



12 June 2017

(17-3123)

Page: 1/5

Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(A) OF THE AGREEMENT
ON SAFEGUARDS ON INITIATION OF AN INVESTIGATION
AND THE REASONS FOR IT**

UNITED STATES

(Large Residential Washers)

The following communication, dated 12 June 2017, is being circulated at the request of the delegation of the United States.

Pursuant to Article 12.1(a) of the WTO Agreement on Safeguards (Safeguards Agreement), the United States notifies that a safeguard investigation has been initiated as follows:

1. Specify the date when the investigation was initiated

The U.S. International Trade Commission (Commission) initiated the investigation on 5 June 2017.

A copy of the notice of institution of the investigation, which includes the scheduling of public hearings and the applicable rules of procedure, is attached.¹ The notice also is being published in the Federal Register.

The Commission will make its serious injury determination within 122 days of the date on which the petition was properly filed, that is, by 5 October 2017. The Commission will submit its report to the President within 180 days of the date on which the petition was properly filed, that is, by 4 December 2017. The Commission's report to the President will include its serious injury determination and, if the Commission makes an affirmative serious injury determination or is equally divided on the question of serious injury, the remedy recommendation(s) of the Commissioners making affirmative serious injury determinations.

2. Specify the product subject to the investigation

The products covered by this investigation are all large residential washers (LRWs) and certain parts thereof. For purposes of the investigation, the term LRWs denotes all automatic clothes washing machines, regardless of the orientation of the rotational axis, with a cabinet width (measured from its widest point) of at least 24.5 inches (62.23 cm) and no more than 32.0 inches (81.28 cm), except as noted below.

Also covered are certain parts used in LRWs, namely: (1) all cabinets, or portions thereof, designed for use in large residential washers; (2) all assembled tubs² designed for use in LRWs which incorporate, at a minimum: (a) a tub; and (b) a seal; (3) all assembled baskets³ designed

¹ A copy of the notice of institution has been submitted electronically. To consult this document please contact Ms. Budd (Hilary.Budd@wto.org) or Ms. Richards (Anne.Richards@wto.org) of the Rules Division.

² A "tub" is the part of the washer designed to hold water.

³ A "basket" (sometimes referred to as a "drum") is the part of the washer designed to hold clothing or other fabrics.

for use in large residential washers which incorporate, at a minimum: (a) a side wrapper⁴; (b) a base; and (c) a drive hub⁵; and (4) any combination of the foregoing parts or subassemblies.

Excluded from the scope are stacked washer-dryers and commercial washers. The term "stacked washer-dryers" denotes distinct washing and drying machines that are built on a unitary frame and share a common console that controls both the washer and the dryer. The terms "commercial washer" denotes an automatic clothes washing machine designed for the "pay per use" segment meeting either of the following two definitions:

(1)(a) it contains payment system electronics⁶; (b) it is configured with an externally mounted steel frame at least six inches high that is designed to house a coin/token operated payment system (whether or not the actual coin/token operated payment system is installed at the time of importation); (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners⁷; or

(2)(a) it contains payment system electronics; (b) the payment system electronics are enabled (whether or not the payment acceptance device has been installed at the time of importation) such that, in normal operation⁸, the unit cannot begin a wash cycle without first receiving a signal from a bona fide payment acceptance device such as an electronic credit card reader; (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners.

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a vertical rotational axis; (2) are top loading⁹; (3) have a drive train consisting, inter alia, of (a) a permanent split capacitor (PSC) motor¹⁰, (b) a belt drive¹¹, and (c) a flat wrap spring clutch.¹²

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a horizontal rotational axis; (2) are front loading¹³; and (3) have a drive train consisting, inter alia, of (a) a controlled induction motor (CIM)¹⁴, and (b) a belt drive.

Also excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a horizontal rotational axis; (2) are front loading; and (3) have cabinet width (measured from its widest point) of more than 28.5 inches (72.39 cm).

For Customs purposes, the LRWs covered by the investigation are provided for under Harmonized Tariff Schedule of the United States (HTSUS) subheading 8450.20.00. LRWs and certain parts thereof subject to this investigation may also be imported under HTSUS subheadings 8450.11.00,

⁴ A "side wrapper" is the cylindrical part of the basket that actually holds the clothing or other fabrics.

⁵ A "drive hub" is the hub at the center of the base that bears the load from the motor.

⁶ "Payment system electronics" denotes a circuit board designed to receive signals from a payment acceptance device and to display payment amount, selected settings, and cycle status. Such electronics also capture cycles and payment history and provide for transmission to a reader.

⁷ A "security fastener" is a screw with a non-standard head that requires a non-standard driver. Examples include those with a pin in the center of the head as a "center pin reject" feature to prevent standard Allen wrenches or Torx drivers from working.

⁸ "Normal operation" refers to the operating mode(s) available to end users (i.e., not a mode designed for testing or repair by a technician).

⁹ "Top loading" means that access to the basket is from the top of the washer.

