

¹⁴¹ CR/PR at V-2.

¹⁴² CR/PR at V-2 and Table V-1.

¹⁴³ CR/PR at II-2. Pursuant to section 301 of the Trade Act of 1974 the USTR imposed a 10 percent *ad valorem* tariff on mowers from China under HTS subheading 8433.11.00 on August 20, 2019, which was later increased to 15 percent on September 1, 2019. The tariff was reduced to 7.5 percent effective February 14, 2020. CR/PR at I-9, II-2 & n.11.

¹⁴⁴ CR/PR at II-2-3 and Table II-1. Imports of vertical shaft engines from China, which are typically components in walk-behind mowers, were subject to section 301 tariffs beginning in August 2018, and most of these engines received exclusions from section 301 tariffs in July, September, and October 2019. CR/PR at II-2. A majority of responding U.S. producers and most responding U.S. importers reported that raw material costs had increased and most U.S. producers and importers cited the section 301 and section 232 tariffs as reasons for the increases in raw material costs. CR/PR at V-2. The domestic industry's unit raw material costs increased from 2017 to 2019 and were higher in interim 2020 than in interim 2019. CR/PR at Table VI-1.

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.”¹⁴⁵

Cumulated subject import volume increased sharply over the POI, rising from *** units in 2017 to *** units in 2018 and *** units in 2019; subject import volume was *** units in interim 2019 and *** units in interim 2020.¹⁴⁶ Thus, the volume of cumulated subject imports increased by *** percent from 2017 to 2019 and it was *** percent higher in interim 2020 than in interim 2019.¹⁴⁷

Cumulated subject import market share increased from *** percent of apparent U.S. consumption in 2017 to *** percent in 2018 and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.¹⁴⁸ Thus, cumulated subject imports gained *** percentage points of market share from 2017 to 2019 and their market share was *** percentage points higher in interim 2020 than in interim 2019; virtually all of the market share gain was at the expense of the domestic industry’s market share.¹⁴⁹ The ratio of cumulated subject imports to U.S. production increased from *** percent in 2017 to *** percent in 2018 and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020.¹⁵⁰

¹⁴⁵ 19 U.S.C. § 1677(7)(C)(i).

¹⁴⁶ CR/PR at IV-2 and Table IV-2.

¹⁴⁷ Calculated from CR/PR at Table IV-2.

¹⁴⁸ CR/PR at Table IV-10.

¹⁴⁹ CR/PR at Table C-1.

¹⁵⁰ CR/PR at Table IV-2. Thus, the ratio of cumulated subject imports to U.S. production rose by *** percentage points from 2017 to 2019; it was *** percentage points higher in interim 2020 than in interim 2019.

For the purposes of the preliminary phase of these investigations, we find that the increase in cumulated subject import volume over the POI was significant, both in absolute terms and relative to production and consumption in the United States. We also find that the volume of cumulated subject imports at the end of the POI was significant, both in absolute terms and relative to consumption in the United States.

D. Price Effects of the Subject Imports

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

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

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.¹⁵¹

As discussed in section V.B.3 above, we find that subject imports and the domestic like product are moderately-to-highly substitutable, subject to variations in features, and the record indicates that price is an important purchasing factor for walk-behind mowers.

We have examined several sources of information in our underselling analysis, including pricing data, import purchase cost data, responses by purchasers to the Commission’s lost sales/lost revenue questionnaire survey, and other data on the record. The Commission collected quarterly f.o.b. pricing data on sales of four walk-behind mower products shipped to unrelated U.S. retailers during the POI.¹⁵² *** U.S. producers (***) and two importers (***)

¹⁵¹ 19 U.S.C. § 1677(7)(C)(ii).

¹⁵² CR/PR at V-6. The four pricing products are:

Product 1—Non-Self-Propelled Lawn Mower with an engine displacement between 130 and 139cc, a 21” blade for cutting decks, and without a grass-catching bag.

provided usable pricing data for sales of the requested products although not all firms reported pricing for all products for all quarters.¹⁵³ The pricing data reported by these firms accounted for approximately *** percent of the U.S. producers' U.S. shipments of walk-behind mowers in 2019 and *** percent of subject imports from China. No importers reported pricing data for subject imports from Vietnam and no importers reported pricing data for products 2 and 3 from China.¹⁵⁴

These pricing data show that subject imports undersold the domestic like product in *** out of *** quarterly comparisons (or *** percent), at margins ranging between *** and *** percent, and an average underselling margin of *** percent. Subject imports oversold the domestic like product in the remaining *** quarterly comparisons (or *** percent) at margins ranging between *** and *** percent, and an average overselling margin of *** percent.¹⁵⁵ The available data also reflect predominant underselling by volume, with *** units of subject imports associated with quarters of underselling, as compared to *** units of subject imports

Product 2— Non-Self-Propelled Lawn Mower with an engine displacement between 160 and 169cc, a 21" blade for cutting decks, and without a grass-catching bag.

Product 3— Self-Propelled Lawn Mower with an engine displacement between 140 and 149cc, a 21" blade for cutting decks, and with a grass-catching bag.

Product 4— Self-Propelled Lawn Mower with an engine displacement between 150 and 159cc, a 21" blade for cutting decks, and with a grass-catching bag.

¹⁵³ CR/PR at V-6-7. MTD argues that the Commission should not rely on Daye's reported pricing data in its underselling analysis because *** is importing directly from ***; MTD argues that *** should have provided its pricing data in terms of its subsequent sales to unaffiliated parties. CR/PR at V-6 n.20; MTD Post-Conference Brief at 19. The Commission asked for pricing data on sales of walk-behind mowers shipped to unrelated U.S. retailers; *** provided that information and we have incorporated it in our underselling and pricing data.

¹⁵⁴ CR/PR at V-6. In any final phase of these investigations, we encourage parties to provide suggestions in their comments on draft questionnaires for pricing products that may provide higher coverage for domestic producers' sales of the domestic like product and U.S. importers' sales of subject merchandise from China and Vietnam, as well as a greater number of pricing comparisons between domestic product and subject imports.

¹⁵⁵ CR/PR at Table V-10.

associated with quarters of overselling. Thus, *** percent of the quantity of subject imports covered by the Commission's pricing data was sold in quarters with underselling.¹⁵⁶

The Commission also collected import purchase cost data for the same four pricing products from firms that imported walk-behind mowers from China and Vietnam for retail sales.¹⁵⁷ One importer, ***, reported usable import purchase cost data for Products 3 and 4 from China and it reported data only for 2019 and 2020. Purchase cost data reported by *** accounted for *** percent of subject imports from China in 2019.¹⁵⁸ Based on the purchase cost data obtained by the Commission, landed duty-paid costs for subject imports were below the sales price for U.S. produced walk-behind mowers in all three quarterly comparisons (involving a total of *** units of subject imports from China), at price-cost differentials ranging from *** to *** percent, with an average price-cost differential of *** percent.¹⁵⁹

We recognize that the import purchase cost data may not reflect the total cost of importing and therefore requested that direct importers provide additional information regarding the costs and benefits of directly importing walk-behind mowers. *** reported that it did not incur additional costs beyond landed duty-paid costs by importing walk-behind mowers itself rather than purchasing from a U.S. producer or U.S. importer.¹⁶⁰ It also reported that it compares costs of importing to the cost of purchasing from a U.S. producer in

¹⁵⁶ Calculated from CR/PR at Table V-10.

¹⁵⁷ CR/PR at V-6.

¹⁵⁸ No importer reported purchase cost data for Vietnam and no importer reported data for 2017 and 2018, nor for products 1 and 2. CR/PR at V-15 & n.24. In any final phase of these investigations, we encourage parties to provide suggestions in their comments on draft questionnaires for pricing products that may provide higher coverage for purchase cost data from U.S. importers of subject merchandise from China and Vietnam, to the extent U.S. importers are importing subject merchandise for their retail sales.

¹⁵⁹ CR/PR at Table V-11.

¹⁶⁰ CR/PR at V-15.

determining whether to import walk-behind mowers and that its cost for importing walk-behind mowers was not lower than the price of purchasing them from a producer or importer.¹⁶¹

We have also considered responses by purchasers to the Commission's lost sales/lost revenue questionnaire survey ("LSLR Survey").¹⁶² Purchasers were asked about changes in their purchasing patterns from different sources since 2017. *** reported purchasing or importing *** units of walk-behind mowers from all sources during 2017 to 2019, the vast majority of which were purchased or imported by ***.¹⁶³

*** reported purchasing *** units of walk-behind mowers from domestic sources and that its purchases from domestic sources fluctuated. *** reported purchases or imports of *** walk-behind mowers from China and subject imports' share of *** total reported purchases of walk-behind mowers increased by *** percent from 2017 to 2019. *** reported that since 2017 it had purchased subject imports instead of U.S.-produced walk-behind mowers and that subject import prices were lower than prices of U.S.-produced walk-behind mowers but that price was not a primary reason for its purchases of the subject imports. ***.¹⁶⁴

¹⁶¹ CR/PR at V-15.

¹⁶² The Commission requested that U.S. producers report purchasers with which they experienced instances of lost sales or revenue due to competition from subject imports from January 2017 to March 2020. *** reported that they had to reduce prices, no U.S. producers reported that they had to roll back announced price increases, and two U.S. producers, *** reported that they had lost sales. *** US. Producer Questionnaire Response at IV-23, EDIS Doc. No. ***; *** U.S. Producer Questionnaire Response at IV-23, EDIS Doc. No. ***. MTD, the only U.S. producer to submit lost sales and lost revenue allegations, identified *** firms with which it lost sales or revenue all of which related to subject imports from China. CR/PR at V-23; Petition Exhibit I-11.

¹⁶³ CR/PR at Table V-12.

¹⁶⁴ CR/PR at V-24-25 & Table V-12-13.

We have considered *** as well as other record evidence that is inconsistent with its stated non-price reason for purchasing subject imports instead of the domestic like product. As previously discussed in this section, *** purchase cost data, on average, are *** percent lower than U.S. producers' sales prices, and *** reported that it does not incur any additional costs by importing. *** also reports that subject import prices were lower than prices of U.S.-produced walk-behind mowers. Although *** reports in its LSLR survey that ***, led to its increase in subject import purchases, MTD reports that price is an important factor in *** purchasing decisions and *** did not want higher prices in the spring of 2019.¹⁶⁵ Furthermore, MTD also reports that *** sharply reduced their purchases from MTD in interim 2020, which is consistent with *** of subject merchandise from China to the United States in interim 2020 compared to interim 2019.^{166 167}

*** reported purchasing *** units of walk-behind mowers from domestic sources and that its purchases from domestic sources fluctuated. *** reported purchases or imports of *** walk-behind mowers from Vietnam and that subject imports' share of *** total purchases of walk-behind mowers increased by *** percent from 2017 to 2019. *** reported that since 2017 it had purchased subject imports instead of U.S.-produced walk-behind mowers, that subject import prices were lower than prices of U.S.-produced walk-behind mowers, and that price was a primary reason for its purchases of the subject imports.¹⁶⁸

¹⁶⁵ MTD Post-Conference Brief at 20; MTD Testimony at 17-18 (Trumpler).

¹⁶⁶ MTD Post-Conference Brief at 28.

¹⁶⁷ In any final phase of these investigations, we will further investigate the various factors that affect purchasing decisions and the relative importance of such factors.

¹⁶⁸ CR/PR at V-24-25 & Tables V-12-13.

Based on the totality of record evidence, we find, for purposes of these preliminary determinations, that there has been significant price underselling by the subject imports and this underselling has led to lost sales and a shift in market share from domestic producers to subject imports. As domestic producers lost *** percentage points of market share from 2017 to 2019 and *** percentage points from January to March 2019 to 2020, subject imports gained *** and *** percentage points, respectively.¹⁶⁹

We have also examined available data on price trends. Domestic prices for three of the four pricing products increased over the POI while domestic industry prices for one of the four pricing products decreased. U.S producer prices for product 1 increased by *** percent over the POI, for product 3 they increased by *** percent; and for product 4 they increased by *** percent; U.S. producer prices for product 2 decreased by *** percent.¹⁷⁰ The limited available data on subject import prices do not allow for a meaningful examination of subject import price trends in the preliminary phase of these investigations.¹⁷¹

We also have considered whether the domestic industry's prices were suppressed during the POI. The industry's ratio of COGS to net sales fluctuated within a relatively narrow range between 2017 and 2019 and it was slightly higher in interim 2020 than in interim 2019; it was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020.¹⁷² The domestic industry's unit costs increased over the

¹⁶⁹ CR/PR at Tables IV-10 and C-1.

¹⁷⁰ CR/PR at Table V-9.

¹⁷¹ CR/PR at V-20 and Tables V-4 and V-6.

¹⁷² CR/PR at Table VI-3. Thus, the domestic industry's ratio of COGS to net sales fluctuated but increased *** percentage points from 2017 to 2019 and was *** percentage points higher in interim 2020 than in interim 2019. CR/PR at Table C-1.

POI, but its unit net sales value also increased, although at slightly lower rates.¹⁷³ The domestic industry's increased costs occurred as apparent U.S. consumption decreased by *** percent from 2017 to 2019 and was *** percent lower in interim 2020 than in interim 2019.¹⁷⁴

In conclusion, given the significant underselling that led to lost sales and lost market share for the domestic industry, for purposes of the preliminary phase of these investigations we find that subject imports have had adverse price effects.

E. Impact of the Subject Imports¹⁷⁵

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development, and factors affecting domestic prices.

¹⁷³ The industry's unit COGS increased by *** percent from 2017 to 2019 and it was *** percent higher in interim 2020 than in interim 2019; the industry's unit net sales value increased by *** percent from 2017 to 2019 and was *** percent higher in interim 2020 than in interim 2019. CR/PR at Table C-1. In absolute terms, the average unit value of U.S. producers' net sales increased by \$*** per unit between 2017 and 2019. The increase in the industry's COGS over this same period was \$*** per unit. The average unit value of U.S. producers' U.S. shipments was \$*** per unit higher in interim 2020 compared to interim 2019, while unit COGS was \$*** per unit higher in interim 2020 compared to interim 2019. CR/PR at Table VI-6. MTD contends that it has had to cap prices on many products due to subject import competition. MTD Post-Conference Brief at 20.

¹⁷⁴ CR/PR at Table C-1.

¹⁷⁵ In its notice initiating the antidumping duty investigation on walk-behind mowers from China and Vietnam, Commerce reported estimated dumping margins ranging from 274.29 percent to 313.58 percent for China and 289.63 to 416.0 percent for Vietnam. CR/PR at I-7; *Certain Walk-Behind Lawn Mowers and Parts Thereof From the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 85 Fed. Reg. 37417, 37420 (Dep't Commerce June 22, 2020).

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.”¹⁷⁶

The domestic industry experienced decreases in several important indicators, including capacity, production, shipments, market share, total sales values, and operating income, over the POI. Although its unit sales values increased over the POI, so did its unit COGS.¹⁷⁷ Domestic industry production capacity fell from 2017 to 2019 and it was lower in interim 2020 than in interim 2019; this decline was due to the fact that domestic producers Ariens and Husqvarna ceased production of walk-behind mowers in 2018 and 2019, respectively.¹⁷⁸ Production of walk-behind mowers steadily fell by *** percent from 2017 to 2019 and it was *** percent lower in interim 2020 than in interim 2019.¹⁷⁹ Capacity utilization was low throughout the POI, although with the exit of Ariens and Husqvarna from the domestic industry it increased overall by *** percentage points from 2017 to 2019, and it was *** percentage points higher in interim 2020 than in interim 2019 (peaking at *** percent in interim 2020).¹⁸⁰

The domestic industry’s share of apparent U.S. consumption measured by quantity fell by *** percentage points from 2017 to 2019 and it was lower by *** percentage points in interim 2020 compared to interim 2019.¹⁸¹ U.S. producers’ U.S. shipments declined by ***

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

¹⁷⁷ CR/PR at Tables III-5, III-6 and IV-1.

¹⁷⁸ Domestic production capacity was *** units in 2017 and 2018 and *** units in 2019; it was *** units in interim 2019 and *** units in interim 2020. CR/PR at III-4, Tables III-4 and C-1.

¹⁷⁹ Domestic production was *** units in 2017, *** units in 2018, and *** units in 2019; it was *** units in interim 2019 and *** units in interim 2020. CR/PR at Tables III-4 and C-1.

¹⁸⁰ Capacity utilization was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. CR/PR at Tables III-4 and C-1.

¹⁸¹ The domestic industry’s share of apparent U.S. consumption was *** percent in 2017, *** percent in 2018, and *** percent in 2019; it was *** percent in interim 2019 and *** percent in interim 2020. CR/PR at Tables IV-10 and C-1.

percent from 2017 to 2019 and they were *** percent lower in interim 2020 than in interim 2019.¹⁸² End-of-period inventories for U.S. producers increased by *** percent overall from 2017 to 2019 but were lower by *** percent in interim 2020 than in interim 2019.¹⁸³

The domestic industry's employment indicia were mixed. The number of production and related workers ("PRWs"), total hours worked, and total wages paid decreased from 2017 to 2019 and were lower in interim 2020 than in interim 2019.¹⁸⁴ Hours worked per PRW, hourly wages (dollars per hour), and productivity increased overall from 2017 to 2019 and were higher in interim 2020 than in interim 2019.¹⁸⁵ Unit labor costs (dollars per unit) increased from 2017 to 2019 and were higher in interim 2020 than in interim 2019.¹⁸⁶

Total net sales value fell by *** percent from 2017 to 2019; it was *** percent lower in interim 2020 than in interim 2019.¹⁸⁷ Total COGS fell by *** percent from 2017 to 2019; it was *** percent lower in interim 2020 than in interim 2019.¹⁸⁸ The industry's ratio of COGS to net

¹⁸² U.S. producers' U.S. shipments were *** units in 2017, *** units in 2018, and *** units in 2019; they were *** units in interim 2019 and *** units in interim 2020. CR/PR at Tables III-6 and C-1.

¹⁸³ U.S. producers end-of-period inventories were *** units in 2017, *** units in 2018, and *** units in 2019; they were *** units in interim 2019 and *** units in interim 2020. CR/PR at Tables III-8 and C-1.

¹⁸⁴ The number of PRWs was *** in 2017, *** in 2018, and *** in 2019; it was *** in interim 2020. Total hours worked were *** hours in 2017, *** hours in 2018, and *** hours in 2019; they were *** hours in interim 2019 and (***) hours in interim 2020. Total wages paid were \$*** in 2017, \$*** in 2018, and \$*** in 2019; they were \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Table III-10.

¹⁸⁵ Hours worked per PRW were *** hours in 2017, *** hours in 2018, and *** hours in 2019; they were *** hours in interim 2019 and *** hours in interim 2020. Hourly wages (dollars per hour) were \$*** in 2017, \$*** in 2018, and \$*** in 2019; they were \$*** in interim 2019 and \$*** in interim 2020. Productivity (units per 1,000 hours) was *** units in 2017, *** units in 2018, and *** units in 2019; it was *** units in interim 2019 and *** units in interim 2020. CR/PR at Table III-10.

¹⁸⁶ Unit labor costs (dollar per unit) were \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Table III-10.

¹⁸⁷ Total net sales value was \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-1 and C-1.

