Diamond Sawblades and Parts Thereof From China and Korea

Investigation Nos. 731-TA-1092 and 1093 (Preliminary)

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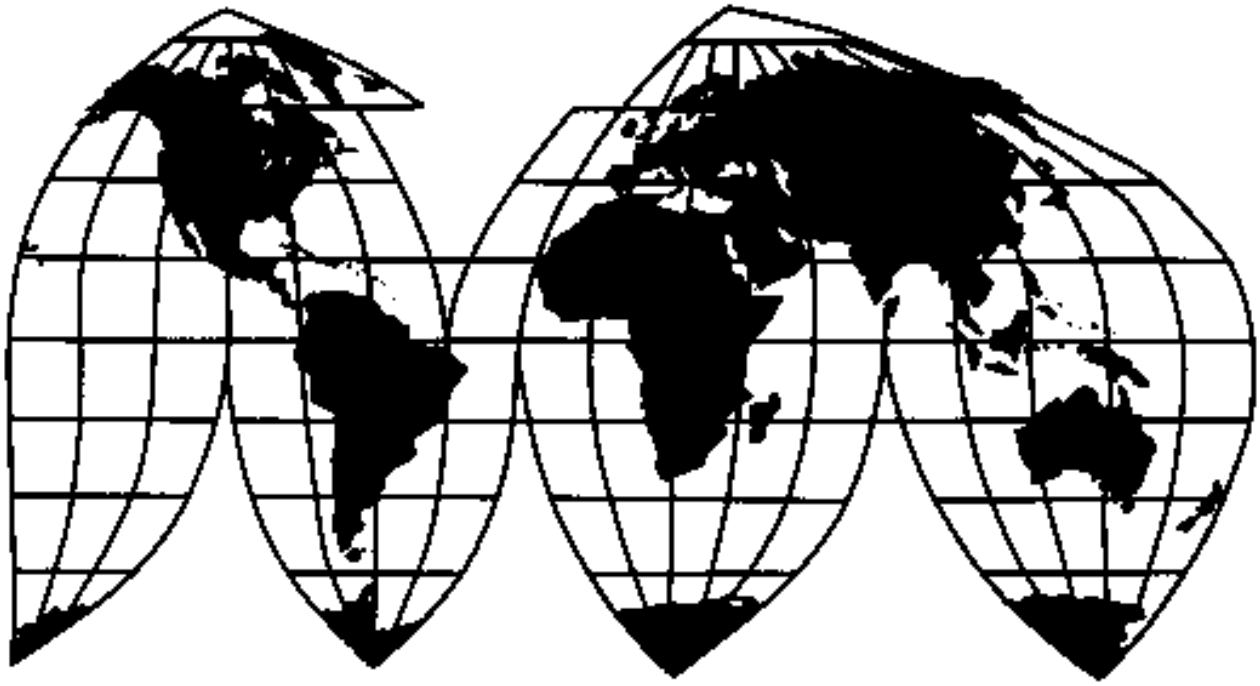

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-1092-1093 (Preliminary)

DIAMOND SAWBLADES AND PARTS THEREOF FROM CHINA AND KOREA

DETERMINATION

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is materially injured[2] or threatened with material injury[3] by reason of imports from China and Korea of diamond sawblades and parts thereof, provided for in subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of an affirmative preliminary determination in the investigations under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in those investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On May 3, 2005, a petition was filed with the Commission and Commerce by the Diamond Sawblade Manufacturers' Coalition and its individual members: Blackhawk Diamond, Inc., Fullerton, CA; Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of diamond sawblades and parts thereof from China and Korea. Accordingly, effective

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[1] The record is defined in sec. 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(f)).

[2] Chairman Stephen Koplan, Commissioner Jennifer A. Hillman, and Commissioner Charlotte R. Lane determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of diamond sawblades and parts thereof from China and Korea.

[3] Vice Chairman Deanna Tanner Okun, Commissioner Marcia E. Miller, and Commissioner Daniel R. Pearson determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of diamond sawblades and parts thereof from China and Korea.

May 3, 2005, the Commission instituted antidumping duty investigation Nos. 731-TA-1092-1093 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of May 10, 2005 (70 FR 24612) and May 26, 2005 (70 FR 30480). The conference was held in Washington, DC, on June 15, 2005, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these preliminary phase investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of diamond sawblades and parts thereof from China and Korea that are allegedly sold in the United States at less than fair value (LTFV).[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

II. BACKGROUND

Diamond sawblades are circular cutting tools composed of two fundamental components: an inner steel core ("core") and a diamond-impregnated outer ring of one or more segments ("segments") that make up the cutting surface.[4] The core is generally made of high quality, treated, hardened alloy steel plate or sheet, which is laser cut to the approximate diameter of the finished diamond sawblade. The core contains an arbor hole in the center. The outside rim of the core is either slotted to produce a segmented rim or smooth to produce a continuous rim. The cutting surface, or segment, contains a mixture of diamonds and metal powder that are bonded together through a heating and pressing process.[5] To produce a segmented diamond sawblade, the segments typically are affixed to the metal core through a soldering or laser-welding process. For continuous rim diamond sawblades, the diamond segment is sintered on the core during its production.