¹⁰ A "PSC motor" is an asynchronous, alternating current (AC), single phase induction motor that employs split phase capacitor technology.

¹¹ A "belt drive" refers to a drive system that includes a belt and pulleys.

¹² A "flat wrap spring clutch" is a flat metal spring that, when engaged, links abutted cylindrical pieces on the input shaft with the end of the concentric output shaft that connects to the drive hub.

¹³ "Front loading" means that access to the basket is from the front of the washer.

¹⁴ A "controlled induction motor" is an asynchronous, alternating current (AC), polyphase induction motor.

8450.90.20, and 8450.90.60. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

3. Provide the reasons for the initiation of the investigation

(i) Was the investigation initiated pursuant to a petition from the domestic industry?

Yes, the investigation was initiated pursuant to a petition filed by Whirlpool Corporation (Whirlpool), a producer of LRWs in the United States. The Commission deemed the petition, as amended, to have been properly filed on 5 June 2017.

(ii) Evidence on the basis of which the investigation was initiated.

Increased Import Quantities

The petition, as amended¹⁵, alleges that imports have increased. According to the petition, imports of LRWs have doubled from 1.60 million units in 2012 to 3.21 million units in 2016.

Serious Injury or Threat of Serious Injury to the Domestic Industry Caused by Increased Imports

The petition claims that the subject LRWs are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing LRWs. The petition cites in support data and information relating to various economic factors relating to serious injury and causation, including sales, profitability, capacity utilization, production, capital expenditures, employment and underemployment, productivity, various conditions of competition, and market share held by imports. The petition also notes that the Commission has twice found the domestic LRW industry to be materially injured within the past four years due to imports of LRWs from certain foreign producers.

Unforeseen Developments

According to the petition, "serial dumping" – i.e., moving production to multiple third countries during an ongoing antidumping investigation – is a development that was unforeseen by the domestic industry.

More detailed information regarding all of the above is contained in the petition, which can be found at <https://edis.usitc.gov>.

(iii) Evidence, if any, of critical circumstances where delay would cause damage which it would be difficult to repair.

The petitioner did not allege that critical circumstances exist.

4. Provide a point of contact for the investigation and identify the preferred means for corresponding.

The point of contact for the investigation is:

Michael Szustakowski
Office of Investigations
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436
Tel: (202-205-3169)

All written submissions in the investigation should be filed with the Commission's Office of the Secretary in the manner specified in the Commission's notice of institution.

¹⁵ Because Whirlpool is the sole petitioner in this investigation, much of the serious injury information is confidential business information. However, the United States has included relevant information regarding serious injury or threat of serious injury where possible.

The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>.

5. Provide the deadlines and procedures for importers, exporters and other interested parties to present evidence and their views, including (i) deadlines and procedures for Members and exporters to identify themselves as interested parties, if so required, to participate in the investigation, and (ii) the date of an intended public hearing as provided for in Article 3.1.

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission not later than 21 days after publication of the notice of institution in the Federal Register. The Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

The Secretary will make confidential business information gathered in this investigation available to authorized applicants representing interested parties under the administrative protective order issued in the investigation, provided that the application is made not later than 21 days after the publication of the notice of institution in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive confidential business information under the administrative protective order.

Each party who is an interested party may submit a prehearing brief to the Commission. The deadline for filing prehearing briefs on serious injury is 29 August 2017; that for filing prehearing briefs on remedy is 12 October 2017.

The Commission has scheduled separate hearings in connection with the serious injury and remedy phases of this investigation. The hearing on serious injury will be held on 7 September 2017, at the U.S. International Trade Commission Building, 500 E Street, SW, Washington, DC.

In the event that the Commission makes an affirmative serious injury determination or is equally divided on the question of serious injury in this investigation, a hearing on the question of remedy will be held on 19 October 2017.

Requests to appear at the hearings should be filed in writing with the Secretary to the Commission on or before 31 August 2017 for the serious injury hearing, and 13 October 2017 for the remedy hearing.

All parties and nonparties desiring to appear at the hearings and make oral presentations should participate in prehearing conferences to be held on 5 September 2017 for the serious injury hearing and 17 October 2017 for the remedy hearing, if deemed necessary.

Parties may file written testimony in connection with their presentation at the hearing. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearings. Parties must submit any request to present a portion of their hearing testimony in camera no later than 7 business days prior to the date of the respective hearings.

The deadline for filing posthearing briefs for the serious injury phase of the investigation is 14 September 2017; the deadline for filing posthearing briefs for the remedy phase of the investigation, if any, is 26 October 2017.

In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the consideration of serious injury on or before 14 September 2017, and pertinent to the consideration of remedy on or before 26 October 2017.

The attached notice of institution provides further information regarding deadlines and procedures applicable to this investigation.

The Commission's Handbook on E-Filing, available on the Commission's website at https://www.usitc.gov/secretary/documents/handbook_on_filing_procedures.pdf, elaborates upon the Commission's rules with respect to electronic filing.