¹⁸⁸ Total COGS was \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-1 and C-1.

sales fluctuated within a relatively narrow range from 2017 to 2019 and was slightly higher in interim 2020 than in interim 2019.¹⁸⁹

Gross profit fell by *** percent from 2017 to 2019 and it was *** percent lower in interim 2020 than in interim 2019.¹⁹⁰ The domestic industry's operating income declined overall *** percent from 2017 to 2019; it was sharply lower by *** percent in interim 2020 than in interim 2019.¹⁹¹ The industry's operating income margin (ratio of operating income to net sales) decreased by *** percentage points from 2017 to 2019 and was *** percentage points lower in interim 2020 than in interim 2019.¹⁹² ¹⁹³ The industry's net income decreased by *** percent from 2017 to 2019; it was *** percent lower in interim 2020 than in interim 2019.¹⁹⁴

Capital expenditures decreased irregularly by *** percent from 2017 to 2019; they were *** percent lower in interim 2020 than in interim 2019.¹⁹⁵ Research and development ("R&D") expenses decreased by *** percent from 2017 to 2019; they were *** percent lower in interim

¹⁸⁹ The industry's ratio of COGS to net sales was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020. CR/PR at Tables VI-1 and C-1.

¹⁹⁰ Gross profit was \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-1 and C-1.

¹⁹¹ Operating income was \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-1 and C-1.

¹⁹² CR/PR at Tables VI-1 and C-1. The domestic industry's operating margin was *** percent in 2017, *** percent in 2018, *** percent in 2019, *** percent in interim 2019, and *** percent in interim 2020. *Id.*

¹⁹³ ***. CR/PR at VI-1 n.4 and VI-12 n.10.

¹⁹⁴ Net income was \$*** in 2017, \$*** in 2018, and \$*** in 2019; it was \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-1 and C-1.

¹⁹⁵ Capital expenditures were \$*** in 2017, \$*** in 2018, and \$*** in 2019; they were \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-5 and C-1.

2020 than in interim 2019.¹⁹⁶ U.S. producers' total assets were \$*** in 2017, \$*** in 2018, and \$*** in 2019. Their operating return on assets was *** percent in 2017, *** percent in 2018 and *** percent in 2019.¹⁹⁷ *** U.S. producers reported that they had experienced *** of subject imports on investment, growth and development including ***, and other negative effects on growth and development; *** reported that it had not experienced any negative effects on investment or growth and development due to subject imports from China and Vietnam.¹⁹⁸

Over the POI, significant volumes of low-priced cumulated subject imports, which were moderately-to-highly substitutable with the domestic like product, sharply increased and significantly undersold the domestic like product and gained substantial sales and market share at the expense of the domestic industry, while apparent U.S. consumption decreased. The industry's production and U.S. shipments declined over the POI. Although Husqvarna, the second-largest U.S. producer, exited the U.S. market during the POI, the industry's lower production and shipments cannot be solely attributed to its exit (which Husqvarna asserts was ***).¹⁹⁹ The industry's total net sales values, operating income, operating margin, capital expenditures and R&D expenses, all declined from 2017 to 2019 and were lower in interim 2020 than in interim 2019. We find that the domestic industry lost sales and market share to

¹⁹⁶ R&D expenses were \$*** in 2017, \$*** in 2018, and \$*** in 2019; they were \$*** in interim 2019 and \$*** in interim 2020. CR/PR at Tables VI-5 and C-1.

¹⁹⁷ CR/PR at Table VI-6.

¹⁹⁸ CR/PR at Tables VI-7 and VI-8.

¹⁹⁹ CR/PR at Table VI-8. In any final phase of these investigations, we intend to further explore the timing and reasons for Husqvarna's decision to cease production.

subject imports during the POI, resulting in lower revenue than it would have realized otherwise, and contributing to its deteriorating financial performance.

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from other factors to the subject imports. Respondents Sumec and Merotec argue that the increase in subject import volume over the POI was in response to Husqvarna's exit from the market, and that subject imports were not the cause of Husqvarna's exit from the market.²⁰⁰ However, we note that the domestic industry's capacity utilization rate was never higher than *** percent over the POI which suggests that the domestic industry would have been able to fulfill substantial additional orders after Husqvarna exited the market. In fact, MTD reports that it did precisely that in the short term,²⁰¹ but that purchasers ultimately shifted to subject sources for walk-behind mowers due to price.²⁰²

We have also considered trends in apparent U.S. consumption and nonsubject imports. We recognize that consumption decreased over the POI. However, the domestic industry's U.S. shipments declined at a faster rate than consumption,²⁰³ and decreased demand cannot explain the domestic industry's loss of sales and market share to subject imports, which increased throughout the POI despite declining consumption. As for nonsubject imports, their market

²⁰⁰ Sumec and Merotec Post-Conference Brief at 8-9.

²⁰¹ MTD Post-Conference Brief at 29-30.

²⁰² Respondents Sumec and Merotec argue that purchasers shifted toward subject suppliers during the POI because they wanted alternate sources to ***. Sumec and Merotec Post-Conference Brief at 1-2. In any final phase of these investigations, we intend to further examine reasons for purchasers' shifting suppliers.

Respondents Sumec and Merotec also argue that the limited pricing comparisons on the record indicates limited competition between subject imports and the domestic industry. Sumec and Merotec Post-Conference Brief at 9.

²⁰³ CR/PR at Table C-1.

share was relatively stable from 2017 to 2019 and they did not take any market share from the domestic industry during that period.²⁰⁴ While nonsubject imports gained market share in interim 2020, their gain was much lower than subject imports'.²⁰⁵ Furthermore, with the exception of 2017, when subject imports were present in the U.S. market in limited quantities, the average unit values for nonsubject imports were considerably higher than the average unit values for the subject imports.²⁰⁶ Nonsubject imports do not explain the domestic industry's lost sales and market share from 2017 to 2019, the lost sales shown in the LSLR data, or most of the market share lost by the domestic industry in interim 2020.²⁰⁷

Accordingly, for purposes of these preliminary determinations, we conclude that subject imports had a significant adverse impact on the domestic industry.

VIII. Conclusion

For the reasons stated above, we determine for the preliminary phase of these investigations that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of walk-behind mowers from China and Vietnam that are allegedly sold in the United States at LTFV and walk-behind mowers from China that are subsidized by the government of China.

²⁰⁴ Nonsubject imports accounted for *** percent of the U.S. market in 2017, *** percent in 2018, and *** percent in 2019. CR at Tables IV-10 and C-1.

²⁰⁵ Nonsubject imports accounted for *** percent of the U.S. market in interim 2019 and *** percent in interim 2020; by comparison, subject imports accounted for *** percent of the U.S. market in interim 2019 and *** percent in interim 2020. CR at Tables IV-10 and C-1.

²⁰⁶ CR/PR at Table C-1.

²⁰⁷ CR/PR at Table C-1.

Part I: Introduction

Background

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by MTD Products, Inc. (“MTD”), Valley City, Ohio, on May 26, 2020, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of certain walk-behind lawn mowers (“walk-behind mowers”)¹ from China and less-than-fair-value (“LTFV”) imports of walk-behind mowers from China and Vietnam. The following tabulation provides information relating to the background of these investigations.^{2 3}

Effective date	Action
May 26, 2020	Petitions filed with Commerce and the Commission; institution of Commission investigations (85 FR 33710, June 2, 2020)
June 16, 2020	Commission’s conference (conducted through written statements, testimony, questions, and responses, June 12 – June 19, 2020)
June 15, 2020	Commerce’s notice of initiation AD (85 FR 37417, June 22, 2020)
June 15, 2020	Commerce’s notice of initiation CVD (85 FR 37426, June 22, 2020)
July 9, 2020	Commission’s vote
July 10, 2020	Commission’s determinations
July 17, 2020	Commission’s views

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

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

³ A list of witnesses that participated in the conference via written submission is presented in appendix B of this report.

Statutory criteria

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

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

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

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

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

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

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

Organization of report

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

Market summary

Walk-behind mowers are generally used by consumer households; however, they may also be used by commercial users to cut grass. The leading U.S. producers of walk-behind mowers in 2019 were ***,⁶, while leading producers of walk-behind mowers outside the United States include **. The leading U.S. importers of walk-behind mowers from China are **, while the leading importer of walk-behind mowers

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

⁶ **.

from Vietnam is ***. The leading importer of walk-behind mowers from nonsubject countries (United Kingdom and Mexico) is ***.

Apparent U.S. consumption of walk-behind mowers totaled approximately *** units (\$***) in 2019. Currently, four firms are known to produce walk-behind mowers in the United States. U.S. producers' U.S. shipments of walk-behind mowers totaled *** units (\$***) in 2019, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled *** units (\$***) in 2019 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled *** units (\$***) in 2019 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 five firms that accounted for all or nearly all of U.S. production of walk-behind mowers during 2019. U.S. imports are based on usable questionnaire responses that were received from 10 firms that staff believes account for *** percent of U.S. imports from China, *** imports from Vietnam, and *** percent of imports from nonsubject sources in 2019 under HTS statistical reporting numbers 8433.11.0050. Subject country data are based on questionnaires responded of six foreign producers that accounted for all or nearly all production of walk-behind mower in China and Vietnam.

Previous and related investigations

The Commission has not conducted any other investigation on walk-behind mowers, but has conducted a countervailing and antidumping investigations on certain small vertical shaft engines (“SVSEs”), a product related to walk-behind mowers.⁷ On March 18, 2020, Briggs & Stratton Corporation, Wauwatosa, Wisconsin, filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of SVSEs from China and LTFV imports of SVSEs from China.⁸ The Commission determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports from China of SVSEs that were alleged to be sold at LTFV and subsidized by the government of China. The Commission completed and filed its determinations in these preliminary investigations on May 4, 2020.⁹

Commerce proceedings

On April 26, 2017, Commerce initiated an investigation under section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862), to determine the effects on the national security of imports of steel and aluminum. Further information regarding this investigation is presented in Part V of this report.

⁷ SVSEs are spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, whether mounted or unmounted, primarily used in walk-behind lawn mowers. Engines meeting this physical description may also be for other non-hand-held outdoor power equipment, including but not limited to, pressure washers. The subject engines are spark ignition, single-cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 99 cubic centimeters (cc) and a maximum displacement of up to, but not including, 225cc. Typically, engines with displacements of this size generate gross power of between 1.95 kilowatts (kw) to 4.75 kw.

⁸ 85 FR 16958, March 25, 2020.

⁹ 85 FR 27243, May 7, 2020.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On June 22, 2020, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on walk-behind mowers from China.¹⁰ Commerce identified the following government programs in China:

- A. Government Provision of Goods and Services for Less Than Adequate Remuneration
 - 1. Provision of Hot-Rolled Steel (HRS) for Less Than Adequate Remuneration (LTAR)
 - 2. Provision of Cold-Rolled Steel (CRS) for LTAR
 - 3. Provision of Unwrought Aluminum for LTAR
 - 4. Provision of Land Use Rights for LTAR
 - 5. Provision of Electricity for LTAR
- B. Preferential lending
 - 6. Policy of Loans to the Walk-Behind Lawn Mower Industry
- C. Grant Programs
 - 7. The State Key Technology Project Grants
 - 8. Grants for Energy Conservation and Emission Reduction
 - 9. SME Technology Innovation Fund
- D. Income Tax and Indirect Tax Programs
 - 10. Income Tax Reduction for High and New Technology Enterprises (HNTEs)
 - 11. Income Tax Deduction for Research and Development Expenses Under the EITL
 - 12. Income Tax Concessions for Enterprises Engaged in Comprehensive Resource Utilization
 - 13. Income Tax Deductions/Credits for Purchases of Special Equipment
 - 14. Import Tariff and Value Added Tax (VAT) Exemptions on Imported Equipment in Encouraged Industries
- E. Export Loans and Export Credits from Export=Import (EXIM) Bank of China
 - 15. Export Loans from Chinese State-Owned Banks
 - 16. Export Seller's Credits
 - 15. Export Buyer's Credits

¹⁰ 85 FR 37426, June 16, 2020

Alleged sales at LTFV

On June 22, 2020, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on walk-behind mowers from China and Vietnam.¹¹ Commerce has initiated antidumping duty investigations based on estimated dumping margins of 274.29-313.58 percent for walk-behind mowers from China and 289.63-416.00 percent for walk-behind mowers from Vietnam.

The subject merchandise

Commerce's scope

In the current proceedings, Commerce has defined the scope as follows:¹²

The merchandise covered by these investigations consists of certain rotary walk-behind lawn mowers, which are grass-cutting machines that are powered by internal combustion engine. The scope of the investigations covers certain walk-behind lawn mowers, whether self-propelled or non-self-propelled, whether finished or unfinished, whether assembled or unassembled, and whether containing any additional features that provide for functions in addition to mowing.

Walk-behind lawn mowers within the scope of these investigations are only those powered by an internal combustion engine with a power rating of less than 3.7 kilowatts (kw). These internal combustion engines are typically spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a maximum displacement of 196cc. Walk-behind lawn mowers covered by this scope typically must be certified and comply with the Consumer Products Safety Commission (CPSC) Safety Standard For Walk-Behind Power Lawn Mowers under the 16 CFR Part 1205. However, lawn mowers that meet the physical descriptions above, but are not certified under 16 CFR Part 1205 remain subject to the scope of this proceeding.

The internal combustion engines of the lawn mowers covered by this scope typically must comply with and be certified under Environmental Protection Agency (EPA) air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for

¹¹ 85 FR 37420, June 22, 2020

¹² 85 FR 37426, June 22, 2020

small non-road spark-ignition engines and equipment. However, lawn mowers that meet the physical descriptions above but that do not have engines certified under 40 CFR Part 1054 or other parts of subchapter U remain subject to the scope of this proceeding.

For purposes of these investigations, an unfinished and/or unassembled lawn mower means at a minimum, a sub-assembly comprised of an engine and a cutting deck shell attached to one another. A cutting deck shell is the portion of the lawn mower—typically of aluminum or steel—that houses and protects a user from a rotating blade. Importation of the subassembly whether or not accompanied by, or attached to, additional components such as a handle, blade(s), grass catching bag, or wheel(s) constitute an unfinished lawn mower for purposes of these investigations. The inclusion in a third country of any components other than the mower subassembly does not remove the lawn mower from the scope. A lawn mower is within the scope of these investigations regardless of the origin of its engine.

Specifically excluded from the scope of these investigations are electric powered walk-behind lawn mowers which are lawn mowers primarily powered by an electric motor.

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that the merchandise subject to these investigations are imported under 8433.11.0050 of the Harmonized Tariff Schedule of the United States (“HTS”). Walk-behind mowers subject to these investigations, including subassemblies, may also enter under HTS statistical reporting numbers 8433.90.1010, 8433.90.1090, and 8407.90.1010. The 2020 general rate of duty is free for HTS subheadings 8433.11.00, 8433.90.10, and 8407.90.10. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Section 301 tariff treatment

U.S. imports from China subject to these investigations were also subject to additional duties under Section 301 of the Trade Act of 1974. HTS subheading 8433.11.00 was included in the list of articles subject to the additional 10 percent duties effective September 1, 2019. These additional duties were increased to 15 percent (effective September 1, 2019) and were then reduced to 7.5 percent, effective February 14, 2020.¹³

The product

Description and applications

Lawn mowers, in general, are defined as lawn and garden equipment with the purpose of maintaining and cutting grass surfaces. Lawn mowers house spinning blades that perform the cutting process as they are moved over grass surfaces. Lawn mowers can differ by how these blades are powered with typical mowers being manually powered, electrically powered, or gas powered. Manually powered lawn mowers require an operator to physically push or pull the mower to power a mechanism to spin the cutting blades. Electrically powered lawn mowers use an engine to spin the cutting blades that can either be powered by a rechargeable battery or by a cord connected to an outlet or other source of power. Gas-powered lawn mowers also use an engine to spin the cutting blades, but this engine is powered by gasoline that is stored in a tank on the mower. Gas-powered engines for mowers are typically more powerful (e.g. more torque) than electrically powered engines, have longer operating times due to gas tanks versus batteries, and have greater range compared to corded electric mowers. Gas-powered mowers with more powerful engines are also able to power larger cutting blades. These characteristics make gas powered mowers more suitable for cutting larger areas of grass than electrically powered mowers.¹⁴

Lawn mowers also can differ in how they are operated, consisting of walk-behind mowers, ride-on mowers, remote-controlled mowers, robotic mowers, and tow-behind mowers. Walk-behind mowers require a person to operate the mower by walking behind it and using the controls. If a walk-behind mower includes an engine with a transmission, the mower provides its own forward movement, otherwise the mower's forward motion is solely powered

¹³ 84 FR 43304, August 20, 2019; 84 FR 45821, August 30, 2019; and 85 FR 3741, January 22, 2020.

¹⁴ Watson, "Electric vs Gas Lawn Mowers: Which is Best?" GardenBeast, October 19, 2019, <https://gardenbeast.com/electric-vs-gas-lawn-mowers/>.

by the operator. Ride-on mowers contain transmissions for forward movement and are designed with seating or standing areas for the operator to “ride-on” and control the lawn mower while it is in operation. Remote controlled mowers are also powered by an engine and transmission, but instead of having an operator walk-behind or ride-on the mower, the operator can control the mower from a distance using a controller remotely connected to the lawn mower. Robotic mowers do not require an operator but are instead operated by a computer that automatically controls the lawn mower. Lastly, tow-behind mowers are designed to be attached to other equipment or vehicles that provide the forward movement.

For the purpose of these investigations, walk-behind mowers are generally used for the maintenance and cutting of residential grass yards. Walk-behind mowers are designed to be manually operated and move over surfaces by being either self-propelled or pushed from behind by an operator. These mowers consist of internal combustion engines with a maximum power output less than 3.7kW, metal cutting deck shells, blades, handles, wheels, and a variety of fasteners (i.e. screws, nuts, and bolts). Internal combustion engines with a maximum power output less than 3.7kW used in walk-behind mowers are typically small vertical shaft engines, with spark-ignition, air cooling, and any number of cylinders. The engine powers a horizontal, rotating cutting blade, and if coupled with a transmission, provides forward propulsion. Walk-behind mowers can also include additional equipment and components, such as grass collection bags or mulchers, but mowers without additional equipment and components are still defined as walk-behind mowers in the scope of these investigations. Similarly, unfinished and unassembled mowers are also included within the scope of these investigations, so long as they include a subassembly consisting of at least an internal combustion engine and cutting deck shell. Walk-behind mowers are subject to safety standards when sold in the United States. Both the American National Standards Institute’s standards for Pedestrian-Controlled Mowers and Ride-On Mowers and the Consumer Products Safety Commission’s Safety Standard for Walk-Behind Power Lawn Mowers apply to products covered by these investigations.

Manufacturers of walk-behind mowers mostly sell their products to distributors or large retailers of lawncare and home improvement goods. These businesses then market and sell the walk-behind mowers to homeowners and other end-users. Product descriptions, applications, and distribution channels are typically the same between domestic and imported products.