Finished diamond sawblades are used for cutting aggregates, such as cement, asphalt, marble, tile, brick, and stone.[6] They typically range in size from a few inches to 70 inches in diameter. Finished diamond sawblades that are greater than 30 inches in diameter are typically sold into the "professional use" market, which consists of large contractors involved in road construction and repair and other large construction projects. In this market, diamond sawblades are application-specific and customized to meet the particular needs of the purchaser. Most sawblades for this market are used in large "walk behind" or "self-propelled" saws that use segmented blades. Smaller blades with diameters of 14 inches or less are

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[1] Chairman Koplan, Commissioner Hillman and Commissioner Lane determine that there is a reasonable indication of material injury by reason of subject imports. Vice Chairman Okun, Commissioner Miller and Commissioner Pearson determine that there is a reasonable indication of threat of material injury by reason of subject imports.

[2] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353, 1368-69 (Ct. Int'l Trade 1999); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996).

[3] American Lamb, 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

[4] Confidential Report (CR) at I-5, Public Report (PR) at I-4.

[5] CR at I-3 - I-4, PR at I-3.

[6] CR at I-8, PR at I-6.

typically sold in the "general use" market and are used for cutting tile or stone. Diamond sawblades in this category are either segmented or continuous rim blades, depending upon the application.

The U.S. diamond sawblade market is supplied by a significant number of domestic producers,[7] imports from Korea and China (which are the subject of these investigations) and nonsubject imports. The market in the United States is a growing one, as U.S. consumption of finished diamond sawblades increased by 6.2 percent, as measured by value, between 2002 and 2004, and continued to increase in interim 2005 as compared to interim 2004. U.S. producers accounted for the largest share of the domestic market in 2004, as measured by value. The majority of domestic production was sold to end users and distributors.[8] Cumulated subject imports were the next largest suppliers, followed by nonsubject imports. For finished diamond sawblades, subject imports' market share increased by 7.6 percent between 2002 and 2004, as measured by value, and reached 34.3 percent at the end of the first quarter in 2005.

The petition was filed on behalf of the Diamond Sawblades Manufacturers' Coalition and its nine members.[9] There are 21 firms known to be producing diamond sawblades and parts in the United States, 16 of which provided questionnaire responses to the Commission.[10] Nine of these firms have production facilities located in California; additional production facilities are located in Georgia, Massachusetts, Ohio, Pennsylvania, South Carolina, and Utah.[11]

III. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[12] Section 771(4)(A) of the Tariff Act of 1930, as amended (the Act), defines the relevant domestic industry as the "producers as a [w]hole 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."[13] In turn, the Act defines "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."[14]

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[15] No single factor is dispositive, and the Commission

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[7] The petition identified 21 firms producing diamond sawblades in the United States, two of which produce cores. Fourteen other firms produce both segments and finished diamond sawblades, with the balance producing only finished diamond sawblades.

[8] CR/PR at Table I-3.

[9] CR/PR at I-1.

[10] CR/PR at III-1 and Table III-1. These 16 firms, believed to represent 85 percent of U.S. diamond sawblades production in 2004, provided usable trade and financial data on their U.S. operations producing diamond sawblades.

[11] CR/PR at III-1 and Table III-1.

[12] 19 U.S.C. § 1677(4)(A).

[13] Id.

[14] 19 U.S.C. § 1677(10).

[15] See, e.g., NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes,

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[16] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[17] Although the Commission must accept the determination of the Department of Commerce (Commerce) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles that Commerce has identified.[18] The Commission must base its domestic like product determination on the record in the investigation before it. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.[19]

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of investigations as –

> all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of these investigations are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).
>
> Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the investigations. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with

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[15] (...continued)
and production employees; and, where appropriate, (6) price. See, e.g., Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[16] See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

[17] See, e.g., Nippon, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also, e.g., S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.")

[18] See, e.g., Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find determination of six domestic like products in investigations where Commerce found five classes or kinds); Torrington, 747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

[19] See Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int'l Trade 1998) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F.Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

> a thickness greater than 1.1 inches, are excluded from the scope of the investigations. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of these investigations. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petition. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the investigations.[20]

C. Domestic Like Product

Petitioners argue that all diamond sawblades, including parts (cores and segments), comprise one domestic like product.[21] For purposes of the preliminary phase of these investigations, respondents do not challenge petitioners' argument that all finished diamond sawblades, cores and segments comprise one domestic like product.[22] In determining whether cores and segments constitute separate domestic like products or whether they should be included in one domestic like product, the Commission engaged in a semifinished product analysis.[23] As a result of this analysis, we find one domestic like product consisting of finished diamond sawblades, cores and segments, coextensive with the scope of these investigations.

