October 27, 2014

MEMORANDUM TO: Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

THROUGH: Melissa Skinner
Director, Office III
Antidumping and Countervailing Duty Operations

FROM: Eric B. Greynolds
Program Manager, Office III
Antidumping and Countervailing Duty Operations

RE: Antidumping and Countervailing Duty Orders on Aluminum Extrusions from the People’s Republic of China

SUBJECT: Final Scope Ruling on Max Rack

SUMMARY

On July 25, 2014, the Department of Commerce (Department) received a scope ruling request from Core Industries LLC (dba Star Trac) (hereinafter referred to as Star Trac)¹ to determine whether the max rack home weight training system (max rack) kit it imports is subject to the antidumping (AD) and countervailing duty (CVD) Orders referenced above.² On the basis of our analysis of the Scope Request, we determine that the max rack kit at issue constitutes a finished goods kit and, thus, is not covered by the scope of the Orders.

BACKGROUND

On July 25, 2014, Star Trac, an importer of max rack kits, filed the Scope Request. On August 25, 2014, the Department extended the deadline for the ruling until October 27, 2014.³ To date, no other interested party submitted comments regarding the Scope Request.

¹ See Star Trac’s July 25, 2014, submission (Scope Request).
³ See the Department’s August 25, 2014, memorandum to the file.
SCOPE OF THE ORDERS

The merchandise covered by the Orders is aluminum extrusions which are shapes and forms, produced by an extrusion process, made from aluminum alloys having metallic elements corresponding to the alloy series designations published by The Aluminum Association commencing with the numbers 1, 3, and 6 (or proprietary equivalents or other certifying body equivalents). Specifically, the subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 1 contains not less than 99 percent aluminum by weight. The subject merchandise made from aluminum alloy with an Aluminum Association series designation commencing with the number 3 contains manganese as the major alloying element, with manganese accounting for not more than 3.0 percent of total materials by weight. The subject merchandise is made from an aluminum alloy with an Aluminum Association series designation commencing with the number 6 contains magnesium and silicon as the major alloying elements, with magnesium accounting for at least 0.1 percent but not more than 2.0 percent of total materials by weight, and silicon accounting for at least 0.1 percent but not more than 3.0 percent of total materials by weight. The subject aluminum extrusions are properly identified by a four-digit alloy series without either a decimal point or leading letter. Illustrative examples from among the approximately 160 registered alloys that may characterize the subject merchandise are as follows: 1350, 3003, and 6060.

Aluminum extrusions are produced and imported in a wide variety of shapes and forms, including, but not limited to, hollow profiles, other solid profiles, pipes, tubes, bars, and rods. Aluminum extrusions that are drawn subsequent to extrusion ("drawn aluminum") are also included in the scope.

Aluminum extrusions are produced and imported with a variety of finishes (both coatings and surface treatments), and types of fabrication. The types of coatings and treatments applied to subject aluminum extrusions include, but are not limited to, extrusions that are mill finished (i.e., without any coating or further finishing), brushed, buffed, polished, anodized (including bright-dip anodized), liquid painted, or powder coated. Aluminum extrusions may also be fabricated, i.e., prepared for assembly. Such operations would include, but are not limited to, extrusions that are cut-to-length, machined, drilled, punched, notched, bent, stretched, knurled, swedged, mitered, chamfered, threaded, and spun. The subject merchandise includes aluminum extrusions that are finished (coated, painted, etc.), fabricated, or any combination thereof.

Subject aluminum extrusions may be described at the time of importation as parts for final finished products that are assembled after importation, including, but not limited to, window frames, door frames, solar panels, curtain walls, or furniture. Such parts that otherwise meet the definition of aluminum extrusions are included in the scope. The scope includes the aluminum extrusion components that are attached (e.g., by welding or fasteners) to form subassemblies, i.e., partially assembled merchandise unless imported as part of the finished goods “kit” defined further below. The scope does not include the non-aluminum extrusion components of subassemblies or subject kits.

Subject extrusions may be identified with reference to their end use, such as fence posts, electrical conduits, door thresholds, carpet trim, or heat sinks (that do not meet the finished heat
sink exclusionary language below). Such goods are subject merchandise if they otherwise meet the scope definition, regardless of whether they are ready for use at the time of importation.

The following aluminum extrusion products are excluded: aluminum extrusions made from aluminum alloy with an Aluminum Association series designations commencing with the number 2 and containing in excess of 1.5 percent copper by weight; aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 5 and containing in excess of 1.0 percent magnesium by weight; and aluminum extrusions made from aluminum alloy with an Aluminum Association series designation commencing with the number 7 and containing in excess of 2.0 percent zinc by weight.