Figure I-1
Walk-behind mowers



Push mower (no transmission)



Self-propelled mower (transmission)

Source: <https://www.mtdproducts.com/>

Manufacturing processes

Walk-behind mowers contain hundreds of individual parts, but the main components consist of engines, cutting deck shells, blades, handles, and wheels. The main structural components (e.g. cutting deck shells) are manufactured from sheet metal that undergoes tool and die operations, stamping, metal forming, and welding until it is in the desired form factor. Other metal components, such as the handle, are manufactured from metal tubing. This metal tubing is bent, flattened, and hole-punched until it is in the desired form factor and can accommodate the wiring and other mechanical attachments for the mower's operational controls. Other components of walk-behind mowers are manufactured using a plastic resin that is injected, along with colorants, into pre-designed molds. Examples of plastic parts include wheels, clips that attach to the cutting deck shell, and various safety shields. Engines, wiring harnesses, cables, and various fasteners are often purchased by walk-behind mower manufacturers, rather than produced in-house.

Manufactured metal components that will be exposed as part of the finished product are painted. This painting process involves attaching the parts to a conveyor rack, after which they are cleaned, rinsed, and then coated with electrostatically charged paint powders. Finally, the parts are heated in an oven until they are cured and form an enamel-like coating.

After the walk-behind mower components have been manufactured or purchased, they are moved along an assembly line for final assembly. There are both human and robotic steps to the assembly line. The typical order in which walk-behind mowers are assembled begins with

the cutting deck after which wheels, axes, and plastic clips are attached. Next, the engine is attached to the existing frame, the mower is inverted, and the blades are subsequently attached. Lastly, the handle is attached and operational controls are assembled. Various safety and quality control checks are performed throughout the manufacturing and assembly processes. Safety and instructional labels are also added to the product at various times throughout the process. Domestic and imported products have essentially the same manufacturing processes.

Domestic like product issues

The petitioner proposes a single domestic like product coextensive with the scope of the investigations.¹⁵¹⁶ The respondents do not contest the definition of the domestic like product for the purposes of the preliminary phase of these investigations.¹⁷

¹⁵ Petitioner's postconference brief, p. 48.

¹⁶ The U.S. producers were asked about the comparability between unfinished walk-behind mowers (e.g. engine and a cutting deck shell) and finished walk-behind mowers. All five firms stated that the unfinished lawn mower is dedicated to the production of the downstream article (finished lawn mower) and perceive the respective markets to be one market. Three of the four responding firms reported that there are no differences in the physical characteristics and functions of the upstream (unfinished lawn mower) and downstream articles (finished lawn mower). The remaining firm, ***. Two of the four responding firms stated that there are no significant difference in the cost or value between unfinished lawn mowers and finished lawn mowers. The other two firms stated ***. Three of the four responding firms reported that they would describe the processes used to transform the upstream unfinished lawn mowers into the downstream finished lawn mower product as significant and particularly labor or capital intensive. The remaining firm, ***. U.S. producers' questionnaire, II-9 and II-15.

¹⁷ Respondent Sumec's postconference brief, p. 20.

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

U.S. market characteristics

Walk-behind mowers are gas-powered machines with an internal combustion engine that can be either self-propelled¹ or non-self-propelled (pushed).² Walk-behind mowers generally meet the American National Standards Institute standards for pedestrian-controlled mowers and ride-on mowers. Domestic and imported product sold in the United States must be certified and comply with the Consumer Products Safety Commission safety standard for walk-behind power mowers.³ Most domestic and imported walk-behind mowers are sold to large department and home improvement retailers.⁴ There is a spectrum of walk-behind mowers from “simpler” mowers, marketed towards consumers with limited disposable income or first-time home buyers, to “premium price point products” with more powerful engines.⁵ Additional features beyond the type of propulsion system (self and non-self propelled) include grass-catching bags, electric starting capabilities, and engine size, all of which will increase the price of the mower and provide differentiation for customers.⁶

Major sources of walk-behind mowers in the United States from 2017-19 include U.S. producer and importer MTD, U.S. producer Husqvarna, as well as imports from China and Mexico.⁷ Husqvarna closed its production facilities in ***, citing ***. Mexico was the largest source of imports over the period, and shipments of Vietnamese walk-behind mowers were present beginning in 2019. Major purchasers of walk-behind mowers include big-box retailers such as Walmart, Lowes, and Home Depot.⁸

¹ A self-propelled lawn mower has a drive system and “operator presence controls.” Petitioner’s postconference brief, Exhibit 41, p. 9.

² Walk-behind mowers subject to these investigations have a power rating of less than 3.7 kilowatts, which account for *** of walk-behind mowers in the U.S. market. Petition, pp. 19-21.

³ Petition, pp. 7-8 and 19.

⁴ Petition, p. 26.

⁵ Testimony of Mr. Steven Trumpler, MTD Products Inc., June 12, 2020, p. 4.

⁶ Petitioner’s postconference brief, Exhibit 41, p. 9.

⁷ U.S. producer *** did not respond to many questions related to the conditions of competition in the walk-behind mower market, noting that ***. Importer *** was the only importer to report imports and shipments of product from Vietnam. It also imported and sold subject product from China.

⁸ Respondent Sumec’s postconference brief, p. 3.

Petitioner asserted gas-powered walk behind lawn mowers have lost market share to non-gas powered mowers during the period of investigation. Non-gas-powered mowers include battery-powered walk-behind mowers, corded mowers, and robotic and remote-controlled mowers.⁹ Non-gas powered mowers accounted for approximately 25 percent of the total U.S. walk-behind lawn mower (gas powered and non-gas powered) market in 2019, up from 15 percent in 2017.¹⁰

Apparent U.S. consumption of walk-behind mowers decreased during 2017-19, from *** units to *** units. Overall, apparent U.S. consumption in 2019 was *** percent lower than in 2017. Apparent U.S. consumption was *** percent higher in the first quarter of 2020 compared to the first quarter of 2019.

Impact of section 301 tariffs

As discussed in part I, walk-behind mowers have been subject to section 301 tariffs beginning in August 2019.¹¹ In addition, the vertical shaft engines used to manufacture walk-behind mowers were subject to section 301 tariffs beginning in August 2018, and most engines received exclusions from section 301 tariffs in July, September, and October 2019.^{12 13} U.S. producers *** and all eight responding importers reported that section 301 tariffs had an impact on the walk-behind lawn mower market.¹⁴ Firms' reported impacts of the section 301 tariffs on overall U.S. demand, supply, prices, and raw material costs are shown

⁹ Petition, pp. 19-21.

¹⁰ Testimony of Mr. Steven Trumpler, MTD Products Inc., June 12, 2020, p. 9. Petitioner's postconference brief, Exhibit 41, pp. 4-5.

¹¹ The USTR imposed a 10 percent ad valorem tariff on mowers under HTS subheading 8433.11.00 on August 20, 2019, which was later increased to 15 percent on September 1, 2019. The tariff was reduced to 7.5 percent effective February 14, 2020. Petition, pp. 6-7.

¹² The USTR imposed a 25 percent ad valorem tariff on vertical shaft engines, a component for walk-behind mowers, under HTS subheading 8407.90.10, on August 16, 2018. Petition, p. 7.

¹³ Petitioner noted that MTD purchases some vertical shaft engines from China but most of its engines are from domestic sources. Testimony of Mr. Steven Trumpler, MTD Products Inc., June 12, 2020, p. 19. MTD applied for exclusions on its vertical shaft engines with the USTR, and was granted an exclusion from the section 301 tariffs in September 2019. *Small Vertical Shaft Engines from China*, Inv. Nos. 701-TA-637 and 731-TA-1471 (Preliminary), USITC Publication 5034 (March 2020), pp. 19-21.

¹⁴ U.S. producers *** reported that they did not know if the section 301 tariffs had an impact on the walk-behind mower market. *** did not respond to most of the questions regarding the impact of the section 301 tariffs because it did not have "significant insight" into the impact as it "sells a relatively small amount of walk-behind mowers."

in table II-1.¹⁵ Importers reported that the section 301 tariffs increased prices and raw material costs of walk-behind mowers, and reported there was no impact on U.S., Chinese, and other country supply.

Table II-1
Walk-behind mowers: Impact of Section 301 tariffs

	U.S. producers				U.S. importers			
	Increased	No change	Decreased	Fluctuated	Increased	No change	Decreased	Fluctuated
U.S. supply	---	1	1	---	1	4	1	2
China supply	1	1	---	---	1	5	2	---
Other country supply	---	2	---	---	1	4	---	2
Prices	2	---	1	---	8	1	1	---
U.S. demand	---	1	1	---	3	3	2	1
Raw material costs	1	---	---	2	7	2	---	---

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

In discussing the impact of the section 301 tariffs, importer *** reported that retailers were not willing to take on unknown risks associated with pending tariffs and purchased domestic products from MTD instead of imports. Importer *** reported that it declared a “Chapter 98” provision on the engines in its imported lawn mowers to defray the impact of section 301 duties.¹⁶ Importer *** noted that mower prices to consumers increased by \$10 to \$100 in 2019,¹⁷ and importer *** agreed, reporting increased retail sales prices. U.S. producer *** stated that the section 301 tariffs appeared to have no effect on the prices of Chinese product.

Petitioner argued that the “relatively” low section 301 tariff of 7.5 percent “incentivized continued production” of Chinese products while U.S. producers paid a 25 percent tariff for components and inputs subject to section 232 tariffs.¹⁸

Channels of distribution

U.S. producers and importers sold the majority of product to retailers, however, importers sold a larger share to distributors and end-users than U.S. producers sold in those

¹⁵ U.S. producers *** are also importers. Their U.S. producer and importer responses are presented separately throughout this section unless otherwise indicated.

¹⁶ *** reported that ***, its foreign supplier of subject product, ***, and that the engines are exported to China for insertion into the finished mower, which is then shipped back to the United States. *** can deduct the value of the domestically produced engine from the dutiable value of the walk-behind mower at the time of entry.

¹⁷ *** imported product from nonsubject country ***.

¹⁸ See Part V for a discussion on the impact of section 232 tariffs on raw material prices and prices of walk-behind mowers.

channels, as shown in table II-2. ***.

Table II-2

Walk-behind mowers: U.S. producers' and importers' U.S. shipments, by sources and channels of distribution, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
Share of U.S. shipments (percent)					
U.S. producers:					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: China					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Vietnam					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Subject					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: Nonsubject					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***
U.S. importers: All sources:					
to Retailers	***	***	***	***	***
to Distributors	***	***	***	***	***
to End users	***	***	***	***	***

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

Geographic distribution

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

Table II-3
Walk-behind mowers: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	China	Vietnam	Subject U.S. importers
Northeast	4	8	***	8
Midwest	4	8	***	8
Southeast	4	8	***	8
Central Southwest	4	8	***	8
Mountains	3	8	***	8
Pacific Coast	3	8	***	8
Other ¹	2	6	***	6
All regions (except Other)	2	8	***	8
Reporting firms	4	8	1	8

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

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

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding walk-behind mowers from U.S. producers and from subject countries. The one Vietnamese producer which responded to the Commission's foreign producer questionnaire ***.

Table II-3
Walk-behind mowers: Supply factors that affect the ability to increase shipments to the U.S. market

Country	Capacity (1,000 units)		Capacity utilization (percent)		Ratio of inventories to total shipments (percent)		Shipments by market, 2019 (percent)		Able to shift to alternate products
	2017	2019	2017	2019	2017	2019	Home market	Exports to non-U.S. markets	No. of firms reporting "yes"
United States	***	***	***	***	***	***	***	***	4 of 5
China	***	***	***	***	***	***	***	***	4 of 5
Vietnam	***	***	***	***	***	***	***	***	*** of 1

Note: Responding U.S. producers accounted for virtually all of U.S. production of walk-behind mowers in 2019. Responding foreign producer/exporter firms accounted for virtually all of U.S. imports of walk-behind mowers from China and Vietnam during 2019. 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 walk-behind mowers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced walk-behind mowers to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of large amounts of unused capacity, the ability to shift shipments from inventories, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include the limited ability to shift shipments from alternate markets.

U.S. producer Husqvarna closed its production facility in *** causing a decrease in overall U.S. capacity;¹⁹ overall U.S. production decreased as well but at a lower rate, resulting in an increase of capacity utilization. The remaining U.S. producers' capacity *** from 2017-19. *** reported *** as its major export market.²⁰ Reported production constraints include a lack of automated machinery (***), maintenance shutdowns (***), and constraints related to painting, fabricating, and welding (***). Other products that producers reportedly can produce on the same equipment as walk-behind mowers are snow blowers, pressure washers, tillers, edgers, and other types of

¹⁹ Husqvarna's closure resulted in a decrease of *** units of U.S. capacity and *** units of production.

²⁰ *** reported that its exports are ***, and *** did not report exporting their walk-behind mowers.

lawn mowers such as zero turn²¹ and riding mowers.²² Factors affecting U.S. producers' ability to shift production include set-up and tooling changes and time constraints.

Subject imports from China

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

Reported Chinese capacity was relatively stable from 2017 to 2019, and production increased by *** percent during the same period, resulting in an increase of capacity utilization from *** percent to *** percent.²³ There are some limits to production, including equipment and labor shortages. Major export markets include Europe, Canada, and Australia, and other than the section 301 tariffs there are no reported trade actions on Chinese walk-behind mowers. Other products that responding Chinese producers reportedly can produce on the same equipment as walk-behind mowers are chainsaws, brush cutters, tillers, pressure washers, generators, and other types of mowers including zero-turn mowers and riding lawn mower parts. Factors affecting foreign producers' ability to shift production include tooling changes and efficiency losses.

Subject imports from Vietnam

Based on available information, the sole reporting Vietnamese producer, Ducar, has the ability to respond to changes in demand with large changes in the quantity of shipments of walk-behind mowers to the U.S. market. The main contributing factors to this degree of

²¹ Zero turn mowers are a type of riding mower with a turning radius that is effectively zero, has a mowing deck in the front of the machine instead of underneath, and are built based on front-wheel-steering designs.

²² *** reported that it could not switch production to other products because of separate tooling among products.

²³ *** reported that it ***.

responsiveness of supply are the availability of unused capacity, large quantities of inventories, and the ability to shift production to or from alternate products. Factors mitigating responsiveness of supply include the limited ability to shift shipments from alternate markets.

Ducar opened its facility in ***, and its capacity utilization was *** percent in 2019. Its *** shipments were ***, and it has a *** number of available inventories. Other products that Ducar reportedly can produce on the same equipment as walk-behind mowers are ***. Factors limiting Ducar’s ability to shift production include ***.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports in 2019. Mexico accounted for *** nonsubject imports during 2017-19.

Supply constraints

U.S. producer *** reported that it “occasionally” cannot supply domestically produced product to smaller customers because it produces walk-behind mowers *** and that it cannot supply its imported product due to long lead times from China. U.S. producer *** and importer *** reported that COVID-19 had caused supply shortages due to production disruptions. ***, also reported that demand exceeded supply of certain models of walk-behind mowers, and that it chooses not to sell to all retailers. Importer *** reported it experienced supply constraints when U.S. producer Husqvarna exited the market,²⁴ and importer *** cited the lack of availability of domestically produced engines.

Respondent Sumec argued that Husqvarna’s departure from the market “meant the major purchasers needed to find an alternate source of supply,” and that U.S. producer *** reported that Husqvarna was the ***.²⁵

²⁴ *** and imports product from China.

²⁵ Respondent Sumec’s postconference brief, p. 5.

U.S. demand

Based on available information, the overall demand for walk-behind mowers is likely to experience moderate changes in response to changes in price. The main contributing factor is the availability of substitute products, including non-gas powered mowers.

Business cycles

All four responding U.S. producers and almost all responding importers (eight of nine) indicated that the market was subject to business cycles or unique conditions of competition. Specifically, demand for walk-behind mowers is higher in the spring and summer. U.S. producer *** noted that the standard selling season is late February through July. U.S. producer *** also noted that the industry is subject to unique conditions of competition, including increasing costs due to section 232 and section 301 duties, and the “unexpected appreciation of the Chinese Yuan.”²⁶ Importer *** also reported that large home improvement retailers have “significant industry power” as a unique condition of competition.

Demand trends

The demand for lawn and garden equipment, including walk-behind mowers, is influenced by the rate of home ownership.²⁷ The quarterly rate of homeownership has remained relatively stable, increasing slightly from 63.7 percent in January 2017 to 65.3 percent in January 2020.²⁸

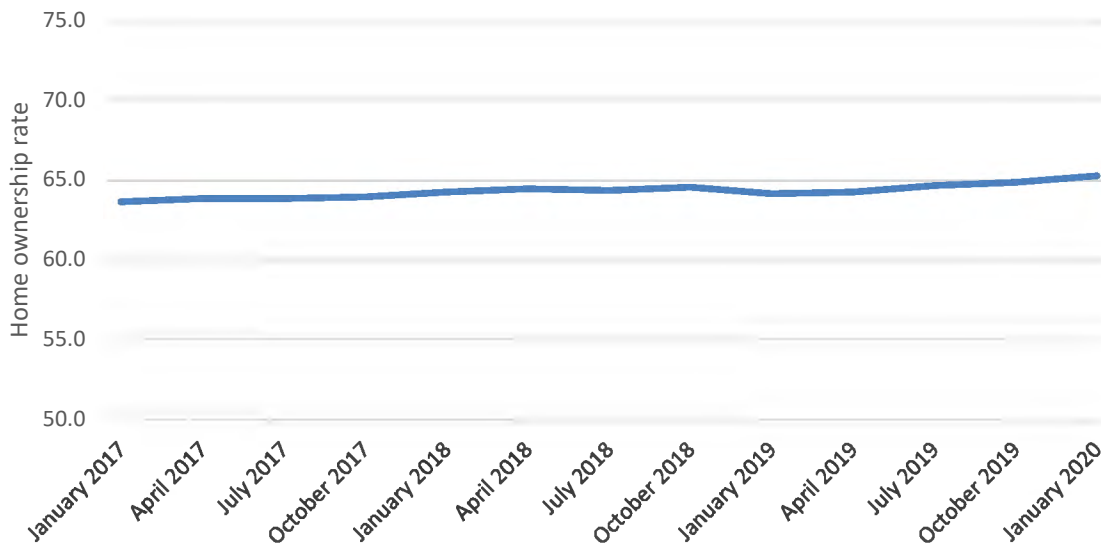
²⁶ See Part V for a discussion on the foreign exchange rate.

²⁷ “The primary end users of {lawn and garden equipment} products are homeowners that need to maintain their lawns. As the homeownership rate increases, downstream demand for industry products increases in turn.” IBIS World Report, Lawn and Garden Equipment Manufacturing in the U.S., July 2019.

²⁸ The homeownership rate is the proportion of households that is owner-occupied.

Figure II-1

Homeownership: Quarterly homeownership rate for the United states, percent, seasonally adjusted



Source: U.S. Census Bureau, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/RSAHORUSQ156S>, June 22, 2020.