Dedication to Production. Diamond segments and cores generally have no uses until transformed into the finished diamond sawblade.[24] Two U.S. producers manufacture diamond cores; neither reported using the cores in other finished products. In addition, only three U.S. producers reported additional applications for segments (***), which represent a relatively small portion of the uses for segments.[25]

Separate Markets. U.S. producers largely view the markets for finished sawblades and cores/segments as separate, except in the sense that cores and segments are components of finished sawblades.[26]

Physical Characteristics and Functions. As stated above, the cores and segments have no function until joined and fastened into finished diamond sawblades.

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[20] 70 Fed. Reg. 35625, 35625-26 (June 21, 2005). Merchandise subject to these investigations is typically imported under subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00 of the HTSUS. The tariff classification is provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of these investigations is dispositive. 70 Fed. Reg. 35626.

[21] Petition at 5; Petitioners' Postconference Brief at 4.

[22] Korean Respondents' Postconference Brief at 3-4 (postconference brief of Ehwa Diamond Industrial Co., Ltd., et al.).

[23] In a semi-finished product analysis, the Commission examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) significance and extent of the processes used to transform the upstream into the downstream articles. See, e.g., Certain Frozen Fish Fillets from Vietnam, Inv. No. 731-TA-1012 (Preliminary), USITC Pub. 3533 (Aug. 2002), at 7.

[24] CR at I-7, PR at I-5.

[25] CR at I-8, PR at I-5.

[26] CR at I-9, PR at I-5.

Differences in Costs or Value. The costs of the vertically differentiated articles vary greatly. In 2004, the average unit value of U.S. commercial shipments of cores was $***, while the average unit value for segments was $***.[27]

Finished diamond sawblades are sold in thousands of sizes, ranging in diameter from 4 inches to more than 70 inches. In addition, suppliers frequently offer three to six quality designations. Accordingly, the prices among different diamond sawblade sizes can vary substantially. The average unit value of U.S. commercial shipments of finished diamond sawblades in 2004 was $172.29,[28] but the price varies from $*** to $***.

Significance and Extent of Transformation Processes. As noted previously, diamond sawblade cores are cut from heat-treated alloy steel plate or sheet. The cut plate of approximate shape is then quenched in a heat furnace, cooled in an oil bath and tempered in a gas furnace. After the core is quenched and tempered, a small hole (the arbor) is drilled or reamed into its center, which will serve as a mounting point for the finished diamond sawblade inside a cutting tool. Subsequently, the reamed core is tensioned in a roll-tensioner, which imparts additional hardness to the core. The flattened core then goes through both a grinding/turning process, in which the outer diameter is ground to the proper size required by the customer specification, and a deburring process, in which the outer diameter is matched to the internal diameter of the diamond cutting surface.[29] The diamond cutting surface is affixed to the metal core through a soldering or laser-welding process.

Diamond segments are produced through the insertion of crushed industrial diamond crystals into a mixture of metallic powders. The diamond crystals are normally, if not always, synthetic rather than natural diamonds because synthetic diamonds have a more reliable consistency for cutting applications. The mixture is compressed at a very high temperature in order to obtain a solid metal alloy that holds the diamonds. A portion of the semifinished segment is cleared of diamond powder to ensure that the metallic portion of the segment can be mated to the sawblade core. Each segment is subsequently dressed and cleaned to ensure the finished segment is free of excess powder and burrs.[30]

The segments are laser-welded or brazed onto the core to complete the finished product. The core itself must be balanced both before and after the segment is attached. The entire sawblade is then quality-screened, put through a slight grinding to ensure proper outer diameter dimension, and tension-checked to ensure the blade performs at the revolution speed that was originally specified.[31]

While there are distinct differences in the manufacturing processes of cores, segments and finished diamond sawblades, there is also some overlap. Only two producers manufacture cores, and they do not manufacture segments or finished sawblades. Most finished sawblade manufacturers produce segments as well.[32]

There are some significant differences in costs and value between cores and segments as compared to finished diamond sawblades and the transformation process for turning the components into finished sawblades is significant. However, the fact that the components are largely dedicated to the production of finished sawblades and, in fact, embody the essential characteristics of finished diamond sawblades, together with the lack of any argument in this preliminary phase of the investigations that cores and segments should be separate like products, lead us to find that cores, segments and finished diamond sawblades comprise one domestic like product.

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[27] CR at I-24, PR at I-10.
[28] CR at I-24 (as modified by Memorandum INV-CC-105), PR at I-10.
[29] CR at I-12, PR at I-7.
[30] CR at I-13, PR at I-8.
[31] CR at I-13, PR at I-8.
[32] See CR at III-3, PR at III-1.

