DOC Case Nos. A-570-186; A-533-936; C-570-187; C-533-937
ITC Inv. Nos. 701-TA-\_\_\_\_ and 731-TA-\_\_\_Total No. of Pages: 153
Original Investigation
AD/CVD Operations
Petitioners' Business Proprietary Information for
Which Proprietary Treatment Has Been Requested
Removed from Pages 4-5, 22-24, 26-27, and 30, and
Exhibits GEN-1 to GEN-2 and GEN-9 to GEN-11
PUBLIC VERSION

BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION OF THE
U.S. DEPARTMENT OF COMMERCE
AND THE
U.S. INTERNATIONAL TRADE COMMISSION

# ANTIDUMPING AND COUNTERVAILING DUTY PETITION VOLUME I GENERAL and INJURY SECTIONS

OVERHEAD DOOR COUNTERBALANCE TORSION SPRINGS FROM CHINA AND INDIA

#### **PETITIONERS:**

IDC GROUP, INC., IOWA SPRING MANUFACTURING, INC., AND SERVICE SPRING CORP.

W. BRADLEY HUDGENS WILLIAM H. CROW II LAURA BELTRAMI JUSSI UITTI JACOB T. JONES

GEORGETOWN ECONOMIC SERVICES LLC 3050 K Street, N.W., Suite 400 Washington, D.C. 20007 (202) 945-6660

KATHLEEN W. CANNON R. ALAN LUBERDA ELIZABETH C. JOHNSON MATTHEW T. MARTIN

KELLEY DRYE & WARREN LLP 3050 K Street, N.W., Suite 400 Washington, D.C. 20007 (202) 342-8400

Counsel to Petitioners

October 29, 2024

### **Table of Contents**

				<u>Page</u>
I.	GEN	ERAL	INFORMATION	2
	A.	Petitioners		2
	B.	Othe	r Domestic Producers	3
	C.	Desc	eription of the Domestic Industry and Industry Support	4
	D.	Rela	ted Proceedings	5
	E.		cription of Subject Merchandise and Requested Scope of stigation	6
		1.	Requested Scope of Investigation	6
		2.	Physical Characteristics and Uses	8
			a. Product Description	8
			b. End Uses	10
		3.	Production Process	12
		4.	U.S. Tariff Classification	13
	F.	Countries of Exportation		15
	G.	Producers and Exporters of Subject Merchandise		
	H.	Volume and Value of Imports15		
	I.	Nam	es and Addresses of U.S. Importers	16
II.			ΓΙΟΝ RELATED TO SALES AT LESS THAN FAIR ID COUNTERVAILABLE SUBSIDIES	16
III.	MAT	ERIAL	OVERHEAD DOOR SPRINGS INDUSTRY HAS BEEN LLY INJURED BY REASON OF UNFAIRLY TRADED FROM CHINA AND INDIA	16
	A.	The 1	Domestic Like Product Mirrors the Scope of the Petition	16

## **Table of Contents** (continued)

			<b>Page</b>		
B.		Domestic Industry Consists of All U.S. Producers of Overhead r Springs	18		
C.		orts of Overhead Door Springs from China and India Are Not igible	18		
D.		Commission Should Cumulate Imports from China and India nalyzing the Volume and Price Effects of the Unfair Imports	19		
	1.	Imports from All Subject Countries and Domestic Overhead Door Springs Are Fungible	20		
	2.	All Subject Imports Compete in the Same Geographic Markets and Are Sold Through the Same Channels of Distribution	21		
	3.	Subject Imports Are Simultaneously Present in the U.S. Market	21		
	4.	Conclusion	21		
E.	-	Imports from China and India Are Causing Material Injury to the Domestic Overhead Door Springs Industry21			
	1.	The Volume of Subject Imports, on an Absolute and Relative Basis, Was Significant and Increasing in Recent Years	22		
	2.	The Dumped and Subsidized Subject Imports Have Had Significant Negative Price Effects on the U.S. Overhead Door Springs Industry	23		
		a. Subject Imports Have Undercut and Depressed and Suppressed U.S. Prices	23		
		b. Price Descriptors for ITC Questionnaires	25		
		c. The Commission Should Solicit Data on Direct Import Pricing	26		
	3.	Unfairly Traded Imports Have Had an Injurious Impact on the Domestic Industry Producing Overhead Door Springs	26		

## **Table of Contents** (continued)

			<b>Page</b>
		4. Conclusion	28
IV.	MAT IMP(	DOMESTIC INDUSTRY IS THREATENED WITH FURTHER TERIAL INJURY BY REASON OF UNFAIRLY TRADED ORTS OF OVERHEAD DOOR SPRINGS FROM CHINA AND IA	28
	A.	Introduction	28
	В.	The Commission Should Cumulate Subject Imports in Assessing Threat of Material Injury	29
	C.	The Domestic Industry Is Vulnerable to Material Injury by Reason of Subject Imports	29
	D.	Subject Imports Have Demonstrated an Ability to Penetrate the Domestic Market Rapidly	30
	E.	Subject Imports Have Had Verifiable Adverse Price Effects That Are Likely to Continue	30
	F.	Subject Foreign Producers Maintain Massive Excess Capacity to Produce Overhead Door Springs, Are Highly Export-Oriented, and Are Likely to Further Target the United States	31
	G.	Subject Producers in China and India Benefit from Substantial Countervailable Subsidies	32
V.	CON	ICLUSION	34

# PETITION FOR THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES ON IMPORTS OF OVERHEAD DOOR COUNTERBALANCE TORSION SPRINGS FROM THE PEOPLE'S REPUBLIC OF CHINA AND INDIA

On behalf of IDC Group, Inc., Iowa Spring Manufacturing, Inc., and Service Spring Corp. (collectively, "Petitioners") – domestic producers of overhead door counterbalance torsion springs as defined by the scope of this Petition ("Overhead Door Springs") – we submit this Petition to the U.S. Department of Commerce (the "Department") and the U.S. International Trade Commission ("ITC" or "Commission") pursuant to sections 702(c)(4) and 732(c)(4) of the Tariff Act of 1930, as amended (the "Act" or the "statute"). See 19 U.S.C. §§ 1671a(c)(4), 1673a(c)(4). As discussed below, Petitioners account for the majority of all production of Overhead Door Springs in the United States, and therefore represent the U.S. industry manufacturing Overhead Door Springs within the meaning of the Act. Id.

Volume II of this Petition presents evidence that Overhead Door Springs from the People's Republic of China ("China") are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731(1) of the Act. See 19 U.S.C. § 1673(1). Volume III of this Petition presents evidence that Overhead Door Springs from India are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731(1) of the Act. Id. Volume IV of this Petition presents evidence that the Government of China is providing countervailable subsidies with respect to the manufacture, production, and export of Overhead Door Springs within the meaning of section 701(a)(1) of the Act. See 19 U.S.C. § 1671(a)(1). Volume V of this Petition presents evidence that the Government of India is providing countervailable subsidies with respect to the manufacture, production and export of Overhead Door Springs within the meaning of section 701(a)(1) of the Act. Id. This Petition demonstrates that the U.S. industry manufacturing Overhead Door Springs is being materially

Barcode: 4655373-02 C-570-187 INV - Investigation PUBLIC VERSION

injured, and is threatened with further material injury, by reason of unfairly traded imports of

Overhead Door Springs from China and India within the meanings of sections 701(a)(2) and

731(2) of the Act. See 19 U.S.C. §§ 1671(a)(2), 1673(2).

