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PUBLIC VERSION

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

PETITIONS FOR THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES PURSUANT TO SECTIONS 701 AND 731 OF THE TARIFF ACT OF 1930, AS AMENDED

VOLUME II:
CZECH REPUBLIC ANTIDUMPING DUTY PETITION

IN THE MATTER OF:
CERTAIN FREIGHT RAIL COUPLERS AND PARTS THEREOF FROM THE CZECH REPUBLIC AND THE REPUBLIC OF INDIA

PETITIONER:
COALITION OF FREIGHT COUPLER PRODUCERS

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I. INTRODUCTION

On behalf of the Coalition of Freight Coupler Producers ("Petitioner"), this Petition seeks the imposition of antidumping duties on certain freight rail couplers and parts thereof ("FRCs") from the Czech Republic ("Czechia"). As discussed below, the application of the Department of Commerce's ("Commerce") market economy dumping methodology shows that producers and/or exporters in Czechia sold FRC products, or offered them for sale, in the United States at less than normal value ("NV").

Petitioner used export price ("EP") as the basis for U.S. price because Czech producers and/or exporters of subject merchandise typically sell either directly to unrelated purchasers in the United States or through unaffiliated trading companies to unrelated purchasers in the United States. Petitioner first computed the ex-factory EP for each transaction or offer ("ex-factory U.S. price" or "ex-factory EP") in U.S. Dollars, and because the quoted prices of Czech producers were [*terms of sale*]. Additionally, for the reasons stated *infra*, Petitioner calculated the NV for Czech producers based upon constructed value ("CV"), which includes the cost of materials and fabrication, overhead expenses, selling, general and administrative expenses, and expected profit levels.[1]

Petitioner next compared the ex-factory U.S. prices with the NVs for identical or similar merchandise. In making these comparisons, Petitioner calculated NVs for each observation in U.S.

[1] *See* 19 U.S.C. § 1677b(e). Petitioner notes that section 505(a) of Trade Preferences Extension Act of 2015 eliminates the requirement that Petitioner provide information as to whether sales have been made at less than the cost of production. Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, § 505(a), 129 Stat. 362, 385-86, codified at 19 U.S.C. § 1677b(b)(2)(A)(ii). Petitioner requests that Commerce conduct an investigation to assess whether each Czech producer selected as a mandatory respondent has made sales at less than the cost of production. *See, e.g., Certain Hot-Rolled Steel Flat Products from Australia, Brazil, Japan, the Republic of Korea, the Netherlands, the Republic of Turkey, and the United Kingdom*, 80 Fed. Reg. 54,261, 54,264 n. 36 (Dep't Commerce Sept. 9,2015) (initiation of less-than-fair-value investigations).

Dollars, subtracted the ex-factory U.S. price from the NV for each observation, and divided the difference by the ex-factory U.S. price to determine the dumping margin.

II. U.S. PRICE

A. Export Price

Czech producers and exporters of FRC products typically sell subject merchandise to unrelated original equipment manufacturers, affiliated and unaffiliated distributors, repair facilities, and directly to end users (typically freight railroads) in the United States. Domestic manufacturers of FRC products learn of U.S. price offerings by Czech producers and/or exporters during the course of negotiating sales prices with their U.S. customers, through market intelligence, or through sales offers received directly from Czech producers/exporters themselves.[2] In the FRC industry, potential U.S. customers typically receive price offerings from Czech producers and/or exporters directly, from independent sales representatives or from trading companies seeking to gain business in the United States. Czech and domestic producers of FRC products compete for the same customers on a daily basis.

Domestic and Czech manufacturers and exporters of FRC products price their merchandise on a per-piece basis. Pricing per piece is based upon only a few factors, including whether the FRC item is an individual part (*e.g.,* a knuckle) or an entire assembly (*e.g.,* a complete coupler), and the particular features of the individual part or assembly.[3] Petitioner notes that virtually all FRC products are manufactured to meet standards promulgated by the Association of American Railroads ("AAR") - an industry association that is made up by the major Class I railroads of the United States, Canada, Mexico, and Amtrak, as well as non-Class I (i.e., Class II and Class III

[2] *See* Declaration of [*Name*], attached at **Exhibit II-1**.
[3] *Id.*

railroads) and passenger railroads, rail supply companies, rail car owners, engineering firms, and signal and communications firms.