D. Domestic Industry

The domestic industry is defined as the "producers as a [w]hole 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."[33] In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[34]

In these investigations, several issues arise as to whether certain manufacturers of finished diamond sawblades should be considered part of the domestic industry. Specifically, these issues are: whether the producers whose operations consist solely of assembling cores and parts perform sufficient production-related activities to be considered domestic sawblade producers, and whether appropriate circumstances exist to exclude related parties from the domestic industry.

We determine to include assemblers in the domestic industry. Also, in this preliminary phase, Vice Chairman Okun, Commissioner Miller and Commissioner Pearson determine not to exclude any related parties from the domestic industry.[35] Chairman Koplan, Commissioner Hillman and Commissioner Lane find that appropriate circumstances exist to exclude *** from the domestic industry as related parties.

Assemblers. Petitioners seek to exclude from the domestic industry operations, owned by respondents, that import subject diamond sawblade cores and segments and then merely assemble them into a finished diamond sawblade. Petitioners contend that these entities do not engage in sufficient production-related activity in the United States to be considered members of the domestic industry.[36] These firms are Korean respondents SH Trading, Inc. (SH), which is owned by Shinhan Diamond Industrial Co., Ltd., and General Tool, Inc. (General Tool), which is related to Ehwa Diamond Industrial Co., Ltd. Korean respondents argue that SH and General Tool should be included in the domestic industry.[37] [38]

In responding to the Commission's domestic producer questionnaire, SH indicated *** and the source of its funds was, accordingly, ***.[39] As noted above, SH assembles cores and segments to make the finished diamond sawblades.[40] It utilizes the *** techniques (described above) to affix the segments

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[33] 19 U.S.C. § 1677(4)(A).

[34] See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[35] They intend, however, to reexamine the status of all related parties in any final phase of these investigations.

[36] Petitioners' Postconference Brief at 7. Petitioners' argument, which essentially suggests that assembly of imported parts is not domestic production as a matter of law, is incorrect. There have been a number of industries in which assembly operations have been deemed to constitute production. See, e.g., DRAMS and DRAM Modules from Korea, Inv. No. 701-TA-431 (Final), USITC Pub. 3616 at 11 (Aug. 2003).

[37] Korean Respondents' Postconference Brief at 10.

[38] To determine whether a firm is engaged in sufficient production-related activities to be considered a domestic producer of the like product, the Commission generally considers six factors: (1) source and extent of the firm's capital investment; (2) technical expertise involved in U.S. production activities; (3) value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. See, e.g., Outboard Engines from Japan, Inv. No. 731-TA-1069 (Preliminary), USITC Pub. 3673 at 10-12 (Mar. 2004); DRAMs and DRAM Modules from Korea, Inv. No. 701-TA-431 (Final), USITC Pub. 3616 at 7-11 (Aug. 2003).

[39] CR at VI-17, PR at VI-5.

[40] CR at III-3 n.4, PR at III-1 n.4.

to the cores. It commented that these processes require a *** level of expertise.[41] It is estimated that the value added in assembly by SH for fiscal year 2004, excluding selling, general and administrative (SG&A) expenses, was *** percent of the sales value. Including SG&A expenses, the figure is *** percent.[42]

SH had *** employees in 2004.[43] The 16 responding domestic producers reported a total of 555 production and related workers in that year,[44] *** of which were involved in the manufacture of cores[45] and *** of which were involved in the production of segments.[46] While it is difficult to ascertain the number of workers that would typically be involved in assembly in a vertically-integrated facility because most diamond sawblade manufacturers perform their own assembly operations, we note that information provided at the conference indicates that SH's assembly operations are likely staffed on the same level as the other manufacturers' operations.[47]

With respect to General Tool, it indicated ***.[48] In fiscal year 2004, General Tool reported capital expenditures of ***.[49] It produces segments for the merchant market, as well as assembles the components to make finished diamond sawblades.[50] General Tool reported that it requires "a *** degree of experience and skill" to know what ratio of ingredients to use, as well as "a *** skill level and capital investment in order to ***."[51] It is estimated that, for General Tool, the value added excluding SG&A for fiscal year 2004 was *** percent and, including SG&A, the figure is *** percent.[52] It had *** employees in 2004.[53] General Tool purchases cores, and in 2004 bought *** from U.S. producer ***.[54] As explained above, the cores are the most critical component of the sawblade, and the cost of them is not insignificant. The evidence in the record of these preliminary investigations does not indicate that General Tool has incurred any other costs or engaged in any other activities in the United States that directly lead to production of the domestic like product.