Petitioners, therefore, request that: (1) antidumping duties be imposed on imports of

Overhead Door Springs from China and India in an amount equal to the amount by which the

normal value exceeds the export price or constructed export price of the merchandise; and (2)

countervailing duties be imposed on imports of Overhead Door Springs from China and India in

an amount equal to the net countervailable subsidy.

This Petition sets forth the information reasonably available to Petitioners and is filed in

conformity with the requirements of section 351.202 of the regulations of the Department and

section 207.11 of the regulations of the Commission. See 19 C.F.R. §§ 351.202 and 207.11.

I. **GENERAL INFORMATION** 

> Α. **Petitioners**

This Petition is filed on behalf of IDC Group, Inc., Iowa Spring Manufacturing, Inc., and

Service Spring Corp. These companies are "interested parties" within the meanings of 19 U.S.C.

§ 1677(9)(C) and 19 C.F.R. § 351.102(b)(29)(v) because they manufacture Overhead Door

Springs at their production facilities in the United States. Contact information for Petitioners is

provided below.

IDC Group, Inc.

9385 Holly Street NW

Minneapolis, MN 55433

Phone: (763) 398-8221

(763) 786-9186 Fax:

Contact: Jodi Boldenow, President

iboldenow@idcgroup.us Email:

Website: www.idcspring.com

#### Iowa Spring Manufacturing, Inc.

2112 Green Street P.O. Box 130 Adel, IA 50003

Phone: (770) 562-2850 Fax: (770) 562-2264

Contact: Tim Bianco, President and CEO

Email: <a href="mailto:tbianco@iowaspring.com">tbianco@iowaspring.com</a>
Website: <a href="mailto:www.iowaspring.com">www.iowaspring.com</a>

#### **Service Spring Corp.**

1703 Toll Gate Drive Maumee, OH 43537 Phone: (419) 838-0264

Fax: (419) 838-6071 Contact: Matt McAlear, CEO Email: matt@sscorp.com

Website: www.servicespring.com

#### **B.** Other Domestic Producers

To the best of Petitioners' knowledge, four other domestic producers manufacture Overhead Door Springs in the United States: (1) American Spring, Inc. of Los Angeles, CA; (2) Napoleon Spring Works, Inc. of Archbold, OH; (3) Penn Central Spring Corp. of Middletown, PA; and (4) Wayne Dalton of Mt. Hope, OH. Contact information for these companies is provided below.

#### American Spring, Inc.

321 W. 135th Street Los Angeles, CA 90061 Phone: (310) 324-9347

Fax: N/A

Email: <u>ty@americanspring.com</u>
Website: <u>www.americanspring.com</u>

#### RANGED DATA

Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

#### Napoleon Spring Works, Inc.

111 Weires Drive Archbold, OH 43502

Phone: (419) 445-1010 Fax: (419) 446-2616

Contact: John Schram, President Email: john.schram@lynx-nsw.com

Website: www.lynx-nsw.com

#### **Penn Central Spring Corp.**

1451 Stoneridge Drive Middletown, PA 17057 Phone: (717) 546-0056 Fax: (717) 546-0060

Email: <u>bpagliaro@penncentralspring.com</u>
Website: www.penncentralspring.com

#### Wayne Dalton

One Door Drive P.O. Box 67 Mt. Hope, OH 44660

Phone: (330) 674-7015 Fax: (330) 763-8014

Email: customerservice@wayne-dalton.com

Website: www.wayne-dalton.com

#### C. <u>Description of the Domestic Industry and Industry Support</u>

The statute requires that "the domestic producers or workers who support the Petition account for at least 25 percent of the total production of the domestic like product." 19 U.S.C. §§ 1671a(c)(4)(A)(i), 1673a(c)(4)(A)(i). In addition, the statute requires that "the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition." 19 U.S.C. §§ 1671a(c)(4)(A)(ii), 1673a(c)(4)(A)(ii).

The statutory requirements for standing are satisfied here. In 2023, the volume of Overhead Door Springs manufactured by the domestic producers that support this Petition was [ 120 MILLION ] pounds. See Exhibit GEN-1. Based on the attached declaration executed by

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

As shown below in Table 1, the domestic producers that support this Petition accounted for [75.0] percent of total U.S. production of Overhead Door Springs in 2023. <u>Id.</u> The domestic producers that support this Petition, therefore, surpass both the 25 percent and 50 percent thresholds for industry support established in the statute. <u>See</u> 19 U.S.C. §§ 1671a(c)(4)(A), 1673a(c)(4)(A).

Table 1: Standing Calculations				
	U.S. Production in 2023 (Pounds)	Share of Total U.S. Production		
Petitioners / Supporting	[ 120 MILLION ]	[ ]		
Other Domestic Producers	[ ]	[ 25.0% ]		
Total	[ 150 MILLION ]	[ ]		
Source: Exhibits GEN-1 and GEN-2.				

#### D. Related Proceedings

Petitioners have not filed for import relief pursuant to section 201 of the Trade Act of 1974 (19 U.S.C. § 2251), section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862), section 337 of the Act (19 U.S.C. § 1337), or sections 702 and 732 of the Act (19 U.S.C. §§ 1671a, 1673a) with respect to the merchandise that is the subject of this Petition. Imports of Overhead Door Springs from China classified under Harmonized Tariff Schedule of the United States ("HTSUS") subheading 7320.20.50 are currently subject to an additional duty of 7.5

percent pursuant to section 301 of the Trade Act of 1974 (19 U.S.C. § 2411). See Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 84 Fed. Reg. 43,304 (USTR Aug. 20, 2019); Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 85 Fed. Reg. 3,741 (USTR Jan. 22, 2020).

#### E. Description of Subject Merchandise and Requested Scope of Investigation

#### 1. Requested Scope of Investigation

The following language describes the imported merchandise that Petitioners intend to cover in these investigations:

The merchandise covered by these investigations is helicallywound, overhead door counterbalance torsion steel springs ("overhead door counterbalance torsion springs"). Overhead door counterbalance torsion springs are helical steel springs with tightly wound coils that store and release mechanical energy by winding and unwinding along the spring's axis by an angle, using torque to create a lifting force in the counterbalance assembly typically used to raise and lower overhead doors, including garage doors, industrial rolling doors, warehouse doors, trailer doors, and other overhead doors, gates, grates, or similar devices. The merchandise covered by these investigations covers all overhead door counterbalance torsion springs with a coil inside diameter of 15.8 millimeters ("mm") or more but not exceeding 304.8 mm (measured across the diameter from inner edge to inner edge); a wire diameter of 2.5 mm to 20.4 mm; a length of 127 mm or more; and regardless of the following characteristics:

- wire type (including, but not limited to, oil-tempered wire, hard-drawn wire, music wire, galvanized or other coated wire);
- wire cross-sectional shape (e.g., round, square, or other shapes);

- coating (e.g., uncoated, oil- or water-based coatings, lubricant coatings, zinc, aluminum, zinc-aluminum, paint or plastic coating, etc.);
- winding orientation (left-hand or right-hand wind direction);
- end type (including, but not limited to, looped, double looped, clipped, long length, mini warehouse, Barcol, Crawford, Kinnear, Wagner, rolling steel or barrel ends);
   and
- whether the overhead door counterbalance torsion springs are fitted with hardware, including but not limited to fasteners, clips, and cones (winding or stationary cones).