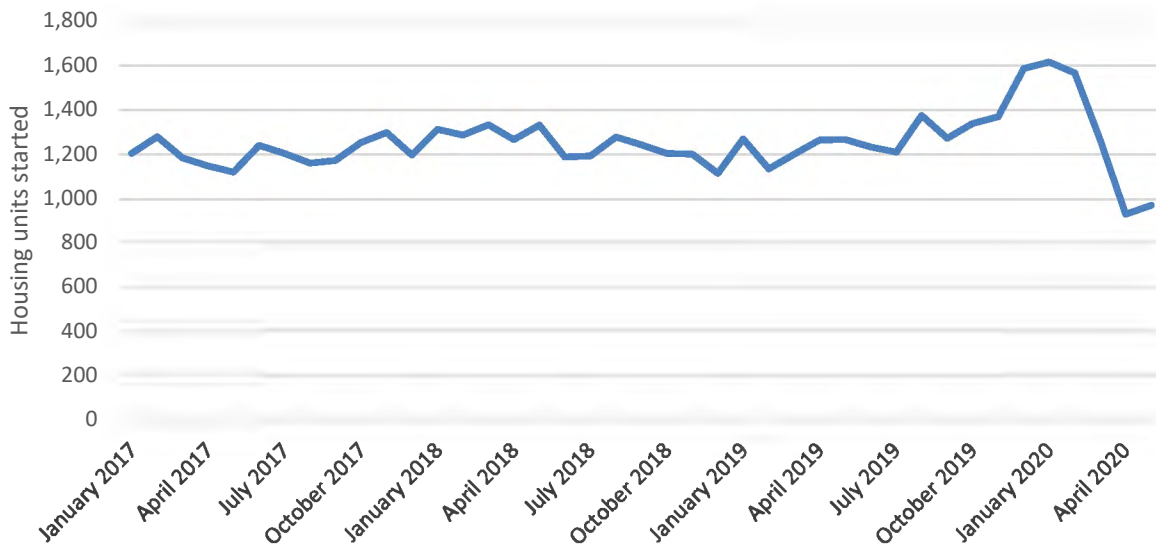
Housing starts, one indicator of demand for walk-behind mowers,²⁹ increased by 31.6 percent from January 2017 to December 2019 (figure II-2). From January 2020 to May 2020, the most recently available data, housing starts decreased by 39.8 percent. Petitioner also noted that weather plays the largest factor in the demand and sales of walk-behind mowers.³⁰

²⁹ Petitioner’s postconference brief, Exhibit 41, p. 3.

³⁰ According to petitioner, weather has been “relatively normal to the overall curve” from 2017-19. Petitioner’s postconference brief, Exhibit 41, p. 3.

Figure II-2

Housing starts: New privately-owned housing units started, thousands of units, monthly, seasonally adjusted annual rate



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/HOUST>, June 22, 2020.

Firms were divided in their responses regarding U.S. demand for walk-behind mowers since January 1, 2017 (table II-4). U.S. producer *** reported that retailers indicated demand has increased slightly in 2020. U.S. importer *** noted that while the gas walk-behind mower industry is “robust” it is “being cannibalized” by battery operated walk-behind mowers. U.S. importer *** agreed that there has been an industry shift towards battery-operated mowers due to the decreasing costs of “longer lasting” lithium-ion batteries.

Table II-4

Walk-behind mowers: Firms’ responses regarding U.S. demand and demand outside the United States

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

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

Most U.S. producers (three of four responding) and importers (six of ten responding) reported that there were no changes in the marketing or product mix of walk-behind mowers.

Importer ***, however, reported that the most significant change in the lawn mower industry was the growth of battery-operated mowers, which are expected to double from 2017 to 2020. Importer *** also noted that there are more battery products available. Importer *** reported that the gas-powered lawn mower market continues to lose share to battery-powered mowers.³¹

Substitute products

Substitutes for walk-behind mowers include zero turn mowers, riding mowers, and battery-operated mowers. Most U.S. producers and four of seven responding importers reported substitutes. All responding U.S. producers and almost all responding importers reported that the price of out-of-scope mowers did not have an impact on the price of walk-behind mowers.

As noted above, sales of non-gas powered mowers have increased from 2017-19, and represent approximately 25 percent of the lawn mower industry. According to ***, shipments of electric walk-behind rotary mowers increased from *** units to *** units from 2017-19, an increase of *** percent, while shipments of gasoline walk-behind rotary mowers decreased by *** percent, from *** units to *** units. Shipments of gas-powered walk-behind rotary mowers are projected to decline by *** percent per year in 2020 and 2021, while shipments of electric mowers are projected to increase by *** percent in 2020 and *** percent in 2021.^{32 33} Petitioner argued that battery-operated mowers are typically smaller and less powerful than gas-powered mowers, and corded lawn-mowers are used for smaller areas as they are limited to the range of the cord. It added that lawn mowers with a power rating greater than 3.7 kilowatts are used for commercial landscaping needs.³⁴

³¹ *** reported this in its response to the section 301 tariffs, adding that the impact of battery-operated mowers was not related to the section 301 tariffs.

³² Shipments of gas-powered walk-behind rotary mowers may include out-of-scope products such as mowers with a power rating greater than 3.7 kilowatts. As noted above, walk-behind mowers subject to these investigations have a power rating of less than 3.7 kilowatts, which account for *** of walk-behind mowers in the U.S. market. Electric products include corded and cordless units.

³³ ***. Petition, exhibit I-1.

³⁴ Petitioner's postconference brief, pp. 42-44.

Substitutability issues

The degree of substitution between domestic and imported walk-behind mowers depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, reliability of supply, product services, etc.). Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced walk-behind mowers and walk-behind mowers imported from subject sources. Factors limiting substitutability include product range, quality, and servicing of the product.

Lead times

U.S.-produced walk-behind mowers are primarily shipped from U.S. inventories, while imported product is almost evenly sold from inventory and produced-to-order. U.S. producers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging 5 days. The remaining *** percent of their commercial shipments were produced-to-order, with lead times averaging *** days. Importers reported that *** percent of their commercial shipments were from U.S. inventories, with lead times averaging 7 days, and the remaining shipments were produced-to-order with lead times averaging 163 days.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations³⁵ were asked to identify the main purchasing factors their firm considered in their purchasing decisions for walk-behind mowers. The major purchasing factors identified by firms include quality, price, brand offerings, and manufacturing capacity. *** additionally noted that availability and proximity to fulfillment centers was also important.

Comparison of U.S.-produced and imported walk-behind mowers

In order to determine whether U.S.-produced walk-behind mowers can generally be used in the same applications as imports from China and Vietnam, U.S. producers and importers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in table II-6, all U.S. producers reported that domestic and imported product are always interchangeable, and almost all importers reported that domestic

³⁵ This information is compiled from responses by purchasers identified by Petitioner to the lost sales lost revenue allegations. See Part V for additional information.

and subject imported product was always or frequently interchangeable. U.S. producer *** reported that subject product is offered with the same “general mix” of product specifications.³⁶ Importer ***, reported that while all mowers will cut grass, they can differ in durability and reliability. Importer ***, which indicated that domestic and Chinese walk-behind mowers are never interchangeable, reported that component parts that are proprietary to manufacturers can limit interchangeability.

Table II-6
Walk-behind mowers: Interchangeability between walk-behind mowers produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	5	---	---	---	4	3	---	1
United States vs. Vietnam	3	---	---	---	2	3	---	---
China vs. Vietnam	3	---	---	---	2	2	---	---
United States vs. Other	3	---	---	---	2	3	---	---
China vs. Other	3	---	---	---	2	2	---	---
Vietnam vs. Other	3	---	---	---	2	2	---	---

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

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

In addition, U.S. producers and importers were asked to assess how often differences other than price were significant in sales of walk-behind mowers from the United States, subject, or nonsubject countries. As seen in table II-7, U.S. producers reported that non-price factors are sometimes or never important when considering domestic and subject imports, while most importers reported that they are frequently important. Respondent Sumeac also reported that after-sale service is an important consideration, and that MTD has a “better after-sale service system”.³⁷ It also stated that purchasers want to buy MTD product “irrespective of price” and will allocate shelf space to MTD brands.³⁸

³⁶ These specifications include add-ons and special components, similar sized engines, similar cutting-widths and deck sizes, grass-catching bags, self-propelled capabilities, and electric starters.

³⁷ Respondent did not discuss how MTD’s after-sale service system differed from competitors. Respondent Sumeac’s postconference brief, Response to questions from Staff, pp. 3-4.

³⁸ Respondent Sumeac’s postconference brief, Response to questions from Staff, p. 4.

Table II-7

Walk-behind mowers: Significance of differences other than price between walk-behind mowers produced in the United States and in other countries, by country pair

Country pair	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
United States vs. China	---	1	3	1	1	5	2	1
United States vs. Vietnam	---	---	1	1	---	3	1	1
China vs. Vietnam	---	---	1	1	---	2	1	1
United States vs. Other	---	---	2	1	---	3	1	1
China vs. Other	---	---	2	1	---	2	1	1
Vietnam vs. Other	---	---	1	1	---	2	1	1

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

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

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 five firms that accounted for the all or nearly all of U.S. production of walk-behind mowers during 2019.

U.S. producers

The Commission issued a U.S. producer questionnaire to five firms based on information contained in the petitions. Five firms provided usable data on their operations.¹ Staff believes that these responses represent all or nearly all of U.S. production of walk-behind mowers during 2017-19.

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

¹ One of the five firm (Ariens) did not provide financial data that was usable.

Table III-1

Walk-behind mowers: U.S. producers of walk-behind mowers, their positions on the petition, production locations, and shares of reported production, 2019

Firm	Position on petition	Production location(s)	Share of production (percent)
Ariens	***	Auburn, NE	***
Briggs & Stratton	***	Wauwatosa, WI Poplar Bluff, MO	***
Honda	***	Swepsonville, NC	***
Husqvarna	***	McRae, GA	***
MTD	Petitioner	Valley City, OH Tupelo, MS	***
Total			***

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

Table III-2

Walk-behind mowers: U.S. producers' ownership, related and/or affiliated firms

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

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

As indicated in table III-2, two U.S. producer are related to a foreign producer of the subject merchandise. In addition, as discussed in greater detail below, *** U.S. producers directly import the subject merchandise and *** indicated that they purchase the subject merchandise from U.S. importers.

During 2017-19, two U.S. producers, Ariens and Husqvarna, closed walk-behind mower manufacturing facilities. In June 2018, Ariens announced the closure of its production facility in

Auburn, Nebraska to be completed in the second-half of 2018.² On July 17, 2018, Husqvarna, the second largest U.S. producer at that time, announced that it was exiting certain low-margin petrol-powered product segments, including walk-behind mowers.³ In *** Husqvarna ceased production of walk-behind mowers and in June 2019 officially closed the production facility.⁴ Table III-3 presents U.S. producers' reported changes in operations since January 1, 2017. ***.

Table III-3
Walk-behind mowers: U.S. producers' reported changes in operations, since January 1, 2017

Item / Firm	Reported changed in operations
Plant closings:	
***	***
***	***
***	***
Relocations:	
***	***
Expansions:	
***	***
Consolidations:	
***	***
Other:	
***	***

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

² https://journalstar.com/business/local/lawnmower-company-closing-auburn-plant-193-employees-to-lose-jobs/article_a27fb746-3279-586c-a8af-511276ea346e.html.

³ <http://www.husqvarnagroup.com/en/press/increased-focus-core-brands-husqvarna-and-gardena-and-restructuring-consumer-brands-division> and <http://www.husqvarnagroup.com/en/press/further-information-about-restructuring-measures-related-consumer-brands-division-and-third>.

⁴ <https://www.13wmaz.com/article/news/we-will-bounce-back-we-will-telfair-co-community-feels-loss-of-husqvarna-plant-before-official-closure/93-bb62701d-1a8b-46c7-b46d-def3e0496e4d>.

U.S. production, capacity, and capacity utilization

Table III-4 and figure III-1 present U.S. producers' production, capacity, and capacity utilization. Domestic producers' walk-behind mowers production decreased by *** percent from 2017 to 2019 and was *** percent lower in January-March 2020 compared to January-March 2019, largely due to ***. Ariens stopped production of walk-behind mowers in 2018 and Husqvarna stopped production of walk-behind mowers in 2019.⁵ U.S. producers' capacity decreased by *** percent from 2017 to 2019. Capacity utilization increased by *** percentage points from 2017 to 2019. Capacity utilization was *** percentage points higher in January-March 2020 compared to January-March 2019.⁶

⁵ During 2017-19, two domestic producers Ariens and Husqvarna shut down their facilities.

⁶ *** stated the difference between normal operating capacity and higher actual production output is due to daily overtime and Saturday production. Email from ***, June, 26, 2020.

Table III-4

Walk-behind mowers: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Capacity (units)				
Ariens	***	***	***	***	***
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Production (units)				
Ariens	***	***	***	***	***
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Capacity utilization (percent)				
Ariens	***	***	***	***	***
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Share of production (percent)				
Ariens	***	***	***	***	***
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

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

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

Figure III-1
Walk-behind mowers: U.S. producers' production, capacity, and capacity utilization, 2017-19, January to March 2019, and January to March 2020

* * * * *

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

Alternative products

As shown in table III-5, approximately *** percent of the product produced on the same equipment as walk-behind mowers during 2017-19 by U.S. producers were walk-behind mowers.⁷ Four of the five firms, walk-behind mowers accounted for at least 90 percent of overall production on this equipment. The remaining firm, **, accounted for at least *** of U.S. producers' aggregate out-of-scope production in each year during 2017-19 and at least *** percent during January to March 2019 and January to March 2020.

⁷ Other products produced included out-of-scope walk-behind mowers with engines greater than 3.7 kilowatts and outdoor power equipment including tillers, edgers, chipper shredder vacuums, wheeled string trimmers, snow blowers, and pressure washers.

Table III-5

Walk-behind mowers: U.S. producers' overall plant capacity and production on the same equipment as subject production, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Overall capacity	***	***	***	***	***
Production:					
Mowers	***	***	***	***	***
WB mowers > 3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Mowers	***	***	***	***	***
WB mowers > 3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

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

Table III-6 presents U.S. producers' U.S. shipments, export shipments, and total shipments. U.S. shipments decreased by *** percent from 2017 to 2018, then decreased by *** percent in 2019, largely driven by **. U.S. shipments during January-March 2020 were *** percent lower than in the comparable period in 2019, the vast majority of which was due to **. The unit values of U.S. shipments increased by *** percent from 2017 to 2018 and increased in 2019 by *** percent. The unit value of U.S. shipments was *** percent higher in January-March 2020 compared to January-March 2019.

Commercial U.S. shipments, by quantity and value, decreased overall during 2017-19, by *** percent and *** percent, respectively. Commercial U.S. shipments by quantity and value were *** percent and *** percent lower, respectively, in January-March 2020 compared with January-March 2019.

Table III-6

Walk-behind mower: U.S. producers' U.S. shipments, exports shipments, and total shipments, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Value (1,000 dollars)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Unit value (dollars per unit)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of quantity (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
	Share of value (percent)				
Commercial U.S. shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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 III-7 presents information on U.S. producers' U.S. shipments by type. *** U.S. shipments were finished walk-behind mowers.

Table III-7
Walk-behind mower: U.S. producers' U.S. shipments, by type, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
U.S. shipments.-- Unfinished	***	***	***	***	***
Finished	***	***	***	***	***
All types	***	***	***	***	***
	Value (1,000 dollars)				
U.S. shipments.-- Unfinished	***	***	***	***	***
Finished	***	***	***	***	***
All types	***	***	***	***	***
	Unit value (dollars per unit)				
U.S. shipments.-- Unfinished	***	***	***	***	***
Finished	***	***	***	***	***
All types	***	***	***	***	***
	Share of quantity (percent)				
U.S. shipments.-- Unfinished	***	***	***	***	***
Finished	***	***	***	***	***
All types	***	***	***	***	***
	Share of value (percent)				
U.S. shipments.-- Unfinished	***	***	***	***	***
Finished	***	***	***	***	***
All types	***	***	***	***	***

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.

U.S. producers' inventories

Table III-8 presents U.S. producers' end-of-period inventories and the ratio of these inventories to U.S. producers' production, U.S. shipments, and total shipments. U.S. producers' end-of-period inventories increased by *** percent from 2017 to 2018 but decreased by *** percent in 2019, and was *** percent lower in January-March 2020 compared to January-March 2019. The lower inventories in 2019 and January-March 2020 were primarily due to ***. This decline was partially offset by ***.

Table III-8**Walk-behind mowers: U.S. producers' inventories, 2017-19, January to March 2019, and January to March 2020**

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
U.S. producers' end-of-period inventories	***	***	***	***	***
	Ratio (percent)				
Ratio of inventories to.-- U.S. production	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Total shipments	***	***	***	***	***

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.

U.S. producers' imports and purchases

U.S. producers' imports and purchases of walk-behind mowers are presented in table III-9. Three firms imported from subject sources ***.

Table III-9

Walk-behind mowers: U.S. producers' U.S. production, imports and purchases, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
*** U.S. production	***	***	***	***	***
*** U.S. imports from China	***	***	***	***	***
	Ratio (percent)				
*** ratio to U.S. production of imports from China	***	***	***	***	***
	Narrative				
*** reason for importing	***				
	Quantity (units)				
*** U.S. production	***	***	***	***	***
*** U.S. imports from China	***	***	***	***	***
	Ratio (percent)				
*** ratio to U.S. production of imports from China	***	***	***	***	***
	Narrative				
*** reason for importing	***				
	Quantity (units)				
*** U.S. production	***	***	***	***	***
*** U.S. imports from China	***	***	***	***	***
	Ratio (percent)				
*** ratio to U.S. production of imports from China	***	***	***	***	***
	Narrative				
*** reason for importing	***				

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.

U.S. employment, wages, and productivity

Table III-10 shows U.S. producers' employment-related data. The number of production and related workers ("PRWs") for U.S. producers decreased by *** percent from 2017 to 2019 to reach *** PRWs. The number of PRWs during January-March 2020 was *** percent lower than January-March 2019. While the number of PRWs declined at each of the firms during 2017-19, ***. Hourly wages increased by *** percent between 2017 to 2019 and were *** percent higher in January-March 2020 compared to January-March 2019. Productivity increased by *** percent from 2017 to 2019 and was *** percent higher in January-March 2020 compared to January-March 2019. Unit labor costs increased from 2017 to 2018 by *** percent, then increased from 2018 to 2019 by *** percent. Unit labor costs was *** percent higher in January-March 2020 compared to January-March 2019.

Table III-10

Walk-behind mower: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
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 1,000 hours)	***	***	***	***	***
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 130 firms believed to be importers of walk-behind mowers, as well as to all U.S. producers of walk-behind mowers.¹ U.S. import data are based on the usable questionnaire responses that were received from 10 companies² that staff believes account for *** percent of U.S. imports from China, *** imports from Vietnam, and *** percent of U.S. imports from nonsubject countries in 2019 under HTS statistical reporting numbers 8433.11.0050.

Table IV-1 lists all responding U.S. importers of walk-behind mowers from subject and nonsubject sources, their locations, and their shares of U.S. imports in 2019.

¹ The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have accounted for more than one percent of total 2019 imports from each subject country under the HTS statistical reporting numbers 8433.11.0050.

² Ten firms reported that they had not imported walk-behind movers into the United States since January 1, 2017.

Table IV-1
Walk-behind mowers: U.S. importers, their headquarters, and share of total imports by source, 2019

Firm	Headquarters	Share of imports by source (percent)				
		China	Vietnam	Subject sources	Nonsubject sources	All import sources
Briggs & Stratton	Wauwatosa, WI	***	***	***	***	***
Daye	Charlotte, NA	***	***	***	***	***
Generac	Waukesha, WI	***	***	***	***	***
Honda	Torrance, CA	***	***	***	***	***
Merotec	Kennesaw, GA	***	***	***	***	***
MTD	Valley City, OH	***	***	***	***	***
Pulsar	Ontario, CA	***	***	***	***	***
Toro	Bloomington, MN	***	***	***	***	***
Transform	Hoffman Estates, IL	***	***	***	***	***
Walmart	Bentonville, AR	***	***	***	***	***
Total		***	***	***	***	***

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.