Petitioner reasonably believes certain U.S. customers purchased FRC products manufactured in and exported from the Czech Republic by [*company*],[4] and sold at less than fair value during the period of investigation ("POI") (July 1, 2024 through June 30, 2025).[5] Additionally, Petitioner notes that, owing to the standards related to rail couplers as promulgated by the AAR, only a select few producers in the United States and around the world are certified to produce finished couplers and components that reflect the lion's share of the volume of goods subject to this Petition. Consequently, Petitioner believes the pricing proved herein is indicative of the pricing at which Czech producers/exporters sell or offer for sale subject merchandise.

OBS	Likely Producer/ Supplier	Product	Product #	Product Weight	UOM	Likely Offered Price
US-201	[					]
US-202	[					]

The prices for OBS US-201 and OBS US-202 were based on goods offered for sale [*terms of sale*] on [*terms of sale*]. On [*customer information and U.S. producer*]. The customer [*terms of sale*

[4] *See id.*
[5] *See id.*

]. A declaration establishing the terms of these sales or sales offers is provided in **Exhibit II-1**.[6]

The products offered for sale by [*company*] represent standard FRC products that are sold in the U.S. domestic market on a daily basis. Resultantly, Petitioner believes the offers reflect a reasonable basis for the assessment of the level of dumping in the United States. Petitioner calculated EP for these transactions using the quoted transaction/offer prices as the best information reasonably available. Petitioner notes that the export price sales [*terms of sale*].[7]

III. NORMAL VALUE

The preferred method for determining the NV of imported products is to examine sales or offers of sales of identical or similar products in the home market of the exporting country. FRCs, however, are a specialized product which are designed and certified for use only in North American markets. Sales between customers and Czech FRC producers are confidential and not reasonably available to Petitioner. Further, there are no third country markets that would necessarily use AAR certified FRCs outside of North America. Thus, it is not practicable to obtain home market pricing or third country pricing for FRCs for purposes of calculating a dumping margin on a price-to-price basis because there are few sales of AAR certified FRCs outside of the United States. Given the unavailability of home market pricing to calculate NV, Petitioner has relied upon CV to estimate NV.

Petitioner used Commerce's standard methodology to calculate the cost of production ("COP") for the subject merchandise produced by the Czech FRC producer in Czechia. Because the volume of inputs consumed by the Czech FRC producer and the company's actual production

[6] *See id.*
[7] *See id. See also* Export Price, attached **at Exhibit II-2**.

costs are not reasonably available, Petitioner used the product specific production costs and/or consumption rates of [*U.S. producer*]. Similar to [*companies*], [*company production*] FRC products.[8]

A. The Production Process for Subject Merchandise

The manufacturing process for FRCs involves a straight-forward foundry and machining process – the steps of which are described herein.

1. Metal Melting and Casting

FRC products are produced utilizing carbon and alloy steel inputs, using a standard foundry steelmaking process. First, a combination of steel, carbon quality ferrous scrap, alloy quality ferrous scrap, or ferrous iron units are melted in a foundry-based electric arc furnace – most typically utilizing graphite electrodes which heat the furnace contents to a temperature of at least 2,800 degrees Fahrenheit. During this process, certain alloying agents are added to ensure proper chemistry levels which are required to meet AAR product standards and specifications for strength and formability. The molten metal is then poured into a foundry mold, typically in the form of sand that has been compacted to produce a cavity of the rough shape of the casting. Once the casting has been poured into the mold and has cooled into a solid, the sand is removed and blasted away – yielding a cast shape. This shape is freed of excess cast steel (known as gates and risers) that is present in the mold but is not part of the desired shape and is then prepared for machining into a finished FRC component.

[8] *See* Declaration of [*name*], attached at **Exhibit II-3**.