For purposes of the diameters referenced above, where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above.

The steel torsion springs included in the scope of these investigations are produced from steel in which: (1) iron predominates, by weight, over each of the other contained elements; and (2) the carbon content is 2 percent or less, by weight.

Subject merchandise includes cones or other fittings attached to or entered with the subject overhead door counterbalance torsion springs. Subject merchandise also includes all subject overhead door counterbalance torsion springs entered as a part of overhead door kits, overhead door mounting or assembly kits, or as a part of a spring-operated motor assembly or as a part of a spring winder assembly kit for torsion springs. When counterbalance torsion springs are entered as a part of such kits, only the counterbalance spring and cones attached to or entered with the spring are within scope.

Subject merchandise also includes overhead door counterbalance torsion springs that have been further processed in a third country, including but not limited to cutting to length, attachment of hardware, cones or end-fittings, inclusion in garage door kits or garage door mounting or assembly kits, or any other processing that would remove the merchandise from the scope of these orders if performed in the country of manufacture of the in-scope overhead door counterbalance torsion springs.

All products that meet the written physical description are within the scope of these investigations unless specifically excluded. The following products are specifically excluded from the scope of these investigations:

- leaf springs (slender arc-shaped length of spring steel of a rectangular cross-section);
- disc springs (conical springs consisting of a convex disc with the outer edge working against the center of the disc);
- extension springs (close-wound round helical wire springs that store and release energy by resisting the external pulling forces applied to the spring's ends in the direction of its length);
- compression springs (helical coiled springs with open wound active coils (such open winding is also known as pitch) that are designed to compress under load or force);
   and
- spiral springs (torsion springs wound as concentric spirals such as a clock spring or mainspring).

The products subject to these investigations are currently classified under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7320.20.5020, 7320.20.5045 and 7320.20.5060. They may also be classified under HTSUS subheading 8412.90.9085 if entered as parts of spring-operated motors. They may also be classified in HTSUS subheading 8412.80.1000 (spring-operated motors) if entered as part of a spring counterweight assembly for an overhead door. They may also be classified in HTSUS subheading 7308.90.9590, a basket category that includes metal garage doors entered with mounting accessories or assemblies. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the scope of these investigations is dispositive.

#### 2. Physical Characteristics and Uses

#### a. Product Description

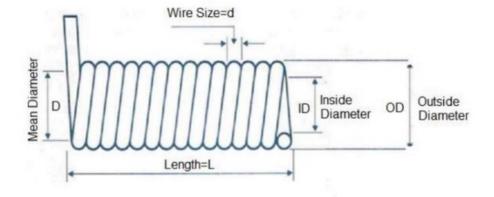
Overhead Door Springs are helically wound steel springs that store and release energy to produce a lifting force for door counterbalance systems. The springs are tightly wound and have

two ends extending from the coil. The spring wire's cross-sectional shape may be round, square, or another shape, but are most commonly produced in a round cross-section. The springs are made with a wide variety of wire types, including but not limited to oil-tempered wire, hard-drawn wire, music wire, galvanized wire, and black or other coated wire. The spring may have either a left-hand or right-hand wind direction, as shown below.

Figure 1: Wind Directions of Overhead Door Springs



Figure 2: Diagram of an Overhead Door Spring



The springs can be produced to have a wide variety of end types, including but not limited to those depicted below. The end types vary depending on the door counterbalance system for which the spring is designed to be used.

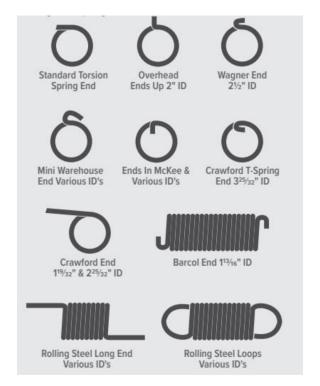


Figure 3: End Types of Overhead Door Springs

#### b. <u>End Uses</u>

Overhead Door Springs are used in door counterbalance systems. A door counterbalance system is a mechanism using opposing forces or weights to ease in the raising and lowering of overhead gates or doors, including garage doors, industrial rolling doors, warehouse doors, truck and trailer doors, storage doors, security gates for retail storefronts, and other overhead doors and gates. Whether used in a standard lift (the most common system for residential garage doors and commercial overhead doors), vertical lift, or high-lift counterbalance system, Overhead Door Springs provide the force to counterbalance the weight of an overhead door in the counterbalance assembly. Specifically, the springs store and release mechanical energy by winding and unwinding, using torque to create a lifting force that allows the door to be raised and lowered with ease. Overhead Door Springs may also be nested inside of one another in certain overhead door assemblies. Along with the other components of a counterbalance assembly, as shown

below, the spring's lift capability is conveyed through the door shaft and drums, to cables attached at the door. Pictured below are two springs used in a garage door counterbalance assembly.

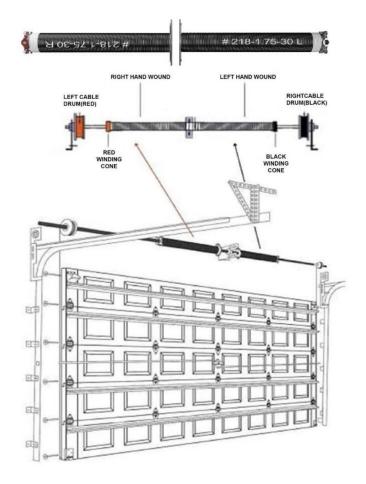


Figure 4: Garage Door Counterbalance Assembly

Because each overhead door type is unique, the Overhead Door Springs are produced to specific customer requirements to exert enough force to accommodate the weight of a specific door or gate. Typically, residential single-wide overhead door counterbalance systems have one spring while double-wide door systems have two springs. The springs are used in door counterbalance systems that include, for example, high-lift and vertical-lift doors, transit and trucking doors, rolling steel garage doors, heavy-duty overhead doors at industrial loading docks,

commercial and residential garage doors, and sectional and one-piece garage doors. A single door counterbalance system may include multiple springs.

#### 3. **Production Process**

The production process for Overhead Door Springs involves winding raw wire, heat treating it, and coating and finishing it. First, steel wire (typically, high carbon steel wire containing 0.55 percent carbon or more) is fed into a machine that straightens the wire before coiling or forming it into the desired shape with a specific inside diameter. Coiling entails the use of a spring coiler or computer numerical control ("CNC") spring coiler machine that is operated by a technician. The machine conveys the wire on rollers and coils the wire backwards to form a spring. Forming involves the use of a spring former or CNC spring former machine. Depending on the desired spring specifications, the forming machine can form the spring into various shapes with different types of bends, hoops, and radii. These processes, coiling and forming, may be used individually or in combination, depending on the spring specification.

Second, the spring is heat treated using a conveyor belt oven. The time and temperature at which the spring is heat treated depends on the type and amount of the component wire and the manufacturing process involved. The heat treatment process may also entail additional steps and be repeated, depending on the material and processing involved. After the heat treatment process, the spring is cooled and readied for the next stage in the production process. The wire chemistry and heat treatment employed ensure the wire has the tensile strength to perform many thousands of repeated coiling and uncoiling repetitions over the course of its useful life.

Third, depending on the specification for a particular spring, the spring may be coated or otherwise finished. The coating and finishing process serves to further strengthen the spring, improve its fatigue life, and increase resistance to chipping, scratching, fading, and corrosion.