The estimated value added in the assembly process by both SH and General Tool is quite significant. In addition, General Tool's capital expenditures were *** of the range of such expenses for the domestic producers. It also produces diamond segments, a process that requires significant expertise, as well as assembles the cores and segments. The number of its employees was not insubstantial, and it purchased *** of U.S. components in 2004. With respect to SH, the fact that it has *** and does not manufacture cores or segments, but assembles them, does not necessarily indicate that its production-related activities in the United States are minimal. SH does have some capital investment, as it does

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[41] CR at I-15, PR at I-9. Saint-Gobain also commented that *** are required for laser-welding, brazing and tensioning operations, and Sanders also stated that *** expertise is required for laser-welding and silver soldering. CR at I-15, PR at I-9.

[42] CR/PR at Table VI-10. Value added is estimated and is based upon revenue and cost data associated with the production and sale of finished diamond sawblades the producers provided in their questionnaire responses. Given that different producers may account for their cost components differently, it is probable that the domestic value added percentage that is computed based upon the data in the questionnaire responses would not be the same as the domestic value added percentage calculated from data specifically designed for that purpose. CR at VI-19, PR at VI-8.

[43] SH's Producer Questionnaire Response.

[44] CR/PR at Table III-7.

[45] CR/PR at Table C-2.

[46] CR/PR at Table C-3.

[47] See Tr. at 109 (Messrs. Garrison and Palovochik) (all assemblers perform same general operations).

[48] INV-CC-105 at VI-17 (July 12, 2005).

[49] CR/PR at Table VI-8.

[50] General Tool's Producer Questionnaire Response.

[51] CR at I-15, PR at I-9.

[52] CR/PR at Table VI-10.

[53] General Tool's Producer Questionnaire Response.

[54] General Tool's Producer Questionnaire Response.

engage in some production-related activities, although the extent and source of this investment is unknown.[55] The fact that it has *** employees does not indicate that its production-related activities are minimal, as they perform the same types of assembly operations as the other manufacturers. Its purchase of only *** cores from a U.S. producer in 2004[56] likewise does not indicate that its production-related activities are insufficient for it to be considered a domestic producer. In view of the foregoing, we find that SH and General Tool engage in sufficient production-related activities to be considered domestic producers, and therefore include them in the domestic industry.[57]

Related Parties. We must further determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to 19 U.S.C. § 1677(4)(B). That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers.[58] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each case.[59]

Petitioners argue that the Commission should find that appropriate circumstances exist to exclude several U.S. producers from the domestic industry: Electrolux Construction Products North America (Electrolux); Saint-Gobain Abrasives, Inc. (Saint-Gobain); General Tool; SH; Barranca Diamond Products (Barranca); "and other related parties."[60] Saint-Gobain and Korean respondents argue to the contrary.[61]

Direct Importers of Subject Merchandise. Five U.S. producers, ***, reported that they imported subject finished diamond sawblades over the period of investigation.[62] ***.[63] In addition, ***.[64] Thus, these firms qualify as related parties. Price and product range were the primary reasons reported by these companies for their decisions to import subject merchandise.[65] Only *** accounted for more than *** percent of domestic production in 2004.

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[55] We note that in 2004, domestic producers' reported capital expenditures ranged from *** to ***. CR/PR at Table VI-8.

[56] SH's Producer Questionnaire Response.

[57] However, ***, as discussed below.

[58] 19 U.S.C. § 1677(4)(B).

[59] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the
U.S. producer has decided to import the product subject to investigation, i.e. whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producers vis-à-vis the rest of the industry, i.e. whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 at 14 n.81 (Feb. 1997).

[60] With respect to General Tool, SH, Barranca, "and other related parties," petitioners present no specific arguments, but simply state they should be excluded from the domestic industry. Petitioners' Postconference Brief at 18.

[61] Saint-Gobain's Postconference Brief at 6-8; Korean Respondents' Postconference Brief at 5-9.

[62] CR/PR at III-7.

[63] CR/PR at Table III-1 n.8.

[64] CR/PR at Table III-1 nn.4, 6.

[65] CR at III-10, PR at III-4.

With respect to ***, it accounted for *** percent of domestic production of finished sawblades in 2004.[66] It is a petitioner and is the *** domestic producer of diamond sawblades.[67] ***.[68] Its ratio of imports from China to production by volume was *** percent in 2004, and its ratio of imports from Korea to production was *** percent in that year.[69] By value, its ratio of imports from China to U.S. domestic shipments was *** percent in 2004, and its ratio of imports from Korea to U.S. domestic shipments was *** percent.[70] Its operating income as a ratio of net sales ***.[71] Because *** is the *** producer and a petitioner, because given its financial performance it does not appear to have been shielded from any injurious effects of the subject imports, and because its interests clearly lie in domestic production, we find that circumstances are not appropriate to exclude *** from the domestic industry.