U.S. imports

Tables IV-2 and figure IV-1 present data for U.S. imports of walk-behind mowers from China, Vietnam and all other sources.

U.S. imports of walk-behind mowers from subject sources increased *** percent by quantity and *** percent by value between 2017 and 2018 and increased *** percent by quantity and *** percent by value between 2018 and 2019. During January to March 2020 imports from subject sources by quantity increased *** percent and increased by value *** percent than the comparable 2019 period. Nine firms imported walk-behind mowers from China during the period for which data were collected. Three firms (***) imported in 2017, one additional firm (***) started in 2018, and four additional firms (***) started importing subject merchandise in 2019.³ The one firm, ***, that imported walk-behind mowers from Vietnam, commenced in 2019.⁴

During the period for which data were collected, ***, imported walk-behind mowers from nonsubject sources, from its subsidiaries in Mexico and the U.K. U.S. imports of walk-behind mowers from nonsubject sources increased *** percent by quantity and *** percent by

³ *** started importing walk-behind mowers from China in January-March 2020.

⁴ ***. MTD Importer questionnaire, II-4. ***. Briggs & Stratton Importers questionnaire, II-4. ***. Walmart Importer question, II-10.

value between 2017 and 2018, then decreased *** percent by quantity and increased *** percent by value between 2018 and 2019. During January to March 2020 imports from nonsubject sources by quantity increased *** percent and increased by value *** percent than the comparable 2019 period.

The average unit values of imports from subject sources decreased each year between 2017 and 2019, resulting in a total decrease of *** percent over this period. The average unit value of import from nonsubject sources increased by *** percent during the same time period.

In 2017 and 2018, imports from nonsubject sources were over *** percent, in terms of both quantity and value, but as the imports from China increased, the share of imports from nonsubject sources declined in 2019 to *** percent and *** percent, in terms of quantity and value, respectively. In January-March 2020, the share of nonsubject sources was *** percent and *** percent, in terms of quantity and value, respectively, equivalent to *** percentage points lower by quantity and *** percentage points by value than in January-March 2019.

As a ratio to U.S. production, imports from subject sources increased *** percentage points from 2017 to 2018, then increased *** percentage points between 2018 and 2019. During January to March 2020 as a ratio to U.S. production, imports from subject sources increased *** percentage points than the comparable 2019 period. As a ratio to U.S. production, imports from nonsubject sources increased *** percentage points from 2017 to 2018, then increased *** percentage points between 2018 and 2019. During January to March 2020 as a ratio to U.S. production, imports from nonsubject sources increased *** percentage points than the comparable 2019 period.

Table IV-2
Walk-behind mowers: U.S. imports by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Unit value (dollars per unit)				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***

Table continued on next page.

Table IV-2-Continued

Walk-behind mowers: U.S. imports by source, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Share of quantity (percent)				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Share of value (percent)				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Ratio to U.S. production				
U.S. imports from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject 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.

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

Figure IV-1
Walk-behind mowers: U.S. imports quantities and average unit values, 2017-19, January to March 2019, and January to March 2020

* * * * *

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

U.S. imports by engine origin

U.S. imports of certain small vertical shaft engines (“SVSEs”) from China are currently under investigation.⁵ SVSEs are vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, whether mounted or unmounted, primarily for walk-behind lawn mowers.⁶ Five of the 6 responding firms reported that all imports from China included small vertical engines from China, while the remaining firm, ***, reported this share was *** percent. Small vertical engines from China were included in *** percent of imports of walk-behind mowers from Vietnam by ***, while these engines were used in *** percent of imports of walk-behind mowers from nonsubject sources by ***. As shown in table IV-3, in 2019, *** percent of U.S. imports from China and *** percent of U.S. imports from Vietnam included SVSEs from China.

Table IV-3
Walk-behind mowers: U.S. imports using Chinese engines by sources, 2019

Item	Calendar year 2019		
	Quantity mowers using Chinese small VSEs (units)	Quantity mowers using engine from any source (unit)	Share using Chinese small VSEs / scope overlap (percent)
U.S. imports from.-- China	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***

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

⁵ For further detail see Part I, Previous and related investigations.

⁶ Small Vertical Shaft Engines from China, Inv. Nos. 701-TA-643 and 731-TA-1493 (Preliminary), USITC Publication 5054, May 2020, p. I-7.

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁷ Negligible imports are generally defined in the Act, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.⁸ Based on responses to the Commission’s questionnaire, subject imports from China accounted for *** percent and subject imports from Vietnam accounted for *** percent of total imports of walk-behind mowers by quantity during May 2019 through April 2020.⁹ Table IV-4 presents U.S. imports from May 2019 through April 2020, the 12 months preceding the petition.

Table IV-4
Walk-behind mowers: U.S. imports in the twelve month period preceding the filing of the petition, May 2019 through April 2020

Item	May 2019 through April 2020	
	Quantity (units)	Share quantity (percent)
U.S. imports from.-- China	***	***
Vietnam	***	***
Subject sources	***	***
Nonsubject sources	***	***
All import sources	***	***

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

⁷ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

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

⁹ Based on official Commerce statistics using HTS statistical reporting number 8433.11.0050, China accounted for *** percent and Vietnam accounted for *** percent of total imports of walk-behind mowers by quantity during May 2019 through April 2020.

Cumulation considerations

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

Fungibility

Tables IV-5 and IV-6 present U.S. producers' and U.S. importers' U.S. shipments of walk-behind mowers, by product type.

No U.S. producers or U.S. importers reported any unfinished walk-behind mowers. Most U.S. producers and importers reported producing and/or shipping walk-behind mowers with both push-only and self-propelled; pull-only start and push button/auto start; and with or without grass discharge bags. All of the responding firms offered walk-behind mowers with steel cutting decks. The responding firms reported offering walk-behind mowers with a variety of motor sizes and blade sizes.

Table IV-5

Walk-behind mowers: U.S. producers' U.S. shipments and U.S. importers' U.S. imports by product type, 2019

Item	Calendar year 2019		
	Unfinished	Finished	All product types
	Quantity (Units)		
U.S. producers' U.S. shipments	***	***	***
Imports from.-- China	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
U.S. producers and U.S. importers	***	***	***
	Share of quantity down (percent)		
U.S. producers' U.S. shipments	***	***	***
Imports from.-- China	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
U.S. producers and U.S. importers	***	***	***
	Share of quantity across (percent)		
U.S. producers' U.S. shipments	***	***	***
Imports from.-- China	***	***	***
Vietnam	***	***	***
Subject sources	***	***	***
Nonsubject sources	***	***	***
All import sources	***	***	***
U.S. producers and U.S. importers	***	***	***

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

Table IV-6
Walk-behind mowers: Product mix for U.S. producers and U.S. importers

Product Mix	U.S. producers	China	Vietnam	Nonsubject imports
Propulsion.--				
Push only mowers	4	8	1	1
Self-propellant mowers	5	7	1	1
Start.--				
Pull start only	5	8	1	1
Button or auto start system	5	6	1	1
Discharge bag.--				
Grass discharge bag	5	8	1	1
No grass discharge bag	5	8	1	1
Cutting deck.--				
Steel cutting deck	5	8	1	1
Aluminum cutting deck	---	1	---	1
Other cutting deck	2	---	---	---
Motor sizes.--				
129 cc and lower	2	3	---	---
130 cc and 139 cc	2	2	---	---
140 cc and 149 cc	2	4	---	1
150 cc and 159 cc	2	6	1	1
160 cc and 169 cc	4	5	1	1
170 cc and greater	5	4	1	1
Blade sizes.--				
Less than 21" blades	3	6	1	---
21" blades	4	7	1	1
Greater than 21" blades	2	1	---	1

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

Geographical markets

Walk-behind mowers produced in the United States and imported into the United States are shipped nationwide.¹⁰ Table IV-7 presents U.S. import quantities of walk-behind mowers by sources and border of entry during 2019.¹¹ In 2019, official import statistics show that U.S. imports from China entered all U.S. regions, while U.S. imports from Vietnam entered through

¹⁰ See Part II for additional information on geographic markets.

¹¹ The “East” border of entry includes the following Customs entry districts for walk-behind mowers: Charleston, SC; New York, NY; Norfolk, VA; Philadelphia, PA; and Savannah, GA. The “North” border of entry includes the following Customs entry districts for walk-behind mowers: Chicago, IL; Cleveland, OH; Detroit, MI; Duluth, MN; Great Falls, MT; and Minneapolis, MN. The “South” border of entry includes the following Customs entry districts for walk-behind mowers: Dallas-Fort Worth, TX; El Paso, TX; Houston-Galveston, TX; Miami, FL; Mobile, AL; and New Orleans, LA. The “West” border of entry includes the following Customs entry districts for walk-behind mowers: Los Angeles, CA; San Francisco, CA; and Seattle, WA.

the North and West borders of entry, and U.S. imports from nonsubject sources entered all U.S. regions, with the vast majority through the South border of entry.

Table IV-7
Walk-behind mowers: U.S. imports by border of entry 2019

Item	Border of entry				
	East	North	South	West	All borders
	Quantity (units)				
U.S. imports from.--					
China	49,079	60,278	85,604	19,585	214,546
Vietnam	---	1,368	---	342	1,710
Subject sources	49,079	61,646	85,604	19,927	216,256
Nonsubject sources	22	1,536	739,596	1	741,155
All import sources	49,101	63,182	825,200	19,928	957,411
	Share across (percent)				
U.S. imports from.--					
China	22.9	28.1	39.9	9.1	100.0
Vietnam	---	80.0	---	20.0	100.0
Subject sources	22.7	28.5	39.6	9.2	100.0
Nonsubject sources	0.0	0.2	99.8	0.0	100.0
All import sources	5.1	6.6	86.2	2.1	100.0
	Share down (percent)				
U.S. imports from.--					
China	100.0	95.4	10.4	98.3	22.4
Vietnam	---	2.2	---	1.7	0.2
Subject sources	100.0	97.6	10.4	100.0	22.6
Nonsubject sources	0.0	2.4	89.6	0.0	77.4
All import sources	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 8433.11.0050, accessed June 9, 2020.

Presence in the market

Table IV-8 and figures IV-2 and IV-3 present monthly official U.S. import statistics for subject countries and nonsubject sources. The monthly import statistics indicate that U.S. imports of walk-behind mowers from China were present for 35 months of the 40 months during January 2017 to April 2020. Over the same period, U.S. imports of walk-behind mowers from Vietnam started in November 2019 and were present for each of the months after that.

Table IV-8
Walk-behind mowers: U.S. imports by month, January 2017 through April 2020

U.S. imports	China	Vietnam	Subject	Nonsubject sources	All import sources
	Quantity (units)				
2017.--					
January	860	---	860	112,622	113,482
February	353	---	353	116,413	116,766
March	---	---	---	114,943	114,943
April	1,011	---	1,011	99,446	100,457
May	---	---	---	98,851	98,851
June	615	---	615	42,326	42,941
July	117	---	117	9,710	9,827
August	---	---	---	8,074	8,074
September	---	---	---	894	894
October	267	---	267	10,430	10,697
November	492	---	492	61,082	61,574
December	1,521	---	1,521	70,649	72,170
2018.--					
January	646	---	646	124,016	124,662
February	1,410	---	1,410	115,198	116,608
March	2,089	---	2,089	112,605	114,694
April	166	---	166	105,771	105,937
May	1,274	---	1,274	75,794	77,068
June	568	---	568	30,666	31,234
July	1,186	---	1,186	13,567	14,753
August	816	---	816	8,409	9,225
September	357	---	357	4,511	4,868
October	12	---	12	20,462	20,474
November	---	---	---	48,164	48,164
December	978	---	978	61,219	62,197

Table continued on next page

Table IV-8—Continued

Walk-behind mowers: U.S. imports by month, January 2017 through April 2020

U.S. imports	China	Vietnam	Subject	Nonsubject sources	All import sources
Quantity (units)					
2019.--					
January	11,832	---	11,832	103,927	115,759
February	7,703	---	7,703	92,899	100,602
March	18,103	---	18,103	106,207	124,310
April	15,519	---	15,519	97,601	113,120
May	25,001	---	25,001	107,489	132,490
June	9,825	---	9,825	27,097	36,922
July	9,696	---	9,696	16,311	26,007
August	12,805	---	12,805	19,969	32,774
September	5,287	---	5,287	9,321	14,608
October	1,219	---	1,219	30,708	31,927
November	187	342	529	71,293	71,822
December	97,369	1,368	98,737	58,333	157,070
2020.--					
January	89,095	3,192	92,287	97,495	189,782
February	53,258	16,897	70,155	116,875	187,030
March	128,816	30,444	159,260	113,477	272,737
April	148,384	26,464	174,848	23,205	198,053

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

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 8433.11.005, accessed June 9, 2020.

Figure IV-2
Walk-behind mowers: U.S. imports from individual subject sources by month, January 2017 through April 2020

* * * * *

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 8433.11.0050, accessed June 9, 2020.

Figure IV-3
Walk-behind mowers: U.S. imports from aggregated subject and nonsubject sources by month, January 2017 through April 2020

* * * * *

Source: Compiled from official U.S. import statistics for HTS statistical reporting number 8433.11.0050, accessed June 9, 2020.

Apparent U.S. consumption

Table IV-9 and figure IV-4 present data on apparent U.S. consumption for walk-behind mowers. Apparent U.S. consumption of walk-behind mowers decreased *** percent by quantity and *** percent by value between 2017 and 2018, then decreased *** percent by quantity but increased *** percent by value between 2018 and 2019. In January to March 2020, imports from subject sources were *** percent lower by quantity and *** percent lower by value than in the comparable 2019 period.

Table IV-9

Walk-behind mowers: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
Apparent U.S. consumption	***	***	***	***	***

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: IV-4

Walk-behind mowers: Apparent U.S. consumption, 2017-19, January to March 2019, and January to March 2020

* * * * *

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

U.S. market shares

U.S. market share data for walk-behind mowers are presented in table IV-10. U.S. producers' share of apparent U.S. consumption by quantity, decreased from *** percentage points in 2017 to *** percentage points in 2018 and continued to decrease to *** percentage points in 2019. During January to March 2020 apparent U.S. consumption by quantity was *** percentage point lower than the comparable period in 2019. U.S. producers' share of apparent U.S. consumption by value, decreased from *** percent in 2017 to *** percent in 2018, and kept decreasing to *** percent in 2019. During January to March 2020 apparent U.S. consumption by value was *** percentage points lower than the comparable period in 2019.

Subject imports' share of the U.S. market by quantity increased *** percent from 2017 to 2019, increasing from *** percent in 2017 to *** percent in 2018 and to *** percent in 2019. During January to March 2020 subject imports' share of the U.S. market by quantity was *** percentage point higher than same period in 2019. Their share of the U.S. market by value, increased *** percentage points from 2017 to 2019, from *** percent in 2017 to *** percent in 2018 and *** percent in 2019. During January to March 2020 subject imports' share of the U.S. market by value was *** percentage point higher than same period in 2019. The share of nonsubject imports increased from *** percent in 2017 to *** percent in 2018 and decreased to *** percent in 2019, by quantity, and from *** percent in 2017 to *** percent in 2018 and *** percent in 2019, by value.

Table IV-10

Walk-behind mowers: Market Shares, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject sources	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
All import sources	***	***	***	***	***
	Value (1,000 dollars)				
Apparent U.S. consumption	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject 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.

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

Part V: Pricing data

Factors affecting prices

Raw material costs

The engine is the main component for walk-behind mowers.¹ Other components for walk-behind lawn mowers, such as the cutting deck, can be made from sheet metal and tubing or plastic resin.^{2 3} Sheet metal is die cut and stamped to shape, and may be welded, cleaned, and painted.⁴ Many components for walk-behind lawn mowers are made in vertically integrated manufacturing processes.⁵ Raw materials as a share of the cost of goods sold (“COGS”) was relatively stable from 2017-19, increasing slightly from *** percent to *** percent. The ratio of raw materials to COGS was slightly lower in the first quarter of 2020, at *** percent, compared to the first quarter of 2019, at *** percent.

Most U.S. producers (three of five) reported that raw material prices had increased since January 2017, and the remaining two U.S. producers reported that prices had fluctuated. Six of 10 responding importers reported that raw material prices had increased, two reported they had fluctuated, and two reported there was no change. Importer *** reported that prices for steel and plastic resin are “constantly fluctuating” and that labor costs in China have risen. Most U.S. producers and importers cited the section 301 and 232 tariffs as reasons for increasing raw material costs.⁶

¹ As discussed in Part I, small vertical shaft engines from China, used in walk-behind lawn mowers, were found to be injurious in the preliminary phase of the antidumping and countervailing duty investigations at the Commission. *Small Vertical Shaft Engines from China*, Inv. Nos. 701-TA-637 and 731-TA-1471 (Preliminary), USITC Publication 5034 (March 2020). The Department of Commerce has not yet concluded its preliminary AD and CVD investigations and as such there are no preliminary duty rates.

² Walk-behind lawn mowers are made up of “hundreds of parts and components,” and the major components include the engine, cutting deck (blade housing), cutting blade, handle, and wheels. Petition, p. 11.

³ Plastic resin is used in injection molding operations to form various parts of walk-behind lawn mowers including the front and rear clips that attach to the lawn mower deck, shields, discharge chutes, mulching plugs, wheels, wheel treads, and hub caps. Petition, pp. 12-13.

⁴ Petition, p. 12.

⁵ Petition, p. 12.

⁶ See Part II for a discussion on the impact of the Section 301 tariffs.

Petitioner stated that its purchasing cycle for engines and other major components begins in the spring of the year prior to the sale of the finished lawn mower and that there is a lagged effect of rising raw material prices.⁷

Impact of the section 232 tariffs

U.S. producers and importers⁸ reported that the section 232 tariffs⁹ caused an increase in raw material costs and an increase in prices of walk-behind mowers. The mower deck is typically made of steel, which would be subject to section 232 tariffs if it is produced with imported steel. U.S. producer *** reported that the section 232 tariffs led to a “short term increase” in the prices of raw materials, but that prices then reverted to their normal level. It added that it initially sought to increase prices of its *** but then decreased prices of the *** when raw material prices declined.¹⁰ U.S. producer *** reported that price increases for mowers were not commensurate with the raw material cost increases. It also reported that it uses a “considerable amount” of steel flat products and cast aluminum, both of which are subject to the section 232 tariffs, for the cutting deck, which is the second most substantial component by weight in walk-behind mowers.

⁷ Petitioner specifically noted that the effect of the increased raw material prices due to the section 232 and 301 tariffs are noticeable in its sales in the 2019 season and are not reflected in the 2018 prices. Testimony of Mr. Steven Trumpler, MTD Products Inc., June 12, 2020, p. 20.

⁸ U.S. producers *** are also importers. Their U.S. producer and importer responses are presented separately throughout this section unless otherwise indicated.