Common finishing processes may include but are not limited to shot peening, plating, and powder coating.<sup>1</sup> Coating or powder coating is another finishing process whereby the spring's surface is applied with a material to enhance corrosion protection and sometimes to increase the spring's aesthetic appearance. Coatings come in a range of materials and colors, and may include oil- or water-based coatings; lubricant coatings; zinc, aluminum, or zinc-aluminum coatings; and/or paint or plastic coatings.

After the spring is produced and cut to a desired length, the spring may be fitted with end hardware, such as a winding cone and a stationary cone. Stationary cones are installed so that the spring can be secured to a center bracket. Winding cones are installed using a winding bar and are secured to the torsion shaft with screws on the winding end of the spring. The springs are also usually stenciled and are typically color coded for common coil diameters by being fed through a machine that sprays a colored line of paint along the longitudinal length of the spiral, a process referred to as "striping." The finished springs are packaged and palletized. Springs may be packaged as single springs or in pairs. When packaged in pairs, they are typically sold with one right-hand wind and one left-hand wind spring. The springs may also be packaged with other parts of a spring counterweight assembly for an overhead door; with door mounting hardware kits or with garage door kits.

#### 4. U.S. Tariff Classification

Imports of Overhead Door Springs are properly classified under HTSUS subheadings 7320.20.5020, 7320.20.5045, and 7320.20.5060 (differentiated by wire cross-sectional diameter).

-13-Filed By: kcannon@kelleydrye.com, Filed Date: 10/28/24 6:12 PM, Submission Status: Approved

Shot peening is a process by which spherical shot (metallic, glass or ceramic particles) are made to strike cold-worked springs with sufficient force to cause plastic deformation, resulting in compression stress and forming layers of compression dimples. Shot peening hardens the spiral's surface, increasing its resistance to fatigue, corrosion, and cracking.

<u>See</u> Exhibit GEN-3. The ultimate classification is controlled by the cross-sectional dimension of the wire used to manufacture the merchandise at issue, as follows:

7320.20.5020

Covers overhead door springs with a wire diameter of less than 5.1 millimeters

7320 20 5045

Covers overhead door springs with a wire diameter of 5.1 millimeters or more but less than 12.7 millimeters

7320.20.5060

Covers overhead door springs with a wire diameter of 12.7 millimeters or more

<u>Id.</u> The volume of imports under these provisions is reported in kilograms, and the "general" or "column one" rate of duty is 3.9 percent ad valorem. <u>Id.</u><sup>2</sup>

The subheadings above are provided for convenience and U.S. Customs and Border Protection purposes, and do not define the scope of this Petition. Moreover, these provisions are broad basket categories applicable to both in-scope Overhead Door Springs and other out-of-scope helical springs. Because the subheadings cover substantial volumes of out-of-scope merchandise, official import statistics under these provisions exceed the level of subject merchandise that Petitioners believe to be imported into the United States based on market intelligence and research of reasonably available information. See Exhibit GEN-2.

Imports may also be classified under HTSUS subheading 8412.80.1000 (spring-operated motors) if entered as part of a spring counterweight assembly for an overhead door. The volume is reported in units (and each unit could include more than one spring). **Exhibit GEN-3**. They may also be classified under HTSUS subheading 7308.90.9590, a basket category that includes (among other things) metal garage doors entered with mounting accessories or assemblies. <u>Id.</u>

#### F. Countries of Exportation

The Overhead Door Springs that are the subject of this Petition are produced in and exported from China and India. Petitioners have no knowledge that the subject merchandise is currently being transshipped through any third country to the United States.

#### G. Producers and Exporters of Subject Merchandise

As required by the Department's regulations, a list of all known producers and exporters of Overhead Door Springs from China and India is included in **Exhibit GEN-4**. See 19 C.F.R. § 351.202(b)(7)(i)(A).

#### H. Volume and Value of Imports

Pursuant to the Department's regulations, estimates of the volume and value of U.S. imports of Overhead Door Springs from China and India are presented in **Exhibit GEN-5** for the period of investigation ("POI") – that is, for calendar years 2021, 2022, and 2023, as well as for January through June of 2023 and 2024. See 19 C.F.R. § 351.202(b)(8). As discussed above in Section I.E.4, imports of in-scope Overhead Door Springs enter the United States primarily under broadly defined HTSUS subheadings that also cover other out-of-scope helical springs. See supra Section I.E.4. Accordingly, official import statistics do not constitute an accurate or reliable basis for evaluating the volume and value of subject imports. <u>Id.</u> Petitioners have, therefore, derived estimates for U.S. imports of Overhead Door Springs from China and India based on publicly available shipment manifest records and market intelligence from domestic producers. <u>See Exhibits GEN-2</u> and GEN-5.

There are no other publicly available sources of these data. These estimates represent the best information reasonably available to Petitioners, and are consistent with Petitioners' experience in the U.S. market during the POI. See **Exhibit GEN-2**. To the best of Petitioners'

knowledge, there are no imports of Overhead Door Springs from countries other than China and India. <u>Id.</u> The Commission will, however, collect comprehensive data on U.S. imports of Overhead Door Springs through its questionnaire process over the course of its investigations.

#### I. Names and Addresses of U.S. Importers

Based on information reasonably available to Petitioners, a list of known and suspected U.S. importers of Overhead Door Springs from China and India is included in **Exhibit GEN-6**, as required by the Department's regulations. See 19 C.F.R. § 351.202(b)(9).

## II. <u>INFORMATION RELATED TO SALES AT LESS THAN FAIR VALUE AND</u> COUNTERVAILABLE SUBSIDIES

Information related to allegations of less-than-fair-value sales of the subject merchandise from China and India is provided in Volumes II – III of this Petition. Information related to allegations of countervailable subsidies on the subject merchandise from China and India is provided in Volumes IV and V of this Petition.

# III. THE U.S. OVERHEAD DOOR SPRINGS INDUSTRY HAS BEEN MATERIALLY INJURED BY REASON OF UNFAIRLY TRADED IMPORTS FROM CHINA AND INDIA

#### A. The Domestic Like Product Mirrors the Scope of the Petition

The statute defines the "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." See 19 U.S.C. § 1677(10). In identifying the domestic like product, the starting point for the Commission's analysis is the scope of the case as determined by the Department. See, e.g., Hitachi Metals, Ltd. v. United States, 949 F.3d 710, 715-17 (Fed. Cir. 2020).

The Commission applies a six-factor test to determine whether the merchandise subject to the scope of the case constitutes a single domestic like product, considering: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and

producer perceptions of the product; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. <u>Id.</u> at 715; <u>Cleo Inc. v. United States</u>, 501 F.3d 1291, 1295 (Fed. Cir. 2007); <u>Timken Co. v. United States</u>, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996). No single factor is dispositive. <u>See Changzhou Trina Solar Energy Co. v. U.S. Int'l Trade Comm'n</u>, 100 F. Supp. 3d 1314, 1321 (Ct. Int'l Trade 2015). The Commission looks for clear dividing lines between like products and disregards minor differences. <u>See Cleo Inc.</u>, 501 F.3d at 1295; <u>Nippon Steel Corp. v. United States</u>, 19 CIT 450, 455 (1995).