With respect to ***, it accounted for *** percent of domestic production of finished diamond sawblades in 2004 and *** percent of domestic production for the merchant market of segments in that year.[72] *** the petition.[73] It ***.[74] Its ratio of imports from China to production by volume was *** percent in 2004, and its ratio of imports from Korea to production was *** percent in that year.[75] By value, its ratio of imports from China to U.S. domestic shipments was *** percent in 2004, and its ratio of imports from Korea to U.S. domestic shipments was *** percent.[76] Its operating income as a ratio of net sales was *** percent in fiscal year 2004 – an increase from *** – and was *** percent in interim 2004 and *** percent in interim 2005.[77] It appears that *** primary interests lie in importation rather than domestic production, in view of its ***, its reason for importing subject merchandise and its ratio of imports to production.

Vice Chairman Okun, Commissioner Miller and Commissioner Pearson find that there is insufficient information on the record in this preliminary phase of the investigations to determine if *** conducts its operations so as to shield itself from any injurious effects of the subject imports, and they cannot conclude that it is deriving significant financial benefit from the imports. *** incurred operating losses for most of the period, while it was importing substantial volumes of subject imports.[78] Accordingly, they find that circumstances are not appropriate to exclude *** from the domestic industry at this time, but intend to explore this issue further in any final investigations.

Chairman Koplan, Commissioner Hillman and Commissioner Lane find that circumstances are appropriate to exclude *** from the domestic industry because its interests lie in importation rather than in production, as its relatively large import-to-production ratios suggest. Further, they find *** appears to have benefitted somewhat from subject imports, as its operating income as a ratio to net sales increased to *** percent in 2004 from *** percent in 2002.[79]

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[66] CR/PR at Table III-1.
[67] CR/PR at Table III-1.
[68] CR/PR at Table III-5 n.3.
[69] CR/PR at Table III-5.
[70] CR/PR at Table C-5.
[71] CR/PR at Table VI-6.
[72] CR/PR at Table III-1.
[73] CR/PR at Table III-1.
[74] CR/PR at Table III-5 n.6.
[75] CR/PR at Table III-5.
[76] CR/PR at Table C-5.
[77] CR/PR at Table VI-6.
[78] *** imported, from China, *** units in 2002, *** units in 2003 and *** units in 2004. From Korea, it imported *** units in 2002, *** units in 2003 and *** units in 2004. CR/PR at Table III-5.
[79] CR/PR at Table VI-6.

With respect to ***, it accounted for *** percent of domestic production of finished diamond sawblades in 2004.[80] It *** the petition.[81] ***.[82] Its ratio of imports from China to production by volume was *** percent in 2004.[83] By value, its ratio of imports from China to U.S. domestic shipments was *** percent.[84] *** purchases of subject imports from Korea were *** percent of its production, by volume,[85] and *** percent of its U.S. domestic shipments, by value, in 2004.[86] Its operating income as a ratio of net sales was *** percent in fiscal year 2004 – an increase from *** – and was *** percent in interim 2004 and *** percent in interim 2005.[87] Like ***, it appears that *** interests lie in importation rather than in production, in view of the fact that it *** and imports large quantities of subject merchandise.

Vice Chairman Okun, Commissioner Miller and Commissioner Pearson find that the information in this phase of the investigations is insufficient to determine if *** conducts its operations so as to be shielded from any injurious effects of the subject imports. The record in these preliminary investigations does not suggest that *** is deriving a significant benefit from the subject imports in view of its operating losses for most of the full-year period, while it was importing substantial volumes of subject imports.[88] Accordingly, they find that circumstances are not appropriate to exclude *** from the domestic industry, but intend to examine the issue further in any final investigations.

Chairman Koplan, Commissioner Hillman and Commissioner Lane find that circumstances are appropriate to exclude *** from the domestic industry because its interests lie in importation rather than in production. Further, they find that *** appears to have benefitted from the subject imports, as its operating income as a ratio to net sales increased to *** percent in 2004 from *** percent in 2002.[89]

With respect to ***, it accounted for *** percent of domestic production of finished diamond sawblades in 2004.[90] It *** the petition.[91] ***.[92] Its ratio of imports from Korea to production by volume was *** percent in 2004.[93] By value, its ratio of imports from Korea to U.S. domestic shipments was *** percent.[94] Its operating income as a ratio of net sales was *** percent in fiscal year 2002, *** percent in fiscal year 2003, *** percent in fiscal year 2004, *** percent in interim 2004, and *** percent in interim 2005.[95] Like *** and ***, it appears that *** interests lie in importation rather than in production, in view of the fact that it *** and imports large quantities of subject merchandise. It may be deriving some financial benefit from its subject imports, as the ratio of its operating income to net sales was consistently among *** of the domestic producers (and the ratio of its subject imports to production was also ***).