The scope also excludes finished merchandise containing aluminum extrusions as parts that are fully and permanently assembled and completed at the time of entry, such as finished windows with glass, doors with glass or vinyl, picture frames with glass pane and backing material, and solar panels. The scope also excludes finished goods containing aluminum extrusions that are entered unassembled in a “finished goods kit.” A finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled ‘as is’ into a finished product. An imported product will not be considered a ‘finished goods kit’ and, therefore, excluded from the scope of the investigation merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.

The scope also excludes aluminum alloy sheet or plates produced by other than the extrusion process, such as aluminum products produced by a method of casting. Cast aluminum products are properly identified by four digits with a decimal point between the third and fourth digit. A letter may also precede the four digits. The following Aluminum Association designations are representative of aluminum alloys for casting: 208.0, 295.0, 308.0, 355.0, 356.0, A356.0, A357.0, 360.0, 366.0, 380.0, A380.0, 413.0, 443.0, 514.0, 518.1, and 712.0. The scope also excludes pure, unwrought aluminum in any form.

The scope also excludes collapsible tubular containers composed of metallic elements corresponding to alloy code 1080A as designated by the Aluminum Association where the tubular container (excluding the nozzle) meets each of the following dimensional characteristics: (1) length of 37 millimeters (“mm”) or 62 mm, (2) outer diameter of 11.0 mm or 12.7 mm, and (3) wall thickness not exceeding 0.13 mm.

Also excluded from the scope of these Orders are finished heat sinks. Finished heat sinks are fabricated heat sinks made from aluminum extrusions the design and production of which are organized around meeting certain specified thermal performance requirements and which have been fully, albeit not necessarily individually, tested to comply with such requirements.

Imports of the subject merchandise are provided for under the following categories of the Harmonized Tariff Schedule of the United States (“HTS”): 7610.10.00, 7610.90.00, 7615.10.30, 7615.10.71, 7615.10.91, 7615.19.10, 7615.19.30, 7615.19.50, 7615.19.70, 7615.19.90, 7615.20.00, 7616.99.10, 7616.99.50, 8479.89.98, 8479.90.94, 8513.90.20, 9403.10.00,
While HTS subheadings are provided for convenience and customs purposes, the written description of the scope of these Orders is dispositive.\(^4\)

**LEGAL FRAMEWORK**

When a request for a scope ruling is filed, the Department examines the scope language of the order at issue and the description of the product contained in the scope ruling request.\(^5\) Pursuant to the Department’s regulations, the Department may also examine other information, including the description of the merchandise contained in the petition, the records from the investigations, and prior scope determinations made for the same product.\(^6\) If the Department determines that these sources are sufficient to decide the matter, it will issue a final scope ruling as to whether the merchandise is covered by an order.

Conversely, where the descriptions of the merchandise in the sources described in 19 CFR 351.225(k)(1) are not dispositive, the Department will consider the five additional factors set forth at 19 CFR 351.225(k)(2). These factors are: (i) the physical characteristics of the merchandise; (ii) the expectations of the ultimate purchasers; (iii) the ultimate use of the product; (iv) the channels of trade in which the product is sold; and (v) the manner in which the product is advertised and displayed. The determination as to which analytical framework is most appropriate in any given scope proceeding is made on a case-by-case basis after consideration of all evidence before the Department.

**DESCRIPTION OF MERCHANDISE SUBJECT TO THIS SCOPE RULING**

The product at issue in this Scope Request is a max rack kit which, when assembled, is designed to be used for a variety of strength exercises, including pull-ups, squats, and bench presses. Star Trac imports the max rack home weight training system unassembled, with all the components

\(^{4}\) See Orders.
\(^{5}\) See Walgreen Co. v. United States, 620 F.3d 1350, 1357 (Fed. Cir. 2010).
\(^{6}\) See 19 CFR 351.225(k)(1).
necessary for assembly without further processing or fabrication, packaged together in a single carton. Most of the exercises are performed on the max rack using the moveable bar that is permanently attached to the frame and included in the kit at entry; however some exercises make use of the stationary pull-up bar, which is also part of the imported kit. The end-user may perform exercises (e.g., pull-ups or squats) without the use of Olympic-style weight plates and weight bench, which are sold separately. The max rack is made almost entirely of steel. There are only two parts of the max rack that consist of extruded aluminum, part 731-1917 consisting of small red extruded aluminum rings, which are attached to the pull-up bar for decorative purposes and part 721-1904-KT, which consists of extruded aluminum end-caps and collars for the steel shafts.