Here, the domestic like product should mirror the definition of the subject merchandise contained in the scope and should be defined as a single domestic like product. All in-scope Overhead Door Springs are tightly, helically wound springs made from either high-carbon steel, steel alloys, or stainless steel. In the component steel, iron predominates, by weight, over each of the other elements in the steel, and the steel's carbon content is 2 percent or less, by weight. In addition, all in-scope Overhead Door Springs have a coil inside diameter of 15.8 millimeters or more but not exceeding 304.8 millimeters (measured across the diameter from inner edge to inner edge), a wire diameter of 2.5 millimeters to 20.4 millimeters, and measure 127 millimeters or more in length. The in-scope Overhead Door Springs are not interchangeable with out-of-scope springs because they are specifically designed for use in unique door counterbalance assemblies.

All in-scope Overhead Door Springs are sold through the same channels of distribution and are primarily sold to distributors and end users. Producers and customers of in-scope Overhead Door Springs perceive the product to be a continuum of products with different dimensions, coatings, and end types, designed for use in door counterbalance assemblies. All in-

scope Overhead Door Springs are produced using the same production process, on the same lines, in the same facilities, and by the same employees. In contrast, out-of-scope springs are made using different production methods and different machines by different producers. For example, compression springs are made using a spring grinder machine to grind the springs flat. Finally, all in-scope Overhead Door Springs are priced within a general range based on the dimensions of the merchandise, as well as end type and coating. Thus, the domestic like product should be defined as all Overhead Door Springs, co-extensive with the scope of these investigations.

## B. The Domestic Industry Consists of All U.S. Producers of Overhead Door Springs

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product." 19 U.S.C. § 1677(4)(A). Based on the domestic like product definition, the domestic industry consists of all U.S. producers of Overhead Door Springs, as identified above in Section I.<sup>3</sup> See supra Sections I.A and I.B.

#### C. Imports of Overhead Door Springs from China and India Are Not Negligible

Pursuant to section 771(24) of the Act, imports from any single country that account for less than three percent of the total import volume for subject merchandise in the most recent 12-

Based on information reasonably available to Petitioners, U.S. producer Wayne Dalton is an importer of Overhead Door Springs from China. Specifically, Wayne Dalton is owned by Overhead Door Corporation (see Exhibit GEN-7), which in turn is an importer of subject merchandise. See Exhibit GEN-6. As a result, this company is a related party within the meaning of 19 U.S.C. § 1677(24)(B). Petitioners do not have specific information on the volume or value of Wayne Dalton's imports as compared to its U.S. production and, therefore, reserve the right to address this issue during the course of any investigation when they have access to additional information.

month period for which data are available preceding the filing of the Petition are considered negligible. See 19 U.S.C. § 1677(24)(A)(i). As indicated below in Table 2, U.S. import volumes for the most recent 12-month period for which data are available (i.e., October 2023 through September 2024) indicate that imports of Overhead Door Springs from China and India exceed the statutory negligibility threshold.

Table 2: U.S. Imports of Overhead Door Springs, October 2023 – September 2024			
Source	Quantity in Pounds	Share of Total Imports	
China	16,824,103	86.2%	
India	2,690,864	13.8%	
Subtotal	19,514,967	100.0%	
All Others	-	-	
Total	19,514,967	100.0%	
Source: Exhibit GEN-2 and GEN-8.4			

## D. <u>The Commission Should Cumulate Imports from China and India in Analyzing the Volume and Price Effects of the Unfair Imports</u>

In assessing material injury, the Commission is required by statute to cumulate the volume and price effects of subject imports from all countries with respect to which petitions are filed on the same day, and that compete with each other and the domestic like product in the U.S. market. See 19 U.S.C. § 1677(7)(G)(i). The statutory criteria for cumulation are met in this case. As a threshold matter, these Petitions against imports of Overhead Door Springs from China and India are being filed simultaneously. Further, none of the statutory exceptions to cumulation apply in this case. See 19 U.S.C. § 1677(7)(G)(ii). Therefore, as there is evidence of

Petitioners have relied on Panjiva data for U.S. import shipments of Overhead Door Springs (Exhibit GEN-5) as corroborated by the sworn declaration of an industry expert (Exhibit GEN-2). Petitioners were unable to rely on the data in official import statistics because all of the HTSUS categories covering subject merchandise are basket categories also covering non-subject springs.

a reasonable overlap in competition, cumulation of subject imports for purposes of these investigations is required by statute.

The Commission typically considers four factors in determining whether there is a reasonable overlap in competition between subject imports and the domestic like product: (1) fungibility of the product from various sources; (2) the presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. See, e.g., Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, USITC Pub. 1845 (Final) (May 1986), aff'd, Fundicao Tupy S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd per curiam, 859 F.2d 915 (Fed. Cir. 1988). No single factor is determinative. See Goss Graphic Sys., Inc. v. United States, 33 F. Supp. 2d 1082, 1086 (Ct. Int'l Trade 1998). As discussed below, each factor is met in this case.

## 1. <u>Imports from All Subject Countries and Domestic Overhead Door Springs Are Fungible</u>

Imports from all subject countries are highly substitutable with each other and with the domestic like product. Regardless of source, Overhead Door Springs imported into the United States are produced from steel and share common physical characteristics such as coil inside diameter and wire diameter. This merchandise is ultimately sold to customers for use in counterbalance systems that ease in the raising and lowering of gates or doors. The same is also true of the domestic like product. Thus, there is a high degree of fungibility among the subject imports from China and India, and between subject imports from China and India and the domestic like product.

### 2. <u>All Subject Imports Compete in the Same Geographic Markets and</u> **Are Sold Through the Same Channels of Distribution**

Imports from each of the subject countries also compete with imports from the other subject country and with the domestic like product throughout the U.S. market. These products are all sold on a nationwide basis to the major customers. With regard to channels of distribution, Overhead Door Springs are sold to both distributors and end users by both U.S. producers and importers from the subject countries.

#### 3. Subject Imports Are Simultaneously Present in the U.S. Market

Imports of Overhead Door Springs from each of the subject countries have been simultaneously present in the U.S. market for the entire POI. See Exhibit GEN-5. Domestically produced Overhead Door Springs have also been available in the U.S. market throughout the POI. See Exhibit GEN-9. This factor provides further evidence that subject imports are competing with each other and the domestic like product.

#### 4. Conclusion

In sum, a reasonable overlap of competition exists among the subject imports and between subject imports and the domestic like product within the meaning of the statute. Accordingly, the Commission should cumulate imports of Overhead Door Springs from China and India in analyzing whether subject imports have caused material injury to the domestic industry in this case.

#### E. <u>Imports from China and India Are Causing Material Injury to the Domestic</u> Overhead Door Springs Industry

In determining whether the domestic industry has been injured by reason of the imports under investigation, the statute directs the Commission to consider:

(1) the volume of imports of the subject merchandise;

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

- (2) the effect of imports of that merchandise on prices in the United States for the domestic like product; and
- (3) the impact of imports of such merchandise on domestic producers in the context of production operations within the United States.

<u>See</u> 19 U.S.C. § 1677(7)(B). Information reasonably available to Petitioners demonstrates that increasing volumes of dumped and subsidized imports of Overhead Door Springs from China and India have been – and continue to be – a cause of material injury to the domestic industry.