Vice Chairman Okun, Commissioner Miller and Commissioner Pearson find that there is insufficient specific information on the record in these preliminary phase investigations to determine whether *** is being shielded from the effects of the subject imports and, therefore, do not find it

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[80] CR/PR at Table III-1.
[81] CR/PR at Table III-1.
[82] CR/PR at Table III-5 n.8.
[83] CR/PR at Table III-5.
[84] Calculated from CR/PR at Table C-5 (excluding purchases of subject imports).
[85] CR/PR at Table III-5.
[86] CR/PR at Table C-5.
[87] CR/PR at Table VI-6.
[88] CR/PR at Table III-5. From China, the company imported *** units in 2002, *** in 2003 and *** in 2004. CR/PR at Table III-5.
[89] CR/PR at Table VI-6.
[90] CR/PR at Table III-1.
[91] CR/PR at Table III-1.
[92] CR/PR at Table III-5 n.9.
[93] CR/PR at Table III-5.
[94] CR/PR at Table C-5.
[95] CR/PR at Table VI-6.

appropriate to exclude it at this time. They intend to revisit the issue in any final phase of the investigations.

Chairman Koplan, Commissioner Hillman and Commissioner Lane find that circumstances are appropriate to exclude *** from the domestic industry because its interests lie in importation rather than in production, as its relatively large import-to-production ratios suggest. Further, *** appears to have benefitted from subject imports as indicated by its *** during the period of investigation.[96]

With respect to ***, it accounted for *** percent of domestic production of finished diamond sawblades in 2004.[97] It is a petitioner.[98] *** reported that it ***.[99] Its ratio of imports from Korea to production by volume was *** percent in 2004.[100] By value, its ratio of imports from Korea to U.S. domestic shipments was *** percent.[101] Its operating income as a ratio of net sales was *** percent in fiscal year 2002, *** percent in fiscal year 2003, *** percent in fiscal year 2004, *** percent in interim 2004, and *** percent in interim 2005.[102] Its interests lie more in production than importation, and it does not appear to be deriving a significant financial benefit from the subject imports in view of its small operating income margins as compared to some of the other domestic producers.[103] Accordingly, we find that circumstances are not appropriate to exclude *** from the domestic industry.

We intend to explore the issue of the exclusion of all related party producers more fully in any final investigations. We intend to explore more fully whether the significant importation by a number of firms is a means to provide customers with a full product line by supplementing U.S. production with imported products that they cannot or will not produce. In particular, we intend to seek information regarding the extent to which these firms are benefitting from the subject imports and whether they conduct their operations so as to be shielded from any injurious effects of the subject imports, including the types of products they import and the types of products they produce.

Affiliation with Subject Importers/Producers/Exporters.[104] *** is ***-percent owned by ***, an importer of subject merchandise from China and Japan. Because the subject importer is deemed to control ***, it is a related party. *** accounted for *** percent of domestic production of finished diamond sawblades in 2004[105] and is a petitioner.[106] However, *** had no imports or purchases of subject imports during the period and does not appear to be deriving a significant financial benefit from the subject imports, especially in view of the fact that it experienced ***. Accordingly, we find that circumstances are not appropriate to exclude *** from the domestic industry.

With respect to ***, it has a sister company that produces subject product in China.[107] It accounted for *** percent of production of finished sawblades and *** percent of merchant market production of segments in 2004.[108] It is *** producer of diamond sawblades and ***.[109] It purchased imports of subject merchandise from China and Korea during the period ***.[110] By volume, its ratio of

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[96] CR/PR at Table VI-6.
[97] CR/PR at Table III-1.
[98] CR/PR at Table III-1.
[99] CR/PR at Table III-5 n.10.
[100] CR/PR at Table III-5.
[101] Calculated from CR/PR at C-5 (excluding purchases of subject imports).
[102] CR/PR at Table VI-6.
[103] See CR/PR at Table VI-6.
[104] CR/PR at Table III-1 n.7. ***. CR/PR at Table III-1 n.1. Because this purchase occurred outside of the period of investigation, the issue is moot, and we do not analyze the related party issue with respect to ***. ***.
[105] CR/PR at Table III-1.
[106] CR/PR at Table III-1.
[107] CR/PR at Table III-1 n.3.
[108] CR/PR at Table III-1.
[109] CR/PR at Table III-1.
[110] CR/PR at Table III-5 n.5.

purchases of imports from China to production was *** percent in 2004, and its ratio of purchases of imports from Korea to U.S. shipments was *** percent in that year.[111] By value, its purchases of imports from China represented *** percent of its U.S. domestic shipments in 2004, and its purchases of imports from Korea represented *** percent of its U.S. domestic shipments in that year.[112] According to its questionnaire responses, ***.[113] However, it does not appear to control any importers' imports.