PRIOR SCOPE RULINGS CITED BY INTERESTED PARTIES OR OTHERWISE RELEVANT TO THIS PROCEEDING

Geodesic Domes Kits Scope Ruling

At issue in the scope ruling were certain geodesic dome frame kits consisting solely of extruded aluminum parts along with nuts, bolts, and washers. The requestor argued that the products at issue constituted finished goods kits because the kits contained all the components necessary to assemble a final finished geodesic dome playground set. It further argued that the products at issue required no further fabrication and are assembled “as is” from the components provided in the kits.

In the scope ruling, the Department explained that because the kits at issue contained all of the parts necessary at the time of importation “to fully assemble a final, finished good,” the product at issue met the “initial requirements for inclusion into the finished goods kit exclusion.” However, the Department noted that the scope of the Orders states that an “imported product will not be considered a ‘finished goods kit’ . . . merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.” The Department found that since the kits at issue consisted solely of extruded aluminum and fasteners, the exception to the exclusion provision applied. Accordingly, the Department found that the products at issue did not meet the exclusion criteria for a finished goods kit.

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7 See Scope Request at 3-4 and Exhibit 1, which includes the owner’s manual, installation instructions, and detailed diagrams of the parts of the max rack, as imported.
8 Id. at 3-4 and Exhibit 1.
9 For information regarding the scope rulings referenced in this section, see the Memorandum to the File from Eric B. Greynolds, Program Manager, Office III, Operations, “Prior Scope Rulings Relevant to this Proceeding”, dated concurrently with this memorandum.
10 See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Final Scope Ruling on J.A. Hancock, Inc.’s Geodesic Structures,” (July 17, 2012) (Geodesic Domes Kits Scope Ruling).
11 Id. at 7.
12 Id.
13 Id.
Side Mount Valve Controls (SMVC) Kits Scope Ruling

At issue in the scope ruling were certain side-mount valve controls (SMVCs) that are used in pumping apparatuses that are attached to fire engines. The requestor argued that an SMVC kit, as imported, contains all the components necessary to complete the product and that all SMVC components and hardware are fully fabricated and require no further finishing or fabrication prior to being assembled. On this basis, the requestor argued that the product in question met the exclusion criteria for “finished goods kits.”

In the ruling, the Department explained that, upon further reflection of the language in the scope of the Orders, it was revising the manner in which it determines whether a given product is a “finished good” or “finished goods kit.” The Department explained that it had identified a concern with its prior analysis, namely that it may lead to unreasonable results. The Department explained that an interpretation of “finished goods kit” which requires all parts to assemble the ultimate downstream product may lead to absurd results, particularly where the ultimate downstream product is, for example, a fire truck. The Department explained that such an interpretation may expand the scope of the Orders, which are intended to cover aluminum extrusions.

The Department determined that the scope, taken as a whole, indicates that “subassemblies” (i.e., “partially assembled merchandise”) may be excluded from the scope provided that they enter the United States as “finished goods” or “finished goods kits” and that the “subassemblies” require no further “finishing” or “fabrication.” Therefore, the Department analyzed whether the SMVC kit at issue constituted a subassembly that enters the United States as a “finished goods kit.” In order for such a kit to be excluded from the scope of the Orders, the Department found that: 1) the SMVC kit contained all of the parts necessary to assemble a complete SMVC; 2) all the components and hardware of the SMVC were fully fabricated and required no further finishing or fabrication prior to being assembled; and 3) once assembled, the SMVC was ready for use in conjunction with the downstream product upon installation. Based on this information, the Department found that the SMVC kits at issue met the exclusion criteria for subassemblies that enter the United States as “finished goods kits.”


See Preliminary SMVC Kits Scope Ruling at 2; unchanged in Final SMVC Kits Scope Ruling.

See Preliminary SMVC Kits Scope Ruling at 6-7; unchanged in Final SMVC Kits Scope Ruling.

See Preliminary SMVC Scope Ruling at 7 unchanged in Final SMVC Scope Ruling.