### 1. The Volume of Subject Imports, on an Absolute and Relative Basis, Was Significant and Increasing in Recent Years

The statute instructs the Commission to 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." 19 U.S.C. § 1677(7)(C)(i). Here, the volume of U.S. imports of Overhead Door Springs from China and India is significant on an absolute basis, as well as relative to U.S. production and consumption. Subject imports accounted for 100 percent of total U.S. imports of Overhead Door Springs in 2023. See Exhibit GEN-10. Moreover, subject imports were equal to [ ] percent of domestic production, and [10.0] percent of apparent domestic consumption, in that same year. Id.; Exhibit GEN-9. By the first half of 2024, subject imports had risen to account for [ ] percent of domestic production and [15.0] percent of U.S. apparent consumption. Exhibits GEN-9 and GEN-10.

U.S. imports of Overhead Door Springs from China and India also increased significantly during the POI. On a cumulated basis, subject imports rose by 218.5 percent over the past three years, surging from 3.5 million pounds in 2021 to 11.1 million pounds in 2023. See Exhibit

Filed By: kcannon@kelleydrye.com, Filed Date: 10/28/24 6:12 PM, Submission Status: Approved

To the best of Petitioners' knowledge, there were no non-subject imports of Overhead Door Springs during the POI.

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

**GEN-10**. Subject imports continued to increase between the interim periods, from 4.1 million pounds in January-June 2023 to 9.4 million pounds in January-June 2024 (or by 129.0 percent). Id.

U.S. imports of Overhead Door Springs from China and India also expanded their share of the domestic market during the POI. The market share held by subject imports surged over the past three years, increasing from [ ] percent in 2021 to [10.0] percent in 2023, or by [ ] percentage points. Id. The market share held by subject imports continued to increase between the interim periods, from [ ] percent in January-June 2023 to [15.0] percent in January-June 2024, or by [ ] percentage points. Id. The volume of and market share held by subject imports, as well as the increases in those volumes and market shares, are significant within the meaning of the statute.

### 2. The Dumped and Subsidized Subject Imports Have Had Significant Negative Price Effects on the U.S. Overhead Door Springs Industry

Overhead Door Springs are price-sensitive products. The increasing volumes of low-priced, dumped and subsidized imports of Overhead Door Springs from China and India have caused significant negative price effects on domestic producers of Overhead Door Springs. Price underselling by unfairly traded imports of Overhead Door Springs from China and India has taken sales from the domestic industry, and has significantly depressed and suppressed the prices at which domestic producers have sold Overhead Door Springs during the POI.

## a. <u>Subject Imports Have Undercut and Depressed and Suppressed U.S. Prices</u>

Information reasonably available to Petitioners indicates that the surge in imports of Overhead Door Springs from China and India was accomplished through significant underselling of U.S. producer prices by subject imports, providing important evidence that subject imports

RANGED DATA

Barcode:4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

have had negative price effects in the U.S. market. Petitioners' numerous examples of lost sales

and lost revenue set forth in Exhibit GEN-11 show that the prices of the subject imports are

consistently below domestic producer prices, placing significant pricing pressure on domestic

producers. See Exhibit GEN-11.

As reflected in the domestic industry's financial data, [

<u>See Exhibit GEN-9.</u> Specifically, [
INFORMATION ON TRENDS IN THE DOMESTIC

FORMATION ON TRENDS IN THE DOMESTIC INDUSTRY'S UNIT COSTS

] <u>Id.</u> Competition

from unfairly priced imports from China and India [

] demonstrating *price* 

<u>suppression</u> caused by the underselling of subject imports. <u>Id.</u>

and accept lower prices. These lower prices resulted in the domestic industry experiencing a

price-cost squeeze that led to *price depression* and the industry's poor and worsening condition.

#### b. Price Descriptors for ITC Questionnaires

Pursuant to section 207.11(b)(2)(iv) of the Commission's regulations, 19 C.F.R. § 207.11(b)(2)(iv), Petitioners recommend that the Commission collect pricing data on the following Overhead Door Springs products:

#### **<u>Product 1</u>**: Residential garage door torsion spring

- a. Wire diameter 0.207" 0.234"
- b. Inner diameter 1.750" 2.625"
- c. Overall length 20" 40"
- d. Left wound or right wound
- e. Description stenciled on spring
- f. Aluminum castings/cones installed

#### **<u>Product 2</u>**: Residential garage door torsion spring

- a. Wire diameter 0.243" 0.262"
- b. Inner diameter 1.750" 2.625"
- c. Overall length 20" 40"
- d. Left wound or right wound
- e. Description stenciled on spring
- f. Aluminum castings/cones installed

#### **Product 3:** Commercial garage door torsion spring

- a. Wire diameter 0.273" 0.362"
- b. Inner diameter 2.500" 6.000"
- c. Overall length 35" 65"
- d. Left wound or right wound
- e. Description stenciled on spring
- f. Aluminum castings/cones installed

#### **Product 4:** Long length torsion spring

- a. Wire diameter 0.192" 0.437"
- b. Inner diameter 1.750" 6.000"
- c. Overall length 96" 144"
- d. Left wound or right wound
- e. Description stenciled on spring
- f. Plain ends no aluminum castings/cones installed

The unit of measurement for the pricing quantity data should be <u>pounds</u>. For consistency in the data collection, the Commission should make clear that the weight of the cone be included

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

in the pricing quantity data for Products 1, 2, and 3. For the vast majority of sales of Products 1, 2, and 3, the weight of the cone is included in both the U.S. producers' and importers' invoices.

These price descriptors accounted for a significant percentage of sales of Overhead Door Springs in the United States during the past three years (both domestically produced and subject imports) and, accordingly, are the appropriate products for the Commission's analysis and price comparisons.

#### c. The Commission Should Solicit Data on Direct Import Pricing

To the best of Petitioners' knowledge, subject imports are imported directly from each of the subject countries by major importers such as Any Time Garage Door LLC, C.H.I. Overhead Doors, Garage & Sliding Doors Express LLC, and Mesa Garage Doors, which purchase the subject merchandise for use in garage door manufacturing. See, e.g., Exhibit GEN-6. The Commission, therefore, should gather direct import pricing data on the products identified for both subject countries.

## 3. <u>Unfairly Traded Imports Have Had an Injurious Impact on the Domestic Industry Producing Overhead Door Springs</u>

In assessing whether the domestic industry is materially injured by reason of unfairly traded imports, the Commission considers relevant statutory factors reflecting the state of the domestic industry. See 19 U.S.C. § 1677(7)(c)(iii). The domestic industry has suffered material injury by reason of the subject imports, as manifested in market share lost to the unfair imports, suppressed and depressed U.S. prices, and resulting deterioration in key trade and financial variables.