2. Processing and Machining

The cast steel shape is converted to a finished unit of FRC through machining operations. Machine tools, drills, and saws grind and reduce the shape to the correct dimensions. The product may also be subjected to additional finishing operations, such as shot blasting and sanding. Further, depending on the grade of the product, FRC goods may be subject to additional heat treatment processes in induction furnaces. Additionally, depending on the good being produced, certain attachments or components may be further welded or physically mated into or onto the casting as dictated by the form of the casting. For items that incorporate additional components (e.g., a coupler) the additional components may include coupler locks, lock lift assembly, knuckle pins and knuckle throwers, rotors, and other components. Some or all of these items may be produced internally by the producer, or the company may prefer to outsource these components from a third-party vendor.

3. Finishing

A machined FRC product is effectively complete at this point. Certain castings are tested to ensure they meet the requirements of AAR. Each approved FRC good is marked with a product code and product identifier to ensure traceability to the producer and to the producer's customers. A coupler (aka "assembly" or "fit") may include the assembly of several components including the coupler casting itself, a knuckle, a knuckle pin, a thrower, a lock, and a lock lifter. A coupler casting is designed to be mated with a knuckle and with other corresponding parts based on the shape of the cast components. In general, the components are engineered and designed such that the components fit together through gravity – there is no welding involved in the process. Finished FRC goods may then be packed together onto a shipping pallet and strapped to the pallet for those items that are large enough to be placed directly onto a pallet.

B. The Czech Surrogate

This production process is [*process*]. The production process for FRC products is very similar regardless of whether the product is produced in the United States or in Czechia. [*production process*

].

C. Calculation of Normal Value

To calculate NV, Petitioner first calculated the amount (i.e., consumption rate) of each production input the Czech Surrogate used to produce one finished FRC unit that is similar or identical to the merchandise offered for sale by [*company*] in the United States during the POI. Petitioner used the Czech Surrogate's actual consumption rates for all direct material inputs (e.g., [*inputs*]) as well as all process materials that require frequent use and replacement ([*inputs*]).[9] Petitioner determined the average cost for most of these inputs in Czechia using publicly available information that is most contemporaneous with the POI. Similarly, using the Czech Surrogate's actual incurred consumption rates for energy and labor, Petitioner determined the average cost for these inputs in Czechia from publicly available information that is most contemporaneous with the POI. Based on this information, Petitioner calculated the Czech respondent's normal value.

D. Adjustments for Inflation

Where an input came from a period preceding the POI, the period for which Petitioner has cost data, Petitioner made adjustments for inflation using the producer price index for the Republic of Czechia as reported by the International Monetary Fund.[10] Specifically, Petitioner

[9] *Id.*
[10] *See* Producer Price Index, attached at **Exhibit II-4**.

divided the index for the period to which the input price pertained by the index for the proposed POI (July 1, 2024 through June 30, 2025). Petitioner then multiplied the resulting ratio by the relevant price to adjust for inflation.

E. Production Costs - Direct Costs

Using the methodology described above, Petitioner estimated the COP for merchandise produced and exported by [*company*].[11]

1. Raw Materials

Petitioner valued all direct material inputs used to produce FRC products using Czechia import statistics. Petitioner obtained import data for Czechia from the Global Trade Atlas ("GTA") database. Petitioner used such GTA data for the period June 1, 2024 through May 30, 2025.[12] As many of the inputs are reported on a U.S. Dollars per-kilogram basis, Petitioner converted the data to a [*production costs*]. A summary of all surrogate values pertaining to material inputs appears in **Exhibit II-7**,[13] while the source data pertaining to these raw material costs appear in **Exhibit II-8**.[14] Per Commerce's standard methodology, Petitioner removed from the calculation of surrogate values any import pricing that was sourced from non-market economy countries (e.g., China, Vietnam, etc.), from countries that have been found to provide generally available export subsidies (e.g., India, Indonesia, Korea, and Thailand), and from countries that are unidentifiable (e.g., "Other countries, NES").