See id.
Meridian Products\textsuperscript{19}

At issue were certain refrigerator/freezer trim kits designed to frame the space occupied by a refrigerator or freezer. In the underlying scope ruling, the Department found the product to be inside the scope of the Orders on the grounds that the product, which consisted solely of extruded aluminum, save for fasteners, failed to meet the Department’s first test for determining whether a good constitutes a finished good, as established in the Geodesic Domes Scope Ruling.\textsuperscript{20}

The Court of International Trade (the CIT) remanded to the Department to consider whether the trim kits at issue were designed to display customizable materials or work with removable or replaceable parts, and therefore potentially warrant exclusion from the Orders.\textsuperscript{21}

To date, the litigation in Meridian Products is still ongoing.

Solar Panel Mounting Systems Kits Scope Ruling\textsuperscript{22}

At issue were solar panel mounting systems kits, comprised of extruded aluminum rails as well as extruded and aluminum caste kedges, galvanized steel posts, and various steel bolts, clamps, and brackets.\textsuperscript{23} In the scope ruling, the Department found that the products at issue contained at the time of importation all of the parts necessary to fully assemble a finished good without further fabrication. The Department further found that the products could be assembled “as is” into finished products for mounting solar panels. The Department concluded that the products at issue were analogous to picture frame kits with glass excluded from the scope and exhibition booth kits – finished good kits that the Department found were outside the scope of the Orders — in that they were designed to work with removable/replaceable components and need not include non-essential parts to constitute a finished good.\textsuperscript{24}

Shower Door Kits Scope Ruling\textsuperscript{25}

The products at issue in the scope ruling were shower door kits consisting of: a glazed shower door panel (glass surrounded by an aluminum frame), door handles, pivot and strike door jambs (with seals), a drip rail (with vinyl and end plugs), snap-in fillers, and the required screws, spacer, washers, and tape for assembly. The requestor argued that all parts needed for the completion of a finished good were included in its shower door kit at the time of importation,

\textsuperscript{19} See Meridian Products v. United States, 971 F. Supp 2d 1259, 1265 (CIT 2014) (Meridian Products).
\textsuperscript{20} See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Final Scope Ruling on Refrigerator/Freezer Trim Kits,” (December 17, 2014) at 10-11.
\textsuperscript{21} See Meridian Products, 971 F. Supp 2d at 1261-1271.
\textsuperscript{23} Id. at 6-7.
\textsuperscript{24} Id. at 8-9, citing the Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Final Scope Ruling on Banner Stands and Back Wall Kits,” (October 19, 2011).
and had the capability to be assembled "as is" into a finished product. In the Shower Door Kits Scope Ruling, the Department determined that the product at issue contained all the parts necessary to assemble a final finished good-a shower door-at the time of importation and, therefore, found that the product met the exclusion criteria for finished merchandise. As a result, the Department found the product to be excluded from the Orders.

ARGUMENTS FROM INTERESTED PARTIES

Star Trac's Arguments

- When assembled, the max rack may be used to perform exercises (e.g., pull-ups and squats) without the use of Olympic-style weight plates or benches. Thus, the max rack kit constitutes a complete finished goods kit, as entered, and should be excluded from the scope of the Orders.
- However, if the Department disagrees with this position, then the max rack kit is still outside the scope of the Orders per the Court's holding in Meridian Products and the Department's findings in the SMVC and Solar Panel Mounting Systems Kits Scope Rulings.
- In Meridian Products, the Court found that the Department has established two general criteria in order to for a product to be excluded from the Orders:
  1. It must "include all the necessary parts to fully assemble a final finished good with no further processing or fabrication, such as cutting or punching; and
  2. It must be capable of assembly "as is" into a finished product.
- The Court further held in Meridian Products that a finished good will be excluded from the Orders if it satisfies one of the following criteria:
  1. It is designed to display customizable materials; or
  2. It is designed to incorporate customizable materials; or
  3. It is designed to work with removable or replaceable parts.
- In Meridian Products, the Court concluded that the Department had failed to examine whether the refrigerator/freezer trim kits at issue were designed to incorporate customizable materials or to work with removable or replaceable parts.
- Similarly, in the Solar Panel Mounting System Kits Scope Ruling, the Department found that the product was analogous to extruded aluminum picture frames with glass that are designed to work with removable/replaceable components and, thus, when assembled constituted finished goods kits.
- In reaching its conclusion in the Solar Panel Mounting System Kits Scope Ruling, the Department found that the mounting systems were generally compatible with solar panels available in the market, imported and sold separately from the solar panels with which they were designed to be used, and designed to be used with removable and replaceable solar panels.

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26 Id. at 5.
27 Id. at 6.
28 See Meridian Products, 971 F. Supp 2d at 1265.
29 Id., at 1265-1266.
30 Id., at 1267.
32 Id.
The max rack kits at issue are akin to the products examined in *Meridian Products* and the Solar Panel Mounting System Kits Scope Ruling. The max rack kits, when assembled, are compatible with standard Olympic-style weight plates and benches, imported separately from the weight plates and benches, and are designed to work with removable/replaceable weight plates.