The increase in low-priced imports from China and India resulted in a significant percentage point gain in subject import market share over the 2021 to 2023 period, from [ ] percent in 2021 to [10.0] percent in 2023. See Exhibit GEN
10. Subject import market share continued to surge by an additional [ ]

#### RANGED DATA

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

percentage points between the interim periods, rising from [ ] percent in January-June 2023 to [ 15.0 ] percent in January-June 2024. <u>Id.</u> As a result, domestic producers' market share fell precipitously from [ ] percent in 2021 to [ 90.0 ] percent in 2023 (or by [ ] percentage points), and from [ ] percent in January-June 2023 to [ 85.0 ] percent in January-June 2024 (or by [ ] percentage points). <u>Id.</u>

- As a result of this significant loss in market share, the domestic industry was forced to reduce production and commercial shipments throughout the POI. The domestic industry's production declined by [ ] and shipments plummeted by [ 10.0 PERCENT ] from 2021 to 2023. See Exhibit GEN-9. By interim 2024, the U.S. producers were utilizing only [60.0] percent of their capacity. Id. The domestic industry has ample capacity to produce Overhead Door Springs to supply customers' requirements, but has been unable to supply more Overhead Door Springs to the market due to the loss of sales and market share to the high volume of lower-priced, unfairly traded subject imports.
- The increasing volumes of low-priced subject imports that continually undercut U.S. producer prices resulted in substantial financial harm as well. The domestic industry's profitability <u>declined</u> from 2021 to 2023, and continued to deteriorate Specifically, operating income dropped by in January-June 2024. Id. percent from 2021 to 2023 and continued to fall by an additional [70.0] percent between the interim periods. Id. As a share of net sales, operating income dropped from [ percent in 2021 to [ I percent in 2023, and continued to decline between the interim periods, from [10.0] percent in January-June 2023 to [ percent in January-June 2024. Id. Net income percent from 2021 to 2023 and continued to decline an plummeted by [ percent between the interim periods. Id. As a share of net sales, additional [ net income dropped from [15.0] percent in 2021 to [ I percent in 2023, and continued to decline between the interim periods, from [ 1 percent in January-June 2023 to [ percent in January-June 2024. Id.

The causal link between imports and the U.S. industry's financial performance is further corroborated by the significant incidents of lost sales and lost revenue provided in this Petition.

See Exhibit GEN-11. This exhibit identifies instances in which the domestic industry lost sales to unfairly traded Overhead Door Springs imports from China and India, as well as transactions in which the domestic industry lost revenues as a result of being forced to lower prices in response to competing bids from unfairly traded subject imports. Id. This evidence of lost sales

and revenue ties the financial performance of the domestic industry to the injurious price and volume impact of dumped and subsidized subject imports.

#### 4. <u>Conclusion</u>

In sum, each of the statutory factors demonstrating material injury is met in this case. The volume of subject imports increased over the POI and was significant both in absolute terms and in relation to the size of the U.S. market. The subject imports systematically undersold the domestic like product, capturing significant volumes of sales from the domestic industry and suppressing and depressing U.S. prices. The impact on the domestic industry was a weak and deteriorating trade and financial performance from 2021 to 2023 and between the interim periods. On this basis, imports of Overhead Door Springs from China and India have caused material injury to the domestic industry.

# IV. THE DOMESTIC INDUSTRY IS THREATENED WITH FURTHER MATERIAL INJURY BY REASON OF UNFAIRLY TRADED IMPORTS OF OVERHEAD DOOR SPRINGS FROM CHINA AND INDIA

#### A. Introduction

In addition to its determination regarding present material injury by reason of subject imports, the Commission must also make a simultaneous determination as to whether the domestic industry is threatened with material injury by reason of subject imports. See 19 U.S.C. § 1677(7)(F). The statute instructs the Commission to consider several factors in its analysis of threat of material injury. See 19 U.S.C. § 1677(7)(F)(i). These factors include, but are not limited to: (1) the rate of increase of the volume or market penetration of subject imports; (2) the depressing or suppressing effects of subject imports on domestic prices; (3) the existence of unused production capacity, or the potential for further increases in production capacity, in subject countries; and (4) the existence and nature of any countervailable subsidies in the subject

countries. <u>Id.</u> All of these factors support a finding by the Commission that imports of Overhead Door Springs from China and India pose a real and imminent threat to the domestic Overhead Door Springs industry, as discussed in more detail below.

### B. The Commission Should Cumulate Subject Imports in Assessing Threat of Material Injury

The statute authorizes the Commission to cumulate subject imports in assessing threat of material injury if the conditions necessary for cumulation in its assessment of present material injury are satisfied. See 19 U.S.C. § 1677(7)(H). As discussed above, the statutory factors supporting a cumulative analysis are met in this case. See supra Section III.D. Accordingly, the Commission should exercise its discretion to cumulate subject imports for the purpose of examining whether subject imports threaten the domestic industry with material injury.

## C. <u>The Domestic Industry Is Vulnerable to Material Injury by Reason of Subject Imports</u>

In its assessment of threat, the Commission first considers whether the domestic industry is vulnerable to material injury by reason of the subject imports.<sup>6</sup> As discussed above, the current state of the domestic industry is characterized by unsustainably low levels of profitability, anemic capacity utilization, and shrinking market share. See supra Section III.E; **Exhibit GEN-9**; **Exhibit GEN-10**. Notably, as subject import market share increased from

-29-Filed By: kcannon@kelleydrye.com, Filed Date: 10/28/24 6:12 PM, Submission Status: Approved

See, e.g., Seamless Refined Copper Pipe and Tube from China and Mexico, USITC Pub. 4193 at 34 (Final) (Nov. 2010); Certain Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from China, USITC Pub. 4190 at 27-28 (Final) (Nov. 2010). To assess whether the domestic industry is vulnerable to injury from unfairly traded subject imports, the Commission examines various performance indicators for U.S. producers of the domestic like product. These indicators may include information relating to capacity utilization, employment, operating income, production, profitability, and shipments. The Commission also gives particular weight to the performance of the domestic industry at the end of the POI. See, e.g., Seamless Refined Copper Pipe and Tube from China and Mexico, USITC Pub. 4193 at 34 (Final) (Nov. 2010).

### Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

[ ] percent in 2021 to [ 15.0] percent in January-June 2024, the domestic industry's operating and net income ratios declined from [ ] percent to [ ] percent and from [ 15.0] percent to [ ] percent, respectively. <u>Id.</u> During the first half of 2024, the domestic industry continued to lose sales volumes and market share to the subject imports. These facts depict a domestic industry that is vulnerable to material injury by reason of the subject imports.

### D. <u>Subject Imports Have Demonstrated an Ability to Penetrate the Domestic Market Rapidly</u>

U.S. imports of Overhead Door Springs from China and India have demonstrated the ability to penetrate the domestic market rapidly during the POI. See supra Section III.E.1. The statute instructs the Commission to examine whether there has been a "significant rate of increase of the volume or market penetration of imports of the subject merchandise" in analyzing the likelihood of a substantially increased volume of subject imports in the future. See 19 U.S.C. § 1677(7)(F)(i)(III). Here, cumulated subject imports rose from 3.5 million pounds in 2021 to 11.1 million pounds in 2023 (or by over 200 percent), and from 4.1 million pounds in January-June 2023 to 9.4 million pounds in January-June 2024 (or by over 100 percent). See Exhibit GEN-10. The market share of subject imports grew from [3.0] percent in 2021 to [ ] percent in interim 2024, with [ ] percentage points of that growth occurring between the interim periods. Id. As such, the rapidly accelerating rate of growth in subject imports is a sign of likely continued volume and market share increases in the future absent the imposition of trade remedies.

### E. Subject Imports Have Had Verifiable Adverse Price Effects That Are Likely to Continue

The statute provides that, in determining whether a domestic industry is threatened with material injury by reason of subject imports, the Commission should consider "whether imports

of the subject merchandise are entering at prices that are likely to have a significant suppressing effect on domestic prices, and are likely to increase demand for further imports." See 19 U.S.C. § 1677(7)(F)(i)(IV). As demonstrated above, subject imports have already had such depressing and suppressing price effects. See supra Section III.E.2. If subject imports continue to enter the U.S. market in large volumes, and at prices that substantially undersell the domestic like product, it is likely that domestic prices will decline even further. Thus, this statutory factor indicates that subject imports threaten the domestic industry with further material injury in the absence of trade relief.