⁹ The President announced in March 2018 that additional 25 percent ad valorem national security duties are to be applied, under Section 232 of the Trade Expansion Act of 1962, as amended, to most steel mill products imported from all countries, except initially Canada and Mexico; and subsequently Argentina, Australia, Brazil, the European Union (“EU”) member states, and Korea, effective March 23, 2018. The exemptions were subsequently modified with annual import quota limits for Korea, effective May 1, 2018; and for Argentina and Brazil, effective June 1, 2018; but were not continued for Canada, Mexico, and the EU member states, effective June 1, 2018. The exemptions were continued, effective August 13, 2018, for Argentina, Australia, Brazil, and Korea; but the duty rate was doubled to 50 percent for Turkey. More recently, the exemptions were reinstated for Canada and Mexico, effective May 20, 2019; and the duty rate was cut back to 25 percent for Turkey, effective May 21, 2019. For more information, see <https://www.cbp.gov/trade/remedies/232-tariffs-aluminum-and-steel>.

¹⁰ As noted earlier, engines are a major cost component of walk-behind mowers.

Table V-1

Walk-behind lawn mowers: Firms' responses regarding the impact of the Section 232 tariffs

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
232: Impact on raw material costs.--				
U.S. producers	3	---	---	2
U.S. importers	6	2	---	2
232: Impact on prices.--				
U.S. producers	3	1	---	1
U.S. importers	5	3	---	2

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

Transportation costs to the U.S. market

Transportation costs for walk-behind lawn mowers shipped from subject countries to the United States averaged 7.2 percent for China and 6.8 percent for Vietnam during 2019. These estimates were derived from official import data and represent the transportation and other charges on imports.¹¹

U.S. inland transportation costs

Half of responding U.S. producers and importers reported that they typically arrange transportation to their customers. Most U.S. producers reported that their U.S. inland transportation costs ranged from 0.5 to 3.0 percent while most importers reported costs of 0.3 to 3.0 percent.

Exchange rates

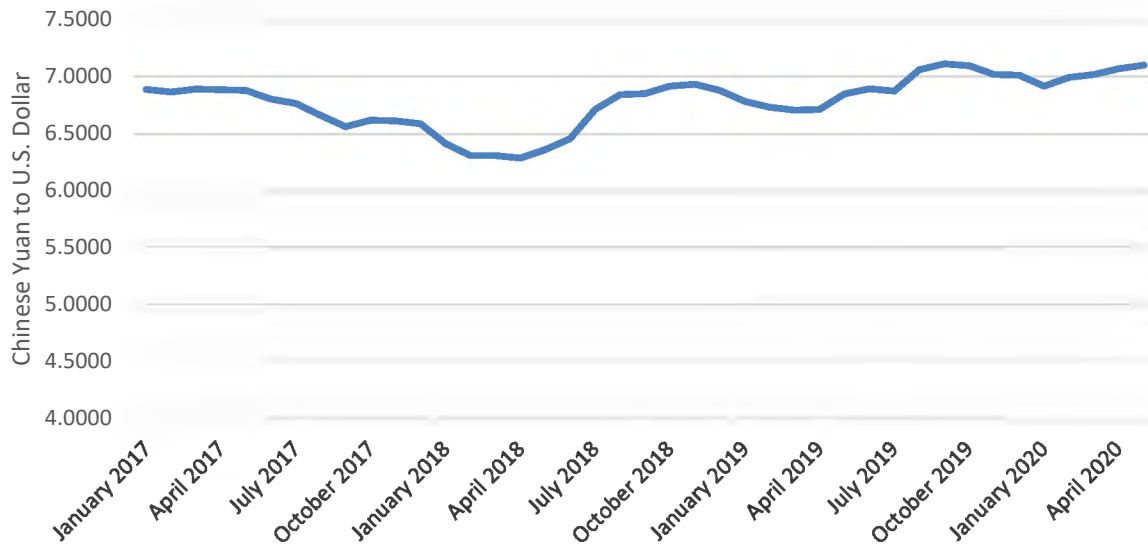
Petitioner stated that China's currency "severely appreciated" in the first quarter of 2018, which impacted MTD's purchasing costs generally.^{12 13} The yuan to dollar exchange rate appreciated by 8.6 percent from January 2017 to April 2018, after which it depreciated by 10.1 percent through December 2019. From January 2020 to May 2010, the exchange rate has remained relatively stable, with the yuan depreciating slightly by 2.6 percent.

¹¹ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2019 and then dividing by the customs value based on the HTS subheading 8433.11.0050.

¹² Petitioner's postconference brief, p. 24.

¹³ MTD reported that it purchased some vertical shaft engines from China for walk-behind lawn mowers, but that most of its engines are from domestic sources. Petitioner's postconference brief, p. 23.

Figure V-1
Foreign exchange rate: Chinese Yuan to U.S. Dollar, monthly, not seasonally adjusted



Source: Board of Governors of the Federal Reserve System (US), retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DEXCHUS>, June 22, 2020.

Pricing practices

Pricing methods

Petitioner noted that prices for walk-behind lawn mowers are set in the spring of the year prior to delivery.¹⁴ U.S. producers¹⁵ reported setting prices using contracts, set price lists, and importers reported using the same methods, as well as transaction-by-transaction negotiations (table V-2).¹⁶

¹⁴ “Prices for engines and other major components are established in the spring, with shipment to MTD’s factories in the summer and fall, production starting in the fall and winter, and delivery to retailers for the next spring.” Petitioner’s postconference brief, p. 24.

¹⁵ U.S. producer *** did not respond to many questions related to price setting, noting that ***.

¹⁶ Importers *** reported setting prices “program by program” and *** reported “website/catalog advertising.”

Table V-2**Walk-behind lawn mowers: U.S. producers' and importers' reported price setting methods, by number of responding firms**

Method	U.S. producers	Importers
Transaction-by-transaction	---	3
Contract	3	5
Set price list	2	1
Other	1	2
Responding firms	5	8

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

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

Almost all of U.S. producers' sales were made under annual contract in 2019 while importers sold under short-term and annual contracts (table V-3).¹⁷

Table V-3**Walk-behind lawn mowers: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2019**

Type of sale	U.S. producers	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

U.S. producers' annual contracts fix prices and are not indexed to raw materials. U.S. producer *** reported that its prices can be renegotiated, while *** reported that prices are not renegotiated. U.S. importers' reported short-term contracts were for 60 days (***) and 120 days (***), contracts are fixed price or fixed price and quantity, and are not indexed raw materials. U.S. importers' annual contracts fix prices and are not indexed to raw materials. Half of responding importers (two of four) reported that prices can be renegotiated in their annual contracts.

Sales terms and discounts

U.S. producers and importers typically quote prices on an f.o.b. basis. U.S. producers offer total volume discounts (***), and volume and quantity discounts (***).¹⁸

¹⁷ *** reported selling *** percent of its sales in the spot market. These limited sales represented *** percent of U.S. producers' total shipments in 2019.

¹⁸ *** indicated the same type of discounts in their ***.

U.S. importers reported offering quantity discounts (***) and promotion sales (***). U.S. importer *** offers discounts based on volume, quantity, and retail rebate programs as part of an annual program.

Price and 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 walk-behind lawn mowers products shipped to unrelated U.S. retailers during January 2017 to March 2020. Firms that imported these products from China and Vietnam for retail sale were requested to provide import purchase cost data.

Product 1.--Non-Self-Propelled Lawn Mower with an engine displacement between 130 and 139 cc, a 21" blade for cutting decks, and without a grass-catching bag.

Product 2.--Non-Self-Propelled Lawn Mower with an engine displacement between 160 and 169 cc, a 21" blade for cutting decks, and without a grass-catching bag.

Product 3.--Self-Propelled Lawn Mower with an engine displacement between 140 and 149 cc, a 21" blade for cutting decks, and with a grass-catching bag.

Product 4.--Self-Propelled Lawn Mower with an engine displacement between 150 and 159 cc, a 21" blade for cutting decks, and with a grass-catching bag.

Three U.S. producers (***)¹⁹ and two importers (***)^{20 21} provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for

¹⁹ U.S. producer *** reported that its price data includes domestic transportation (less than 0.5 percent of total sales) and some sales to distributors (less than 0.3 percent of total sales). Its price data are included in the tables and figures below. U.S. producer ***. It reported price data for all four products, ***.

²⁰ Importers *** reported import price data for product 1, and *** reported price data for product 4. Petitioner argued that the Commission should not accept *** price data because it "is importing directly from ***, and therefore should have provided its values in terms of its subsequent sales to unaffiliated parties." Petitioner also argued that *** reported purchase cost data of product 4 are "significantly" lower than the pricing data reported by ***, despite both importing the same product from the same foreign producer. Petitioner's postconference brief, p. 19.

(continued...)

all quarters.²² Pricing data reported by these firms accounted for approximately *** percent of U.S. producers' shipments of walk-behind lawn mowers and *** percent of subject imports from China.²³ No importers reported price data for product from Vietnam, and no importers reported price data for products 2 and 3 from China.

Price data for products 1-4 are presented in tables V-4 to V-7 and figures V-2 to V-5.

(...continued)

The Commission asked for importers' commercial shipments "to unrelated U.S. retailers," thus, these sales are to unaffiliated parties. Moreover, *** described in its reported pricing methodology that it used a retail "compshop" for its arrival to target retailers and a "pricing tool to finalize costing to the retailer and margin for ***."

As described below, purchase cost data are not an apples-to-apples comparison with price data. In addition, *** pricing quantities, which ranged from *** units to *** units, were much lower than *** purchase cost quantities of *** units and *** units. A higher price is to be expected with smaller quantities. *** pricing data have been incorporated in the tables and figures below.

²¹ Lawn mowers are sold across a wide range of specifications that are not captured by the pricing products petitioner proposed. For example, ***, imported *** percent of imports from China in 2019, has over 30 products listed on its website for gas-powered walk-behind mowers, most of which do not fall within the pricing product definitions. ***, imported *** percent of imports from China in 2019 and *** percent of imports from Vietnam, and does not have any products on its website that fall within the pricing product definitions. See <https://pulsar-products.com/our-products/lawn-mowers/>, retrieved June 29, 2020; and https://www.walmart.com/browse/patio-garden/lawn-mowers/5428_1102182_1225352?cat_id=5428_1102182_1225352_1218916&facet=facet_product_type%3AWalk-Behind+Mowers%7C%7Cglobal_product_type%3AGas+Lawn+Mowers, retrieved June 29, 2020.

Petitioner acknowledged the limited overlap in sales of pricing products between U.S. producers and importers, noting that importers could be reporting sales in terms of deck size instead of cutting width, and that importers could be using different measurements. Petitioner's postconference brief, Exhibit 41, pp. 9-11.

²² 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.

²³ Reported price data accounted for *** percent of subject importers' commercial shipments in 2019.

Table V-4

Walk-behind lawn mowers: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		China		
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Notes: Product 1: Non-Self-Propelled Lawn Mower with an engine displacement between 130 and 139 cc, a 21" blade for cutting decks, and without a grass-catching bag.

Importer *** was the only importer to report shipments of product 1 from China.

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

Table V-5

Walk-behind lawn mowers: Weighted-average f.o.b. prices and quantities of domestic product 2 and product 3, by quarter, January 2017 through March 2020

Period	United States – Product 2		United States – Product 3	
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)
2017:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2018:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2019:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2020:				
Jan.-Mar.	***	***	***	***

Notes: Product 2: Non-Self-Propelled Lawn Mower with an engine displacement between 160 and 169 cc, a 21" blade for cutting decks, and without a grass-catching bag.

Product 3: Self-Propelled Lawn Mower with an engine displacement between 140 and 149 cc, a 21" blade for cutting decks, and with a grass-catching bag.

***. ***.

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

Table V-6

Walk-behind lawn mowers: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarter, January 2017 through March 2020

Period	United States		China		
	Price (dollars per unit)	Quantity (units)	Price (dollars per unit)	Quantity (units)	Margin (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Notes: Product 4: Self-Propelled Lawn Mower with an engine displacement between 150 and 159 cc, a 21" blade for cutting decks, and with a grass-catching bag.

Importer *** was the only importer to report shipments of product 4 from China.

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

Figure V-2

Walk-behind lawn mowers: Weighted-average prices and quantities of domestic and imported product 1, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 1: Non-Self-Propelled Lawn Mower with an engine displacement between 130 and 139 cc, a 21” blade for cutting decks, and without a grass-catching bag.

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

Figure V-3
Walk-behind lawn mowers: Weighted-average prices and quantities of domestic product 2, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 2: Non-Self-Propelled Lawn Mower with an engine displacement between 160 and 169 cc, a 21” blade for cutting decks, and without a grass-catching bag.

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

Figure V-4
Walk-behind lawn mowers: Weighted-average prices and quantities of domestic product 3, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 3: Self-Propelled Lawn Mower with an engine displacement between 140 and 149 cc, a 21" blade for cutting decks, and with a grass-catching bag.

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

Figure V-5
Walk-behind lawn mowers: Weighted-average prices and quantities of domestic and imported product 4, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 4: Self-Propelled Lawn Mower with an engine displacement between 150 and 159 cc, a 21" blade for cutting decks, and with a grass-catching bag.

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

Import purchase cost data

One importer (***) reported useable import purchase cost data for products 3 and 4 from China and reported data only for 2019 and 2020.²⁴ Purchase cost data reported by this firm accounted for *** percent of imports from China in 2019.²⁵ Landed duty paid purchase cost data for imports from China are presented in table V-7 along with U.S. producers' sales prices.²⁶

Importers reporting import purchase cost data were asked to provide additional information regarding the costs and benefits of importing walk-behind mowers themselves.

*** reported that it did not incur additional costs beyond landed duty-paid costs by importing walk-behind mowers itself rather than purchasing from a U.S. producer or U.S. importer. As such, it did not identify specific additional costs it incurred as a result of importing walk-behind mowers nor did it describe how these additional costs incurred by importing walk-behind mowers directly compares with additional costs incurred when purchasing from a U.S. producer or U.S. importer.

*** reported that it compares costs of importing to the cost of purchasing from a U.S. producer in determining whether to import walk-behind mowers. In describing the benefits of importing walk-behind mowers directly, it reported that as of ***. It added that a ***. *** reported that its import cost (both excluding and including additional costs) of walk-behind mowers was not lower than the price of purchasing from a producer or importer.

²⁴ No importer reported purchase cost data for Vietnam, and no importer reported data for 2017 and 2018, nor for products 1 and 2. *** was the only importer to report purchase cost data.

²⁵ The purchase cost data accounted for *** percent of *** reported internal consumption, which includes the firm's own retail sales, of subject imports in 2019.

²⁶ LDP import value does not include any potential additional costs that a purchaser may incur by importing rather than purchasing from another importer or U.S. producer. Price-cost differentials are based on LDP import values whereas margins of underselling/overselling are based on importer sales prices.

Table V-7

Walk-behind mowers: Import landed duty-paid purchase costs and domestic prices, and quantities of product 3, and price-cost differentials, by quarter, January 2017 through March 2020

Period	United States		China		
	Price (dollars per unit)	Quantity (units)	Unit LDP value (dollars per unit)	Quantity (units)	Price / cost differential (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 3: Self-Propelled Lawn Mower with an engine displacement between 140 and 149 cc, a 21" blade for cutting decks, and with a grass-catching bag.

Note: U.S. producer price data is the same as that presented in table V-5.

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

Table V-8

Walk-behind mowers: Import landed duty-paid purchase costs and domestic prices, and quantities of product 4, and price-cost differentials, by quarter, January 2017 through March 2020

Period	United States		China		
	Price (dollars per unit)	Quantity (units)	Unit LDP value (dollars per unit)	Quantity (units)	Price / cost differential (percent)
2017:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2018:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2019:					
Jan.-Mar.	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2020:					
Jan.-Mar.	***	***	***	***	***

Note: Product 4: Self-Propelled Lawn Mower with an engine displacement between 150 and 159 cc, a 21" blade for cutting decks, and with a grass-catching bag

Note: U.S. producer price data is the same as that presented in table V-6.

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

Figure V-6
Walk-behind mowers: U.S. producer prices and import purchase costs, and quantities, of product 3, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 3: Self-Propelled Lawn Mower with an engine displacement between 140 and 149 cc, a 21" blade for cutting decks, and with a grass-catching bag.

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

Figure V-7

Walk-behind mowers: U.S. producer prices and import purchase costs, and quantities, of product 4, by quarter, January 2017 through March 2020

* * * * *

* * * * *

Product 4: Self-Propelled Lawn Mower with an engine displacement between 150 and 159 cc, a 21" blade for cutting decks, and with a grass-catching bag.

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

Price and purchase cost trends

In general, prices increased during from January 2017 through March 2020. Table V-9 summarizes the price trends, by country and by product. As shown in the table, domestic price increases ranged from *** percent to *** percent for products 1, 3 and 4 during January 2017 through March 2020, while its price decrease for product 2 was *** percent.

Indexed U.S. producer prices show that prices were relatively stable from January 2017 through March 2020, with product 1 prices increasing the most over the period, and prices of product 2 slightly decreasing (figure V-8). Prices of product 1 showed a large increase in the first quarter of 2020 while prices of the other three products declined in the first quarter of 2020. The limited reported data do not allow for a meaningful display of indexed subject import prices.

Table V-9
Walk-behind mowers: Summary of weighted-average f.o.b. prices and importer purchase costs, for products 1-4, by country

Item	Number of quarters	Low price (per unit)	High price (per unit)	Change in price (percent)
Product 1				
United States	***	***	***	***
China	***	***	***	***
Product 2				
United States	***	***	***	***
Product 3				
United States	***	***	***	***
China purchase cost	***	***	***	***
Product 4				
United States	***	***	***	***
China	***	***	***	***
China purchase cost	***	***	***	***

Note: Percentage change from the first quarter in which data were available to the last quarter in which data were available.

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

Figure V-9
Walk-behind mowers: Indexed U.S. producer prices, January 2017 through March 2020

* * * * *

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

Price and purchase cost comparisons

Price comparisons

As shown in table V-10, prices for product imported from China were below those for U.S.-produced product in 6 of 10 instances (** units); margins of underselling ranged from ** to ** percent. In the remaining 4 instances (** units), prices for product from China were between ** and ** percent above prices for the domestic product.

Table V-10

Walk-behind mowers: Instances of underselling/overselling and the range and average of margins, by country, January 2017 through March 2020

Source	Underselling				
	Number of quarters	Quantity (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1 – China	4	***	***	***	***
Product 4 – China	2	***	***	***	***
Total, underselling	6	***	***	***	***
Source	(Overselling)				
	Number of quarters	Quantity (units)	Average margin (percent)	Margin range (percent)	
				Min	Max
Product 1 – China	---	---	---	---	---
Product 4 – China	4	***	***	***	***
Total, overselling	4	***	***	***	***

Note: These data include only quarters in which there is a comparison between the U.S. and subject product. There was no reported price data for imports from Vietnam, and no reported data for products 2 and 3 from China.

Note: ***.

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

Price-cost comparisons

As shown in table V-11, landed duty-paid costs for walk-behind mowers imported from China were below the sales price for U.S.-produced product in 3 of 3 instances (** units); price-cost differentials ranged from *** percent to *** percent.

Table V-11

Walk-behind mowers: Comparisons of import purchase costs and U.S.-producer sales prices, by country, January 2017 through March 2020

Source	Import purchase cost lower than U.S. price				
	Number of quarters	Quantity (units)	Price-cost difference (percent)	Price-cost difference (percent)	
				Min	Max
Product 3 - China	1	***	***	***	***
Product 4 - China	2	***	***	***	***
Total, lower than U.S.	3	***	***	***	***

Note: These data include only quarters in which there is a comparison between the U.S. and subject product. There was no reported purchase cost data for imports from Vietnam, and no reported data for products 1 and 2 from China.