Thus, consistent with the Court’s holding in *Meridian Products* and the Department’s analysis in the Solar Panel Mounting Kits Scope Ruling, the Department should find the max rack kits at issue to be outside the scope of the *Orders*.

Additionally, the kits at issue are outside the scope pursuant to 19 CFR 351.225(k)(2).

**DEPARTMENT’S POSITION:** The Department examined the language of the *Orders* and the description of the product contained in this Scope Request, as well as previous rulings made by the Department. We find that the description of the product, the scope language, and prior rulings, are, together, dispositive as to whether the product at issue is subject merchandise, in accordance with 19 CFR 351.225(k)(1). Accordingly, for this determination, the Department finds it unnecessary to consider the additional factors specified in 19 CFR 351.225(k)(2). For the reasons set forth below, we find that max rack kit at issue meets the exclusion criteria for a “finished goods kit.”

According to the scope, “a finished goods kit is understood to mean a packaged combination of parts that contains, at the time of importation, all of the necessary parts to fully assemble a final finished good and requires no further finishing or fabrication, such as cutting or punching, and is assembled ‘as is’ into a finished product.” An imported product, however, “will not be considered a ‘finished goods kit’ and, therefore, excluded from the scope of the investigation merely by including fasteners such as screws, bolts, etc. in the packaging with an aluminum extrusion product.”

The information provided by Star Trac (e.g., narrative statements, photographs, and product diagrams) indicates that the max rack kit at issue consists mainly of steel along with a relatively small amount of extruded aluminum parts. Because the max rack kit at issue contains non-extruded aluminum material parts other than fasteners, we find the product meets the Department’s first test for determining whether a good constitutes a finished good or finished good kit, as established in the Geodesic Domes Kits Scope Ruling.

Having met the Department’s first test, we next examined whether the max rack kit at issue meets the exclusion criteria for a finished goods kit. Information from Star Trac indicates that the max rack kit contains, at the time of importation, all of the necessary parts to fully assemble a final finished good (e.g., a fully functioning weight training system that may be used for pull-ups, presses, and squats without the use of Olympic weight plates or benches) that upon

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33 *See Scope Request at 10-11.*

34 *See Scope Request at 3-4 and Exhibit 1, which includes the owner’s manual, installation instructions, and detailed diagrams of the parts of the max rack, as imported.*

35 *See Geodesic Domes Kits Scope Ruling at 7, where the Department found that since the products at issue consisted solely of extruded aluminum and fasteners, the exception to the exclusion provision applied. Accordingly, the Department found that the products at issue did not meet the exclusion criteria for a finished goods kit.*

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assembly is ready for use as is and requires no further finishing or fabrication. Therefore, we find that the max rack kit constitutes a finished goods kit that is excluded from the scope of the Orders. Our finding in this regard is consistent with the Department’s analysis in prior scope determinations, such as the Shower Door Kits Scope Ruling.

Because we find that the max rack kit at issue constitutes a finished goods kit that, when assembled, form a ready-to-use final product, we find it unnecessary to address Star Trac’s alternative arguments concerning the applicability of the Department’s “sub-assembly finished goods” test as applied in the SMVC Scope Ruling. For the same reason, we also do not find it necessary to address Star Trac’s alternative arguments concerning products that necessarily worked with “removable/replaceable” components, to which Star Trac cites Meridian Products and the Solar Panel Mounting System Kits Scope Ruling for support.

RECOMMENDATION

For the reasons discussed above, and in accordance with 19 CFR 351.225(d) and 19 CFR 351.225(k)(1), we recommend finding that the max rack kit at issue is a finished goods kit and, thus, is not subject to the scope of the Orders.

If the recommendation in this memorandum is accepted, we will serve a copy of this determination to all interested parties on the scope service list via first-class mail, as directed by 19 CFR 351.225(d).

Agree _____ Disagree

Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

Date 10/27/14

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36 See Scope Request at 4 and Exhibit 1.
37 See, e.g., Shower Door Kits Scope Ruling at 6.
38 See Preliminary SMVC Kits Scope Ruling at 6-7; unchanged in Final SMVC Kits Scope Ruling.
39 See Meridian Products, 971 F. Supp 2d at 1259, 1261; see also Solar Panel Mounting System Kits Scope Ruling at 9.