

January 15, 2020

## New Antidumping and Countervailing Duty Petitions on Vertical Shaft Engines from China

*By Douglas J. Heffner and Richard P. Ferrin*

The Coalition of American Vertical Engine Producers, on behalf of Kohler Co. and Briggs & Stratton Corporation (collectively “petitioners”), on January 15, 2020, filed antidumping (AD) and countervailing duty (CVD) petitions on imports of vertical shaft engines between 225cc and 999cc and parts thereof from China.

The U.S. AD law imposes special tariffs to counteract imports that are sold in the United States at less than “normal value.” The U.S. CVD law imposes special tariffs to counteract imports that are sold in the United States with the benefit of foreign government subsidies. For AD/CVD duties to be imposed, the U.S. government must determine not only that dumping and/or subsidies are occurring, but also that there is “material injury” (or threat thereof) by reason of the dumped and/or subsidized imports. Importers are liable for any potential AD/CVD duties imposed. In addition, these investigations could impact purchasers by increasing prices and/or decreasing supply of certain vertical shaft engines between 225cc and 999cc and parts thereof.

### Scope

The merchandise covered by this investigation consist of spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, designed primarily for use in riding lawn mowers and zero-turn radius lawn mowers. Engines meeting this physical description may also be designed for use in other non-hand-held outdoor power equipment. The subject engines are spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 225 cubic centimeters (“cc”) and a maximum displacement of 999 cc. Typically, engines with displacements of this size generate gross power of between 6.7 kilowatts (“kw”) to 42 kw.

Engines covered by this scope normally 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 small non-road spark-ignition engines and equipment. Engines that otherwise meet the physical description of the scope but are not certified under 40 CFR part 1054 and are not certified under other parts of subchapter U of the EPA air pollution controls are not excluded from the scope of this proceeding. Engines that may be certified under both 40 CFR part 1054 as well as other parts of subchapter U remain subject to the scope of this proceeding.

For purposes of this investigation, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, piston(s), connecting rod(s), and oil pan. Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as a manifold, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of this investigation. The inclusion of other products such as spark plugs fitted into the cylinder head or electrical devices (e.g., ignition modules, ignition coils) for synchronizing with the motor to supply tension current does not remove the product from the scope. The inclusion of any other components not identified as comprising the unfinished engine subassembly in a third-country does not remove the engine from the scope.

The engines subject to this investigation are typically classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 8407.90.1020, 8407.90.1060, and 8407.90.1080. Engines subject to this investigation may also enter under HTSUS 8407.90.9060 and 8407.90.9080. The engine subassemblies that are subject to this investigation enter under HTSUS 8409.91.5085, and 8409.91.9990. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under investigation is dispositive.

### Alleged Dumping Margins

The petitioners allege dumping margins of 320.41 to 633.64 percent.

The petitioners allege numerous subsidies provided to Chinese producers, including debt restructuring and loans, capital injections, export assistance grants, export loans and credits, income tax reductions, import tariff exemptions, and the provision of material inputs for less than adequate remuneration, but no specific subsidy rates are alleged.

### Estimated Schedule of Investigations

- January 15, 2020 – Petition is filed
- February 4, 2020 – DOC initiates investigation
- February 5, 2020 – ITC staff conference

- March 2, 2020 – Deadline for ITC preliminary injury determinations
- April 9, 2020 – Deadline for DOC preliminary CVD determination, if not postponed
- June 15, 2020 – Deadline for DOC preliminary CVD determination, if fully postponed
- June 23, 2020 – Deadline for DOC preliminary AD determination, if not postponed
- August 12, 2020 – Deadline for DOC preliminary AD determination, if fully postponed
- December 28, 2020 – Deadline for DOC final AD determinations, if both preliminary and final determinations are fully postponed
- February 8, 2021 – Deadline for ITC final injury determinations, assuming fully postponed DOC deadlines

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