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

Lost sales and lost revenue

The Commission requested that U.S. producers of walk-behind lawn mowers report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of walk-behind lawn mowers from China and Vietnam during January 2017 to March 2020. Of the five responding U.S. producers, *** reported that they had to reduce prices, none reported they had to roll back announced price increases, and two firms reported that they had lost sales. One U.S. producer submitted lost sales and lost revenue allegations. MTD identified *** firms with which it lost sales or revenue (*** firms consisting of lost sales allegations, and *** firm consisting of both lost sale and lost revenue allegations). All of the allegations related to Chinese walk-behind lawn mowers; no allegations were reported for Vietnam.²⁷ The lost revenue allegation occurred in 2017 and the lost sale allegations spanned from 2017 to 2019. The quantity of lost sales ranged from *** units to *** units.

Staff contacted five purchasers and received responses from two purchasers (***).²⁸ Responding purchasers reported purchasing and importing *** units of walk-behind lawn mowers during 2017-19 (table V-12).

²⁷ MTD identified foreign producers *** as well as China, generally, as the source of competition.

²⁸ Purchaser *** did not respond to the survey. Purchaser *** submitted a lost sales and lost revenue survey indicating that it did not purchase walk-behind lawn mowers from any source since January 1, 2017, and the company confirmed by email that it had not purchased any walk-behind or any lawn mower since January 1, 2017. ***.

(continued...)

During 2019, responding purchasers purchased *** percent from U.S. producers, *** percent from China, and *** percent from Vietnam of their reported purchases or imports. Purchasers did not report any purchases or imports from nonsubject countries. Purchasers were asked about changes in their purchasing patterns from different sources since 2017. Both *** reported fluctuating purchases from domestic producers, *** reported increasing purchases from China, and *** reported increasing purchases from Vietnam. Explanations for fluctuating purchases of domestic product included “businesses” exiting and entering the market, and a portfolio shift by two of three domestic suppliers.

*** reported that, since 2017, it had purchased imported walk-behind lawn mowers from China instead of U.S.-produced product and *** reported that it had purchased Vietnamese walk-behind lawn mowers instead of U.S.-produced product. Both purchasers reported that subject import prices were lower than prices of U.S.-produced product, and *** reported that price was a primary reason for the decision to purchase Vietnamese product rather than U.S.-produced product. *** estimated it purchased *** units of walk-behind lawn mowers from Vietnam instead of domestic product (table V-13). *** identified a portfolio shift by U.S. producers as a non-price reason for purchasing imported rather than U.S.-produced product.

Neither purchaser reported that U.S. producers had reduced prices in order to compete with lower-priced imports from China or Vietnam.²⁹

Table V-12
Walk-behind lawn mowers: Purchasers’ reported purchases and imports, 2017-19

Purchaser	Purchases and imports in 2017-19 (units)			Change in domestic share (pp, 2017-19)	Change in subject country share (pp, 2017-19)
	Domestic	China	Vietnam		
***	***	***	***	***	***
***	***	***	***	***	***
Total	***	***	***	***	***

Note: No firms reported purchases or imports from nonsubject sources.

Note: 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.

(...continued)

MTD listed ***, ***.

²⁹ *** reported that U.S. producers had not reduced prices and *** reported that it did not know whether U.S. producers had reduced their prices.

Table V-13

Walk-behind lawn mowers: 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--0	Yes--2; No--0	Yes--1; No--1	***	

Note: *** purchased imports from Vietnam instead of domestic product, and *** purchased imports from China instead of domestic product.

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

In responding to the lost sales lost revenue survey, one of the purchasers provided additional information on purchases and market dynamics. ***, stating that its customers choose walk-behind mowers based on engine brands, features, and price and that **. It added that the departure of Husqvarna and Briggs & Stratton's change in products has left MTD as the only domestic option for walk-behind mowers less than \$200, and that these changes ** to Chinese imported product.

Petitioner argued that its customers indicated that MTD "cannot raise prices any higher" and that **, one of MTD's largest customers, indicated that it "wanted no part in increased prices" and instead imported Chinese product.³⁰ Petitioner stated that ** increased its purchases of MTD products after Husqvarna's exit, as it "relied upon MTD to fill the void the exit had created," but that ** "drastically decreased" purchases from MTD in the first quarter of 2020 compared to the same period in 2019.³¹ Petitioner also stated that ** increased exports in 2020 align with MTD's quotes lost in the spring and summer of 2019 to **. Petitioner also

³⁰ Petitioner's postconference brief, p. 20.

³¹ Petitioner's postconference brief, pp. 29-31.

discussed the role of *** agreement with Daye’s engine provider, ***, as being harmful to MTD’s sales.³²

³² As noted in Part II, *** reported that its foreign supplier of subject mowers, ***, sources ***, and that the engines are exported to China for insertion into the finished mower, which is then shipped back to the United States. *** are listed as the importer of record for ***. Petitioner argued that *** purchases of Chinese walk-behind mowers from *** is pursuant to *** agreement with *** to “only sell lawn mowers containing that supplier’s engine.” Petitioner’s postconference brief, pp. 29-31.

Part VI: Financial experience of U.S. producers

Background

Four U.S. producers provided usable financial results on their walk-behind mower operations.¹ Three U.S. producers reported financial data on a calendar-year basis.² Two of the responding U.S. producers provided their financial data on the basis of generally accepted accounting principles (“GAAP”).³

In addition to commercial sales, the industry’s reported revenue included transfers to related firms and a *** of internal consumption. In 2019, commercial sales, internal consumption, and transfers to related firms accounted for ***, ***, and *** percent, respectively, of total reported net sales quantity in 2019.⁴ Figure VI-1 presents each responding firm’s share of the total reported net sales quantity in 2019.

¹ ***.

² *** reported its financial results on the basis of a fiscal year end of ***. While all financial data was requested on a calendar-year basis, ***, ***’s U.S. producer questionnaire response, section III-14.

³ The remaining companies reported their financial results on the basis of International Financial Reporting Standards (“IFRS”).

⁴ The majority of *** reported net sales consisted of commercial sales. ***, ***. The company reported that it ***, ***’s U.S. producer questionnaire response, section II-11. ***, Email from ***.

Figure VI-1
Walk-behind mowers: Share of net sales quantity, by firm, 2019

* * * * *

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

Operations on walk-behind mowers

Table VI-1 presents aggregated data on U.S. producers' operations in relation to walk-behind mowers over the period examined, while table VI-2 presents corresponding changes in average unit values. Table VI-3 presents selected company-specific financial data.

Table VI-1

Walk-behind mowers: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
	Value (1,000 dollars)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
Cost of goods sold.--					
Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Other expenses/(income), net	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
Depreciation/amortization	***	***	***	***	***
Cash flow	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold.--					
Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***

Table continued on next page.

Table VI-1—Continued

Walk-behind mowers: Results of operations of U.S. producers, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Ratio to total COGS (percent)				
Cost of goods sold.--					
Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
	Unit value (dollars per unit)				
Commercial sales	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
Total net sales	***	***	***	***	***
Cost of goods sold.--					
Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Average COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***
Net income or (loss)	***	***	***	***	***
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	4	4	4	4	3

Note: ***

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

Table VI-2

Walk-behind mowers: Changes in AUVs between fiscal years and partial-year periods

Item	Between fiscal years			Between partial year period
	2017-19	2017-18	2018-19	2019-20
	Change in AUVs (percent)			
Commercial sales	***	***	***	***
Internal consumption	***	***	***	***
Transfers to related firms	***	***	***	***
Total net sales	***	***	***	***
Cost of goods sold.--				
Raw materials	***	***	***	***
Direct labor	***	***	***	***
Other factory costs	***	***	***	***
Average COGS	***	***	***	***
	Change in AUVs (dollars per unit)			
Commercial sales	***	***	***	***
Internal consumption	***	***	***	***
Transfers to related firms	***	***	***	***
Total net sales	***	***	***	***
Cost of goods sold.--				
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
Walk-behind mowers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Total net sales (units)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Total net sales (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Cost of goods sold (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Gross profit or (loss) (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	SG&A expenses (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Operating income or (loss) (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued

Walk-behind mowers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Net income or (loss) (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	COGS to net sales ratio (percent)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Gross profit or (loss) to net sales ratio (percent)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	SG&A expense to net sales ratio (percent)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Operating income or (loss) to net sales ratio (percent)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Net income or (loss) to net sales ratio (percent)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued

Walk-behind mowers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit net sales value (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit raw materials (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit direct labor (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit other factory costs (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit COGS (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit gross profit or (loss) (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

Table continued on next page.

Table VI-3—Continued

Walk-behind mowers: Results of operations of U.S. producers, by firm, 2017-19, January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Unit SG&A expenses (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit operating income or (loss) (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Unit net income or (loss) (dollars per unit)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

Note: ***.

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

Net sales

The industry's net sales quantity decreased from *** units in 2017 to *** units in 2019, and were lower in January-March 2020 (*** units) than during the same period in 2019 (*** units). On a value basis, net sales decreased from \$*** in 2017 to \$*** in 2019, and were lower in January-March 2020 (\$***) than in January-March 2019 (\$***). As seen in table VI-3, *** of the four responding producers reported a decrease in their net sales volume, with two of the producers reporting that they have ceased walk-behind mower operations or are planning to exit the walk-behind mower industry.⁵ The net sales AUV increased from \$*** per unit in 2017 to \$*** per unit in 2019, and was higher in interim 2020 compared to interim 2019. All four producers reported an increase in their net sales AUVs between 2017 to 2019. During the comparable interim periods, two companies reported higher net sales AUVs in interim 2020, compared to interim 2019 and one company reported lower net sales AUVs.⁶

⁵ ***. ***'s U.S. producer questionnaire responses, section II-2.

⁶ ***.

Cost of goods sold and gross profit or (loss)

As seen in table VI-1, raw material costs, direct labor, and other factory costs accounted for ***, ***, and *** percent of total COGS, respectively, in 2019. While total COGS decreased from 2017 to 2019 on an actual basis, the COGS to sales ratio increased from *** percent in 2017 to *** percent in 2018, and then returned to *** percent in 2019. It was slightly higher in January-March 2020 (***) than in January-March 2019 (***). On a per-unit basis, total COGS for the industry increased from \$*** in 2017 to \$*** in 2019, and was higher in interim 2020 compared to interim 2019. These increases in the AUV of COGS were mostly attributable to an increase in the per-unit cost of raw materials, which increased from \$*** per unit in 2017 to \$*** per unit in 2019, and was higher at \$*** per unit in January-March 2020 compared to \$*** per unit in January-March 2019. Table VI-4 shows the value, average unit value, and share of value of raw materials, by type, for 2019.⁷

Table VI-4
Walk-behind mowers: Raw materials by type, 2019

Raw materials	Fiscal year 2019		
	Value (1,000 dollars)	Unit value (dollars per unit)	Share of value (percent)
Engine	***	***	***
Cutting deck	***	***	***
Cutting blade	***	***	***
Handle	***	***	***
Wheels	***	***	***
Other material inputs	***	***	***
Total, raw materials	***	***	***

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

⁷ ***. U.S. producer questionnaire responses, section III-7.

Direct labor and other factory costs accounted for a much smaller share of total COGS in 2019 (a combined *** percent). On a per-unit basis these costs remained relatively stable, with direct labor increasing from \$*** per unit to \$*** per unit from 2017 to 2019, and other factory costs increasing from \$*** per unit to \$*** per unit. During January-March 2020, the per-unit costs of direct labor and other factory costs were \$*** per unit and \$*** per unit, respectively, compared to \$*** per unit and \$*** per unit during the same period in 2019.

As seen in table VI-1, net sales revenue decreased more than the decrease in total COGS between 2017 and 2019, which resulted in gross profit decreasing irregularly from \$*** in 2017 to \$*** in 2019, and being lower in interim 2020 (\$***) than during interim 2019 (\$***).

SG&A expenses and operating income or (loss)

As seen in table VI-1, the industry's SG&A expenses decreased between 2017 and 2019, from \$*** to \$***, and were lower in January-March 2020, at \$***, compared to the same period in 2019, at \$***. The decrease in SG&A expenses was mainly attributable to ***, despite increases in SG&A expenses reported by ***. In response to questions from staff, ***.⁸ The industry's SG&A expense ratio (the ratio of SG&A expenses to net sales value) increased from *** percent in 2017 to *** percent in 2019, and was higher in interim 2020 (*** percent) compared to the same period in 2019 (*** percent).⁹

The industry's operating income decreased irregularly from \$*** in 2017 to \$*** in 2019, and was lower in January-March 2020, at \$***, than during the same period in 2020 when it was \$***.¹⁰

⁸ Email from ***.

⁹ *** U.S. producer questionnaire response, section III-10.

¹⁰ Had the ***.

All other expenses and net income or (loss)

Classified below the operating income level are interest expense, other expense, and other income, which are usually allocated to the product line from high levels in the corporation. In table VI-1, these items are aggregated and only the net amount is shown. All other expenses, net of all other income, increased from \$*** in 2017 to \$*** in 2018, and then decreased to \$*** in 2019; they were \$*** in January-March 2020 compared to \$*** in January-March 2019. *** was responsible for the *** increase in 2019. *** reported a nonrecurring item related to ***.¹¹ The industry's net income decreased overall from \$*** in 2017 to \$*** in 2019, and was lower in interim 2020 (at \$***) compared to interim 2019 (at \$***).^{12 1314}

¹¹ ***'s U.S. producer questionnaire, section III-10.

¹² The industry reported ***.

¹³ Had the ***.

¹⁴ A variance analysis is not meaningful and is therefore not presented due to ***.

Capital expenditures and research and development expenses

Table VI-5 presents capital expenditures and R&D expenses by firm. The industry's capital expenditures decreased irregularly from \$*** in 2017 to \$*** in 2019, and were lower in January-March 2020 than during January-March 2019.¹⁵ R&D expenses decreased from \$*** in 2017 to \$*** in 2019, and were lower in interim 2020 than in interim 2019.¹⁶

Table VI-5
Walk-behind mowers: Capital expenditures and R&D expenses of U.S. producers, 2017-19,
January-March 2019, and January-March 2020

Item	Fiscal year			January to March	
	2017	2018	2019	2019	2020
	Capital expenditures (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***
	Research and development expenses (1,000 dollars)				
Briggs & Stratton	***	***	***	***	***
Honda	***	***	***	***	***
Husqvarna	***	***	***	***	***
MTD	***	***	***	***	***
All firms	***	***	***	***	***

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

¹⁵ ***. U.S. producer questionnaire responses at III-13.

¹⁶ ***. U.S. producer questionnaire response at III-13.

Assets and return on assets

Table VI-6 presents data on the U.S. producers' total assets and their return on assets ("ROA").¹⁷ Total assets increased from \$*** in 2017 to \$*** in 2019. *** accounted for the largest share of the increase in total assets. ***.¹⁸

Table VI-6
Walk-behind mowers: U.S. producers' total assets and return on assets, 2017-19

Firm	Fiscal years		
	2017	2018	2019
	Total net assets (1,000 dollars)		
Briggs & Stratton	***	***	***
Honda	***	***	***
Husqvarna	***	***	***
MTD	***	***	***
All firms	***	***	***
	Operating return on assets (percent)		
Briggs & Stratton	***	***	***
Honda	***	***	***
Husqvarna	***	***	***
MTD	***	***	***
All firms	***	***	***

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

¹⁷ The return on assets ("ROA") is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a product-specific total asset value.

¹⁸ Email from ***.

Capital and investment

The Commission requested U.S. producers of walk-behind mowers to describe any actual or potential negative effects of imports of walk-behind mowers from China and Vietnam on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-7 presents the number of firms reporting an impact in each category and table VI-8 provides the U.S. producers' narrative responses.

Table VI-7
Walk-behind mowers: Actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

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

Note: ***.

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

Table VI-8

Walk-behind mowers: Narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2017

Item / Firm	Narrative
Cancellation, postponement, or rejection of expansion projects:	
***	***
Reduction in the size of capital investments:	
***	***
Return on specific investments negatively impacted:	
***	***
Other negative effects on investments:	
***	***
***	***
***	***
Other effects on growth and development:	
***	***
***	***
***	***
Anticipated effects of imports:	
***	***
***	***
***	***

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

Part VII: Threat considerations and information on nonsubject countries

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

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors¹--

- (I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
- (II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
- (III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
- (IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
- (V) inventories of the subject merchandise,*

¹ Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that “The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition.”

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

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

² Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

The industry in China

The Commission issued foreign producers’ or exporters’ questionnaires to 30 firms believed to produce and/or export walk-behind mowers from China.³ Usable responses to the Commission’s questionnaire were received from four firms: Jiangsu World Plant-Protecting Machinery Co., Ltd (“World Plant”), Chongqing Dajiang Power Equipment Co., Ltd (“Dajiang”), MTD, Ningbo Daye Garden Machinery Co., Ltd (“Daye”) and Sumec Hardware & Tools Co., Ltd (“Sumec”). These firms’ exports to the United States accounted for virtually all of U.S. imports of walk-behind mowers from China in 2019. According to estimates requested of the responding producers, the production of walk-behind mowers in China reported in questionnaires accounts for approximately *** percent of overall production of walk-behind mowers in China. Table VII- 1 presents information on the walk-behind mowers operations of the responding producers and exporters in China.

Table VII-1
Walk-behind mowers: Summary data for producers in China, 2019

Firm	Production (units)	Share of reported production (percent)	Exports to the United States (units)	Share of reported exports to the United States (percent)	Total shipments (units)	Share of firm's total shipments exported to the United States (percent)
Dajiang	***	***	***	***	***	***
Daye	***	***	***	***	***	***
MTD	***	***	***	***	***	***
Sumec	***	***	***	***	***	***
World Plant	***	***	***	***	***	***
Total	***	***	***	***	***	***

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

Changes in operations

As presented in table VII-2 producers in China reported several operational and organizational changes since January 1, 2017. ***. The firms indicated that they do not anticipate further changes in the character of operations or organization relating to the production of walk-behind mowers in the future.

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

Table VII-2
Walk-behind mowers: Reported changes in operations by producers in China, since January 1, 2017

Item / Firm	Reported changed in operations
Plant closings:	
***	***
Relocations:	
***	***
Expansions:	
***	***
***	***
Consolidations:	
***	***

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

Operations on walk-behind mowers

Table VII-3 presents information on the walk-behind mowers operations of the five responding producers and exporters in China. Capacity of the responding firms increased by *** percent between 2017 and 2018, as ***, and remained level in 2019. Capacity was higher by *** percent during January-March 2020 compared to the comparable period in 2019, largely attributable to ***. Capacity of the responding firms is projected to decrease in 2020 and 2021, ending *** percent lower than the reported 2019 capacity, due to ***.

Walk-behind mowers production of the responding firms in China increased *** percent between 2017 and 2018 and increased *** percent between 2018 and 2019, while production was higher by *** percent during interim 2020 compared to interim 2019. Production of the firms is projected to decrease in 2020 and 2021, to a level that is *** percent lower than the reported 2019 production. All but one firm (***) increased production between 2017 and 2019, while all but one firm (***) projected decreased production in 2020, and all but one firm (***) projected increased production in 2021.⁴

Capacity utilization of the five firms increased between 2017 to 2019 by *** percentage points, while capacity utilization was lower by *** percentage points during interim 2020 compared to interim 2019.⁵

⁴ *** had the largest increase in production between 2018 and 2019, and the largest decline in production between 2019 and 2020, as ***.