# F. Subject Foreign Producers Maintain Massive Excess Capacity to Produce Overhead Door Springs, Are Highly Export-Oriented, and Are Likely to Further Target the United States

In evaluating threat of material injury, the statute instructs the Commission to consider "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." See 19 U.S.C. § 1677(7)(F)(i)(II). As demonstrated below, producers of Overhead Door Springs in China and India maintain substantial production capacity and are leading global suppliers of subject merchandise. Moreover, the subject producers are expanding, internationally competitive, and highly export oriented.

#### **China**

Tianjin Wangxia Spring Co. Ltd. ("Tianjin") (affiliated with Tianjin OK Garage Door Parts Co. Ltd.) produces Overhead Door Springs at its manufacturing facility in Jinghai County, Tianjin. See Exhibit GEN-12. Tianjin is estimated to account for a majority of exports of Overhead Door Springs from China. Tianjin operates 18 production lines, with Overhead Door Springs being one of its major products. Id. The company advertises that it has "extensive production capacity" and "with a large-scale production facility, {it} can handle orders of any size."

- <u>Id.</u> Based on its own website, the company began exporting in 2014, with its products now being exported to more than 60 countries, including the United States. <u>Id.</u>
- Ningbo Well Lift Door Co. Ltd. ("Well Lift Door") manufactures Overhead Door Springs (as well as other hardware for garage and industrial doors) at its manufacturing facility in Tangxi Town, Yinzhou District, Ningbo. <u>Id.</u> The factory occupies an area of 5,000 square meters. Based on its website, Well Lift Door is the third largest producer of garage door hardware in China. <u>Id.</u> The company currently <u>exports 90 percent</u> of its production worldwide, including to the United States. <u>Id.</u>
- Foshan Nanhai Xulong Spring Factory ("Xulong Spring") produces Overhead Door Springs in its factory in Foshan City, Guangdong Province. Xulong Spring has an annual capacity to produce Overhead Door Springs of 19.2 million pounds (or 800 tons per month). Id. The company is currently producing between 1.0 and 1.2 million pounds of Overhead Door Springs per year, with most sold to the United States and Australia. Id. The company boasts on its website that it sends "6 containers/week to {the} USA." Id.
- <u>Dongguan Weihui Spring Products Co. Ltd.</u> produces Overhead Door Springs in its factory in Wanjiang District, Dongguan, Guangdong Province. <u>Id.</u> The company exports to more than 20 countries, including the United States. <u>Id.</u>

#### India

• Alcomex Springs Pvt. Ltd. ("Alcomex") manufactures Overhead Door Springs at its production plant in Pune, India. Alcomex is estimated to account for the vast majority of exports of Overhead Door Springs from India. According to its own website, in the second quarter of 2023, "Alcomex . . . made a major investment in India to expand the manufacturing and warehouse in order to take advantage of the potential in the U.S. market." Id. Alcomex boasts that "the size of the investment in India . . . will more than double {its} capacity, opening the way for a successful entry in the North American market." Id. Alcomex indicates that the expansion will include "new coiling and shaping & assembly machines as well as lines for painting, powder coating, printing and waxing." Id. The company indicates that "Alcomex will make good use of" supplying the U.S. market for residential Overhead Door Springs, noting that the U.S. market for garage door springs is four times larger than in Europe. Id.

### G. <u>Subject Producers in China and India Benefit from Substantial Countervailable Subsidies</u>

The Government of China encourages exportation of Overhead Door Springs through countervailable subsidies, including export subsidies. The statute directs the Commission to

consider the nature of any countervailable subsidies, particularly export and import substitution subsidies expressly prohibited by Article 3 of the WTO Agreement on Subsidies and Countervailing Measures ("SCM Agreement"), and whether imports of the subject merchandise are likely to increase as a result of such subsidies. See 19 U.S.C. § 1677(7)(F)(i)(I). Article 3 of the SCM Agreement describes subsidies that are prohibited because they are contingent upon export performance or upon the use of domestic over imported goods. See Agreement on Subsidies and Countervailing Measures (Apr. 15, 1994), Marrakesh Agreement Establishing the World Trade Organization, Annex 1, 1867 U.N.T.S. 14 at Art. 3.

Subject producers in China and India have received countervailable subsidies, including numerous export subsidies. See Petition Vol. IV. Among these subsidies are:

- Export loans, credit, and insurance provided to Overhead Door Springs producers at preferential rates by government authorities where receipt of the financing is contingent upon exporting;
- Grants provided to Overhead Door Springs producers and exporters to assist in the defense of trade disputes or the development of export markets, or to recognize export performance;
- Excessive remission and/or exemption of custom duties and other indirect taxes on raw material inputs upon exportation of Overhead Door Springs;
- Exemption and/or rebates/credits of import duties and other indirect taxes paid on capital equipment used in the production of Overhead Door Springs for exportation; and
- Interest rate subsidies for export financing.

<u>Id.</u> These export and import substitution subsidies violate Article 3 of the SCM Agreement and are likely to provide Overhead Door Springs producers in China and India with additional incentives to target their production toward export markets, and particularly toward the United States.

Barcode: 4655373-02 C-570-187 INV - Investigation - PUBLIC VERSION

V. CONCLUSION

The information presented in this Petition provides evidence reasonably available to

Petitioners that Overhead Door Springs from China and India are being, or are likely to be, sold

in the United States at less than fair value, and that the Governments of China and India are

providing countervailable subsidies with respect to the manufacture, production, and export of

Overhead Door Springs. This Petition further provides evidence that the U.S. industry producing

Overhead Door Springs is being materially injured, and is threatened with further material injury,

by reason of these unfairly traded imports. Accordingly, antidumping and countervailing duty

investigations should be initiated against imports of Overhead Door Springs from China and

India, and duties should be imposed to offset these unfair trade practices.

Respectfully submitted,

W. BRADLEY HUDGENS WILLIAM H. CROW II LAURA BELTRAMI JUSSI UITTI JACOB T. JONES

GEORGETOWN ECONOMIC SERVICES LLC 3050 K Street, N.W., Suite 400 Washington, D.C. 20007 (202) 945-6660

October 29, 2024

KATHLEEN W. CANNON R. ALAN LUBERDA ELIZABETH C. JOHNSON MATTHEW T. MARTIN

KELLEY DRYE & WARREN LLP 3050 K Street, N.W., Suite 400 Washington, D.C. 20007 (202) 342-8400

**Counsel to Petitioners** 

#### **EXHIBIT LIST**

Exhibit No.	Description	BPI/Public
GEN-1	Standing Calculations	BPI
GEN-2	Declaration of Jodi Boldenow	BPI
GEN-3	Excerpts from HTSUS Chapters 73 and 84	Public
GEN-4	List of Producers and Exporters of Overhead Door Springs in China and India	Public
GEN-5	U.S. Imports of Overhead Door Springs	Public
GEN-6	List of U.S. Importers of Overhead Door Springs	Public
GEN-7	Documentation on Wayne Dalton / Overhead Door Corporation	Public
GEN-8	Negligibility Table	Public
GEN-9	U.S. Producers' Trade and Financial Data	BPI
GEN-10	Market Share and Apparent Domestic Consumption Table	BPI
GEN-11	Lost Sales and Lost Revenue Table	BPI
GEN-12	Information on Subject Producers' Capacity and Export Orientation	Public