[11] *See* Cost of Production Calculation, attached at **Exhibit II-5,** Cost of Production of [*product*] and **Exhibit II-6,** Cost of Production of [*product*].
[12] Data has not yet been released for the Czech Republic for June 2025. Consequently, while the proposed POI is July 1, 2024 to June 30, 2025, Petitioner is using the most recent 12 months of data available (i.e., June 2024 to May 2025).
[13] *See* Summary of Inputs, attached at **Exhibit II-7**.
[14] *See* Raw Materials (2 through 5), attached at **Exhibit II-8**.

2. Energy

To value electricity, Petitioner used the "Price of electricity (Czech Koruna per KWh)" for commercial entities located in the Czech Republic as reported on GlobalPetrolPrices.com.[15] To value natural gas, Petitioner used the "Price of natural gas (Czech Koruna per kWh)" for commercial entities located in the Czech Republic as reported on GlobalPetrolPrices.com.[16] Finally, with respect to water, Petitioner used publicly available data from the International Benchmarking Network for Water and Sanitation Utilities database listing the average tariff rates in effect for the Czech Republic in effect in 2021 in USD/m3, and subsequently converted this figure to a rate effective in the POI in USD/gallons.[17]

3. Labor

The labor expense incurred in producing a finished FRC unit includes both the labor expended in actually processing the finished good (casting, machining, etc.), as well as the labor time required to prepare the machining equipment to produce a "run" of FRC products. Information regarding labor for Czech Republic for July 2024 to June 2025 appears in **Exhibit II-11**.[18]

F. Production Costs - Indirect Costs

Petitioner added all of the total direct manufacturing costs (materials, labor, and energy) to calculate the total costs of goods sold ("COGS") net of depreciation for FRC products.[19] Pursuant to the Tariff Act and Commerce's regulations, Petitioner added additional expenses relating to overhead; selling, general, and administrative costs ("SG&A"); and profit to calculate a final NV.

[15] *See* Energy Costs, attached at **Exhibit II-9**.
[16] *See id*.
[17] *See* Water Costs, attached at **Exhibit II-10**.
[18] S*ee* Labor Costs, attached at **Exhibit I1-11.**
[19] *See* Cost of Production Calculations, attached at **Exhibit II-5** and **Exhibit II-6**.

To value these expenses, Petitioner sought publicly available financial statements from companies that are producers of identical or comparable merchandise. Specifically, Petitioner searched for companies on the Prague Stock Exchange that were involved in foundry production generally or in the production of subject merchandise itself. Based on public information, Petitioner identified privately-owned producers of comparable merchandise with publicly available and English-translated financial statements.

Accordingly, Petitioner is utilizing the calendar year 2024 financial statements of Třinecké železárny ("TZE") and its parent company, Moravia Steel.[20] TZE produces steel products for railways, including rails and railway superstructure accessories.[21] TZE's products are sold through the commercial network of its parent company Moravia Steel.[22] As a company whose operations include the production of merchandise comparable to subject merchandise (i.e., steel railway parts), Petitioner believes that, at this time, this is the best available source of surrogate financial ratios.

1. Overhead

As noted above, Petitioner obtained information concerning overhead expenses from information published by TZE and Moravia Steel for the year ended 2024.[23] As the best information available, Petitioner calculated an overhead expense ratio based on data in TZE's and

[20] *See* Třinecké železárny and Moravia Steel Calendar Year 2024 Financial Statements, attached at **Exhibit II-12.a** and **Exhibit 12.b**, respectively.
[21] *See* Třinecké železárny company website excerpt, *Rails and Accessories*, https://www.trz.cz/en/products/rails-and-accessories/, attached at **Exhibit II-13**.
[22] *See* Moravia Steel company website excerpt, *Online Catalog,* https://www.madeinsteel.it/en/catalogue-data/06054f03-417a-491a-8ee5-17a26997ebff/show, attached at **Exhibit II-14**.
[23] *See* Třinecké železárny and Moravia Steel Ratio Calculations at **Exhibits II-15**.