⁵ Capacity utilization of the three responding largest producers in China were approximately *** percent in 2019, while two of the three were projected to be lower in 2020.

The overall trend in Chinese producers' total shipments mirrored that of reported production, increasing by *** percent from 2017 to 2019, with the majority of the increase occurring from 2018 to 2019. Exports to non-U.S. markets accounted for *** of total shipments by Chinese producers during 2017 (*** percent) and 2018 (*** percent).⁶ However, by 2019, exports to the United States accounted for *** of total shipments. Home market shipments accounted for less than *** percent in any single period.

End-of-period inventories increased by *** percent between 2017 and 2018 and increased by *** percent between 2018 and 2019, while end-of-period inventories was lower by *** percent during interim 2020 compared to interim 2019.

⁶ Other export markets include Europe, Canada, Australia, and the United Kingdom.

Table VII-3

Walk-behind mowers: Data for industry in China, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (units)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued on next page.

Table VII-3—Continued

Walk-behind mowers: Data for industry in China, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Quantity (units)						
Resales exported to the United States	***	***	***	***	***	***	***
Total exports to the United States	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Share of total exports to the United States:							
Exported by producers	***	***	***	***	***	***	***
Exported by resellers	***	***	***	***	***	***	***
Adjusted share of total shipments exported to the United States	***	***	***	***	***	***	***

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.

Alternative products

As shown in table VII-4, responding Chinese firms produced other products on the same equipment and machinery used to produce walk-behind mowers.⁷ Overall capacity utilization of the responding Chinese firms increased *** percentage points between 2017 and 2018 and increased *** percentage points between 2018 and 2019, while overall capacity utilization was higher by *** percentage points during interim 2020 compared to interim 2019. Out-of-scope production of the responding Chinese firms decreased *** percentage points between 2017 and 2018 and decreased *** percentage points between 2018 and 2019, while out-of-scope production was lower by *** percentage points during interim 2020 compared to interim 2019.⁸

⁷ *** Foreign Producer questionnaire, II-4b.

⁸ Other products include tillers, scarifiers, brush cutters, generators, pressure washers, water pumps, and hand-held chainsaws.

Table VII-4

Walk-behind mowers: Overall Capacity and production on the same equipment as in-scope production in China, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Overall capacity	***	***	***	***	***
Production:					
Walk-behind mowers	***	***	***	***	***
WB mowers >3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Walk-behind mowers	***	***	***	***	***
WB mowers >3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

The industry in Vietnam

The Commission issued foreign producers' or exporters' questionnaires to three firms believed to produce and/or export walk-behind mowers from Vietnam.⁹ Usable responses to the Commission's questionnaire were received from one firm, Ducar Technology Co., Ltd ("Ducar").¹⁰ This firm's exports to the United States accounted for all of U.S. imports of walk-behind mowers from Vietnam in 2019. According to estimates requested of the responding producer, the production of walk-behind in Vietnam reported in questionnaires accounts for approximately all of the overall production of walk-behind mowers in Vietnam.¹¹ Table VII- 5 presents information on the walk-behind mowers operations of the responding producer and exporter in Vietnam.

Table VII-5
Walk-behind mowers: Summary data for firm in Vietnam, 2019

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

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.

⁹ These firms were identified through a review of information submitted in the petition and contained in *** records. Ducar notes that the other two firms listed in the petition are a freight forwarding firm and purchaser/importer of walk-behind mowers produced by Ducar (Pulsar Products (Gia Linh Logistics Services)); and a company that specializes in cordless power tools and outdoor equipment that produces out-of-scope electric lawn mowers but not walk-behind mowers (Techtronic Cordless GP).

¹⁰ Ducar reported that it ***.

¹¹ Respondent Ducar's postconference brief, p. 7.

Changes in operations

As presented in table VII-6 Ducar reported several operational and organizational changes since January 1, 2017. ***.¹²

Table VII-6
Walk-behind mowers: Reported changes in operations by producers in Vietnam, since January 1, 2017

Item / Firm	Reported changed in operations
Plant openings:	
***	***

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

Operations on walk-behind mowers

Table VII-7 presents information on the walk-behind operations of the responding producer/ exporter in Vietnam. Ducar began production in *** and ***.¹³ Ducar noted that it plans to “***.”¹⁴

¹² *** Foreign producers'/exporters' questionnaire response at II-8.

¹³ Ducar stated that its capacity is based on ***. It noted that “***.”

¹⁴ Ducar foreign producers' questionnaire, II-8 n. 1.

Table VII-7

Walk-behind mowers: Data on industry in Vietnam, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (units)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued on next page.

Table VII-7—Continued

Walk-behind mowers: Data on industry in Vietnam, 2017-19, January to March 2019, and January to March 2020 and projection calendar years 2020 and 2021

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments: Home market shipments: Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

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.

Alternative products

As shown in table VII-8, responding Vietnam firm produced other products on the same equipment and machinery used to produce walk-behind mowers.¹⁵¹⁶

Table VII-8

Walk-behind mowers: Overall capacity and production on the same equipment as in-scope production by producers in Vietnam, 2017-19, January to March 2019, and January to March 2020

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Quantity (units)				
Overall capacity	***	***	***	***	***
Production:					
Walk-behind mowers	***	***	***	***	***
WB mowers >3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***
	Ratios and shares (percent)				
Overall capacity utilization	***	***	***	***	***
Share of production:					
Walk-behind mowers	***	***	***	***	***
WB mowers >3.7 kilowatts	***	***	***	***	***
Riding mowers	***	***	***	***	***
Other products	***	***	***	***	***
Out-of-scope production	***	***	***	***	***
Total production on same machinery	***	***	***	***	***

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.

¹⁵ Other products include ***.

¹⁶ Ducar stated that its ability to shift production capacity between products was limited by ***.

Subject countries combined

Table VII-9 presents summary data on walk-behind mowers operations of the reporting subject producers in the subject countries.

Table VII-9

Walk-behind mowers: Data on the industry in subject countries, 2017-19, January to March 2019, and January to March 2020

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Quantity (units)						
Capacity	***	***	***	***	***	***	***
Production	***	***	***	***	***	***	***
End-of-period inventories	***	***	***	***	***	***	***
Shipments:							
Home market shipments:							
Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to:							
United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***

Table continued on next page.

Table VII-9--Continued

Walk-behind mowers: Data on the industry in subject countries, 2017-19, January to March 2019, and January to March 2020

Item	Actual experience					Projections	
	Calendar year			January to March		Calendar year	
	2017	2018	2019	2019	2020	2020	2021
	Ratios and shares (percent)						
Capacity utilization	***	***	***	***	***	***	***
Inventories/production	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***
Share of shipments: Home market shipments: Internal consumption/ transfers	***	***	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***	***	***
Total home market shipments	***	***	***	***	***	***	***
Export shipments to: United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	***	***	***	***	***	***	***
	Quantity (units)						
Resales exported to the United States	***	***	***	***	***	***	***
Total exports to the United States	***	***	***	***	***	***	***
	Ratios and shares (percent)						
Share of total exports to the United States: Exported by producers	***	***	***	***	***	***	***
Exported by resellers	***	***	***	***	***	***	***
Adjusted share of total shipments exported to the United States	***	***	***	***	***	***	***

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.

U.S. inventories of imported merchandise

Table VII-10 presents data on U.S. importers' reported inventories of walk-behind mowers. Inventories from subject sources increased *** percent between 2017 and 2018 and increased *** percent between 2018 and 2019, while inventories from subject sources was higher by *** percent during interim 2020 compared to interim 2019. Inventories from nonsubject sources decreased *** percent between 2017 and 2018 and increased *** percent between 2018 and 2019, while inventories from nonsubject sources was higher by *** percent during interim 2020 compared to interim 2019.

Table VII-10**Walk-behind mowers: U.S. importers' end-of-period inventories of imports by source, 2017-19, January to March 2019, and January to March 2020**

Item	Calendar year			January to March	
	2017	2018	2019	2019	2020
	Inventories (units); Ratios (percent)				
Imports from China Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from Vietnam: Inventories	***	***	***	***	***
Ratio to U.S. imports	***	***	***	***	***
Ratio to U.S. shipments of imports	***	***	***	***	***
Ratio to total shipments of imports	***	***	***	***	***
Imports from subject 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	***	***	***	***	***

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.

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of walk-behind mowers from subject, nonsubject sources after January 1, 2020 through December 31, 2020. Seven responding importers reported outstanding orders of walk-behind mowers from subject sources during 2020, with two firms (***) collectively accounting for the vast majority of such arranged imports. Table VII-11 presents data on the arranged imports for walk-behind mowers during January 1, 2020 through December 31, 2020. Subject sources account for *** percent of arranged imports during the calendar year 2020.

Table VII-11
Walk-behind mowers: Arranged Imports, April 2020 through March 2021

Item	Period				
	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	Total
	Quantity (units)				
Arranged U.S. imports from.--					
China	***	***	***	***	***
Vietnam	***	***	***	***	***
Subject	***	***	***	***	***
All other sources	***	***	***	***	***
All import sources	***	***	***	***	***

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

Antidumping or countervailing duty orders in third-country markets

On February 3, 2020, Argentina initiated an antidumping investigation on imports from China of certain weeding machines and lawnmowers with a motor, specifically products classified under HS code subheadings 8367.29.99 and 8433.11.00. Walk-behind mowers as defined in the scope of these investigations may enter under HS subheadings 8433.11.00.

Information on nonsubject countries

GTA publishes data on global exports of mowers, including those for subheadings 8433.11. However, this subheading also includes export data for out-of-scope mowers, including electric mowers and ride-on mowers. Due to this data limitation, GTA data is not presented.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
85 FR 33710, June 2, 2020	<i>Walk-Behind Lawn Mowers From China and Vietnam; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations</i>	https://www.federalregister.gov/documents/2020/06/02/2020-11762/walk-behind-lawn-mowers-from-china-and-vietnam-institution-of-anti-dumping-and-countervailing-duty
85 FR 37417, June 22, 2020	<i>Certain Walk-Behind Lawn Mowers and Parts Thereof From the People’s Republic of China and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair Value Investigations</i>	https://www.federalregister.gov/documents/2020/06/22/2020-13385/certain-walk-behind-lawn-mowers-and-parts-thereof-from-the-peoples-republic-of-china-and-the
85 FR 37426, June 22, 2020	<i>Certain Walk-Behind Lawn Mowers and Parts Thereof From the People’s Republic of China: Initiation of Countervailing Duty Investigations</i>	https://www.federalregister.gov/documents/2020/06/22/2020-13384/certain-walk-behind-lawn-mowers-and-parts-thereof-from-the-peoples-republic-of-china-initiation-of

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

Those listed below participated in the United States International Trade Commission's preliminary conference. The Commission conducted its preliminary conference through submissions of written testimony and postconference briefs:

Subject: Walk-Behind Lawn Mowers from China and Vietnam
Inv. Nos.: 701-TA-648 and 731-TA-1521-1522 (Preliminary)
Date: June 16, 2020

OPENING REMARKS:

In Support of Imposition (**Alexander Schaefer**, Crowell & Moring, LLP)
In Opposition to Imposition (**Frank Morgan**, Trade Law Defense PLLC)

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

Crowell & Moring LLP
Washington, DC
on behalf of

MTD Products, Inc

Steve Trumpler, Senior Vice President and General Manager,
MTD Products Inc's

Roy Pullum, Executive Vice President, Global Operations,
MTD Products, Inc

Alexander Schaefer)
Spencer Toubia) – OF COUNSEL
Brian McGrath)

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

Trade Law Defense PLLC
Alexandria, VA
on behalf of

Sumec Hardware & Tools Co., Ltd. and Merotec Inc.

John Plocic, President and Chief Executive Officer, Merotec Inc.

Frank Morgan) – OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1

Walk-behind mowers: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020

(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 March			Comparison years			Jan-Mar	
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20	
U.S. consumption quantity:										
Amount.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Importers' share (fn1):										
China.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Vietnam.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Nonsubject sources.....	***	***	***	***	***	▼***	▲***	▼***	▲***	
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
U.S. consumption value:										
Amount.....	***	***	***	***	***	▼***	▼***	▲***	▼***	
Producers' share (fn1).....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Importers' share (fn1):										
China.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Vietnam.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Subject sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Nonsubject sources.....	***	***	***	***	***	▼***	▲***	▼***	▲***	
All import sources.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
U.S. importers' U.S. shipments of imports from:										
China:										
Quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Value.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Unit value.....	***	***	***	***	***	▼***	▼***	▼***	▲***	
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Vietnam										
Quantity.....	***	***	***	***	***	▲***	***	▲***	▲***	
Value.....	***	***	***	***	***	▲***	***	▲***	▲***	
Unit value.....	***	***	***	***	***	▲***	***	▲***	▲***	
Ending inventory quantity.....	***	***	***	***	***	▲***	***	▲***	▲***	
Subject sources:										
Quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Value.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Unit value.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Nonsubject sources:										
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▲***	
Value.....	***	***	***	***	***	▼***	▼***	▼***	▲***	
Unit value.....	***	***	***	***	***	▲***	▼***	▲***	▼***	
Ending inventory quantity.....	***	***	***	***	***	▲***	▼***	▲***	▲***	
All import sources:										
Quantity.....	***	***	***	***	***	▲***	▼***	▲***	▲***	
Value.....	***	***	***	***	***	▲***	▼***	▲***	▲***	
Unit value.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Ending inventory quantity.....	***	***	***	***	***	▲***	▼***	▲***	▲***	
U.S. producers':										
Average capacity quantity.....	***	***	***	***	***	▼***	▲***	▼***	▼***	
Production quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Capacity utilization (fn1).....	***	***	***	***	***	▲***	▼***	▲***	▲***	
U.S. shipments:										
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Value.....	***	***	***	***	***	▼***	▼***	▲***	▼***	
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▲***	
Export shipments:										
Quantity.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Value.....	***	***	***	***	***	▼***	▼***	▼***	▼***	
Unit value.....	***	***	***	***	***	▲***	▲***	▲***	▼***	

Table continued on next page.

Table C-1--Continued

Walk-behind mowers: Summary data concerning the U.S. market, 2017-19, January to March 2019, and January to March 2020

(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 March			Comparison years			Jan-Mar
	2017	2018	2019	2019	2020	2017-19	2017-18	2018-19	2019-20
U.S. producers'--Continued:									
Ending inventory quantity.....	***	***	***	***	***	▲***	▲***	▼***	▼***
Inventories/total shipments (fn1).....	***	***	***	***	***	▲***	▲***	▼***	▲***
Production workers.....	***	***	***	***	***	▼***	▼***	▼***	▼***
Hours worked (1,000s).....	***	***	***	***	***	▼***	▲***	▼***	▼***
Wages paid (\$1,000).....	***	***	***	***	***	▼***	▲***	▼***	▼***
Hourly wages (dollars per hour).....	***	***	***	***	***	▲***	▼***	▲***	▲***
Productivity (units per 1,000 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.....	***	***	***	***	***	▼***	▲***	▼***	▼***
Research and development expenses...	***	***	***	***	***	▼***	▼***	▼***	▼***
Net assets.....	***	***	***	***	***	▲***	▲***	▲***	***
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).....	***	***	***	***	***	▼***	▼***	▲***	▼***

Notes:

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "--". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

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

fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.

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

APPENDIX D

RANGE OF AVERAGE GROSS VALUES OF U.S. SHIPMENTS

**Table D-1
Walk-behind mowers: U.S. producers' range of AUVs**

Firm	AUV of U.S. shipments (dollars per gross)	Lowest AUV product		Highest volume product		Highest AUV product	
		Price (dollars per gross)	Description	Price (dollars per gross)	Description	Price (dollars per gross)	Description
***	***	***	Gravely 36" Commercial Gear Walk	***	Gravely 52" Commercial Hydro ProWalk	***	Gravely 60" Commercial Hydro ProWalk
***	***	***	Hi-Vac Push Mower B&S 190cc Engine	***	Self-propelled Hi-Vac B&S 190cc Engine	***	Self-propelled Commercial Mower - Honda 163cc Engine
***	***	***	Residential, side discharge, 21" walk behind lawnmower	***	Residential, rear discharge, 21" walk behind lawnmower	***	Commercial, rear discharge, 21" walk behind lawnmower
***	***	***	< \$150 - Entry level	***	\$150-300 - Mid-range	***	>\$300 - Premium
***	***	***	20" Cut Push Mower Side Discharge Only (No Bagger) 125cc-132cc Gas Engine	***	21" Cut Push Mower with bagger 140cc Gas Engine	***	28" Cut RWD Self Propelled Mower with bagger 195cc Gas Engine

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

Table D-2

Walk-behind mowers: U.S. importers' range of AUVs

Firm	AUV of U.S. shipments (dollars per gross)	Lowest AUV product		Highest volume product		Highest AUV product	
		Price (dollars per gross)	Description	Price (dollars per gross)	Description	Price (dollars per gross)	Description
***	***	***	20" push mower, mulch and SD, 125 cc B&S engine	***	21" push mower, bagging, high wheel, 140cc B&S engine	***	21" self-propelled mower, bagging, high-wheel, 163cc B&S engine
***	***	***	3 in 1 Push Mower with 625EXI engine. Value in next Colum is MSRP.	***	3 in 1 RWD Mower with 850Pro engine and High Wheels. Value in next Colum is MSRP.	***	3 in 1 RWD Zero-Turn Radius Walk Behind Mower. Value in next Colum is MSRP.
***	***	***	The imported goods have not yet been exported.	***	Same as above	***	Same as above
***	***	***	Gardenline 21" Gas Push Lawn Mower with Briggs & Stratton 140cc Engine	***	Yard Force 22" Self-Propelled 3N1 Mower with Briggs & Stratton 163cc Engine	***	Yard force 22" Gas Mower with 20V Leaf Blower with Briggs & Stratton 163cc Engine

Table continued on next page.

Table D-2—Continued

Walk-behind mowers: U.S. importers' range of AUV

Firm	AUV of U.S. shipments (dollars per gross)	Lowest AUV product		Highest volume product		Highest AUV product	
		Price (dollars per gross)	Description	Price (dollars per gross)	Description	Price (dollars per gross)	Description
***	***	***	20" Cut Push Mower with no bagger & 132cc Engine (Unassembled)	***	21" Cut Push Mower with no bagger & 140cc Engine	***	21" Cut FWD Self-Propelled Mower with no bagger & 140cc Engine
***	***	***	21" deck gas 20" 150cc mower	***	21" deck gas 20" 150cc mower	***	21" cutting path 22" deck self-propelled mower 3in1 w/e-start
***	***	***	17730 - 21IN LB HIGH WHL PUSH *** 50 ST	***	20378 - 22IN RECYCLER HI WHL CARB	***	02657 - PROSTRIPE 560
***	***	***	HT 20`` SD PUSH MOWER 4.5 ft-lbs 125cc	***	HT 20`` SD PUSH MOWER 4.5 ft-lbs 125cc	***	FEAT SN 3N1 FWD PU 6.25ft-lbs 150cc

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