Moravia Steel's financial statements.[24] Petitioner then multiplied the calculated COGS to arrive at the total cost of manufacturing ("COM").[25]

2. Selling, General, and Administrative Costs

As noted above, Petitioner obtained information concerning SG&A expenses from information published by TZE and Moravia Steel for the year ended 2024. As the best information available, Petitioner calculated the average SG&A expense ratio based on TZE's and Moravia Steel's financial data, and then multiplied COGS plus overhead expenses – COM – by the SG&A expense ratio to arrive at the total COP.[26]

3. Profit

As noted above, Petitioner obtained information concerning profit from information published by TZE and Moravia Steel for the year ended December 31, 2024. As the best information available, Petitioner calculated the average profit ratio based on TZE's and Moravia Steel's financial data and then multiplied the total COP by the profit ratio to arrive at the total COP plus profit.[27]

G. Packing Expenses

The calculation of NV must take into account the costs related to the packing of merchandise to be exported to the United States. The costs incurred in packing are added to NV after a total COP has been calculated. FRCs are typically lashed to steel pallets utilizing steel strapping prior to shipment. Petitioner used the Czech Republic's import statistics to value material inputs used in the packaging and shipment of FRCs. Petitioner obtained the Czech Republic's

[24] *See id.*
[25] *See* Cost of Production calculations, attached at **Exhibit II-5** and **Exhibit II-6**; *see also* Třinecké železárny and Moravia Steel Ratio Calculations at **Exhibits II-15**.
[26] *See id*.
[27] *See id*.

import data from GTA – using the same methodologies employed for the direct material inputs. Petitioner's calculation of NV appears in **Exhibit II-5** and **Exhibit II-6**.

IV. NORMAL VALUE

The calculations described above resulted in a constructed value-based NV for the following observations.[28]

OBS	Producer/ Supplier	Product	Product Weight	UOM	Normal Value
US-201	[				]
US-202	[				]

V. LESS-THAN-NORMAL-VALUE-COMPARISON

In calculating the margins of dumping, Petitioner matched each U.S. transaction offer with its respective NV. Petitioner then subtracted each ex-factory U.S. price from the corresponding NV and divided the difference by the EP to determine the dumping margin for each U.S. transaction or offer. This yielded a transaction-specific dumping margin.[29] Petitioner also calculated a weight-averaged margin where more than one offer was made by a given Czech producer/exporter. The comparisons demonstrate that [*company*] produced/exported and sold, or offered to sell, the subject merchandise in the United States at prices that are less than NV. The calculated *ad valorem* dumping margins are as follows:[30]

[28] *See* **Exhibit II-5** and **Exhibit II-6**.
[29] *See* Calculation of Dumping Margins, attached at **Exhibit II-16**.
[30] *See id.*

OBS	Producer/ Supplier	Product	Product Weight	UOM	Transaction Margin
US-201	[				]
US-202	[				]

VI. CONCLUSION

Petitioner requests that antidumping duties be imposed on imports of Certain Freight Rail Couplers and Parts Thereof from the Czech Republic in an amount sufficient to offset the unfair pricing described above.

VOLUME II EXHIBIT LIST

Exhibit Number	Exhibit Title	Security
II-1	Declaration of [*Name*]	BPI
II-2	Export Price	BPI
II-3	Declaration of [*Name*]	BPI
II-4	Producer Price Index	Public
II-5	Cost of Production of [*product*]	BPI
II-6	Cost of Production of [*product*]	BPI
II-7	Summary of Inputs	BPI
II-8	Raw Material Data	Public
II-9	Energy Costs	Public
II-10	Water Costs	Public
II-11	Labor Rate	Public
II-12.a	Financial Statements of Třinecké železárny	Public
II-12.b	Financial Statements of Moravia Steel	Public
II-13	Třinecké železárny Website Excerpt	Public
II-14	Moravia Steel Website Excerpt	Public
II-15	Třinecké železárny and Moravia Steel Financial Ratios	Public
II-16	Calculation of Dumping Margins	BPI
II-17	Foreign Exchange Rate	Public