*** operating income as a ratio of net sales ***: from *** percent in fiscal year 2002 to *** percent in fiscal year 2003, then to *** percent in fiscal year 2004. This financial indicator declined, however, during the interim periods: it was *** percent in interim 2004 and *** percent in interim 2005.[114] It is the *** domestic producer of sawblades, but *** and, in unit terms, has a high ratio of purchases of imports to production as relates to subject merchandise from China. Its financial performance improved, at least somewhat, during the period (its operating income ratio was the *** for responding producers in 2004), but it did begin to experience declines in the interim 2005 period. Because the evidence in the record of these preliminary investigations does not show that *** is clearly deriving a significant financial benefit from the imports and that it is shielded from any injurious effects of the imports, we find that circumstances are not appropriate to exclude *** from the domestic industry at this time. We further note that excluding its data from the domestic industry would significantly affect the overall industry data. However, we intend to explore issues related to *** in any final phase of these investigations, especially whether its domestic operations are shielded from the effects of the imports.[115]

Purchases of Subject Imports. Certain domestic producers not described above, ***, also reported that they purchased subject imports of diamond sawblades.[116] Thus, they would qualify as related parties if they control large volumes of imports.[117] Because these companies did not account for more than five percent of any individual importer's sales of diamond sawblades from the subject countries in 2004, and do not control large volumes of those imports, they do not qualify as related parties.

Based on our finding that the domestic like product consists of finished diamond sawblades, as well as cores and segments, coextensive with the scope of the investigation, Vice Chairman Okun, Commissioner Miller and Commissioner Pearson find that the domestic industry consists of the producers of cores, segments and finished sawblades. Chairman Koplan, Commissioner Hillman and Commissioner Lane find that the domestic industry consists of the producers of cores, segments and finished sawblades, except for ***.

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[111] CR/PR at Table III-5.

[112] CR/PR at Table C-5.

[113] CR at III-10 n.12, PR at III-4 n.12.

[114] CR/PR at Table VI-6.

[115] We note that, as measured by value, only *** reported substantially higher levels of imports or purchases of imports than of sales of the domestic like product. See CR/PR at Table C-5.

[116] CR at III-7, III-10, PR at III-4.

[117] The Commission has found such control to exist when the domestic producer was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial. See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 at 8-9 (Sept. 2001).

IV. CUMULATION[118] [119]

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(I) of the Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.[120] In assessing whether subject imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

(1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
(4) whether the subject imports are simultaneously present in the market.[121]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[122] Only a "reasonable overlap" of competition is required.[123] None of the statutory exceptions to the general cumulation rule apply to these investigations.[124]

A. Arguments of the Parties

Petitioners argue that subject imports from China and Korea should be cumulated for purposes of the Commission's material injury analysis. Petitioners assert that the same foreign producers manufacture subject merchandise in both countries and, therefore, have the capability of shifting production from a

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[118] Vice Chairman Okun, Commissioner Miller and Commissioner Pearson adopt this section for the purpose of cumulating subject imports in order to make their threat determination. See section VII below. In addition to reasonable overlap of competition discussed here, they find similar trends and conditions of competition with respect to the subject imports.

[119] We do not find that the subject imports from either of the subject countries were negligible for purposes of these preliminary phase investigations. The subject imports from China and Korea were above the three percent negligibility threshold during the most recent twelve-month period for which data were available preceding the filing of the petition. CR at IV-7, PR at IV-6; 19 U.S.C. § 1677(24).

[120] 19 U.S.C. § 1677(7)(G)(i).

[121] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[122] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[123] The SAA (at 848) expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." Citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd 859 F.2d 915 (Fed. Cir. 1988). See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082,1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd., 937 F. Supp. at 916; Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[124] 19 U.S.C. § 1677(7)(G) (ii).

manufacturing facility in one subject country to the other.[125] They state that diamond sawblades are specifically designed to be highly fungible products, as they are sold to end users via catalogs as replacement parts. Petitioners assert that diamond sawblades are produced and sold in common sizes with standard characteristics and are made by U.S. and subject foreign producers on similar (and in many cases identical) production equipment, utilizing similar processes and raw materials. Petitioner witness testimony presented at the conference indicates that Chinese and Korean products have the same physical characteristics as the domestically-produced product.[126]

With respect to sales in the same geographical markets, petitioners claim that the domestic, Korean and Chinese producers all recognize that there is one national diamond sawblade market in the United States. In 2004, subject imports entered throughout all of the United States. Over 99.9 percent of subject imports from Korea entered through the same customs districts as subject imports from China, and approximately 99.2 percent of diamond sawblade imports from China entered through the same customs districts as subject imports from Korea.[127]

Petitioners assert that all diamond sawblades share similar channels of distribution.[128]

Petitioners also state that official import data demonstrate that subject imports have simultaneously entered the United States in each month throughout the period of investigation.[129]

Bosun Tools, Inc. and Gang Yan Diamond Products Co., U.S. importers of subject merchandise from China, and Bosun Tool Group Co., Ltd. and Geijing Gang Yan Diamond Products Company, Chinese producers and exporters of diamond sawblades (collectively Chinese respondents), present no argument on this issue. Nor do Saint-Gobain, a U.S. producer of diamond sawblades that imports subject merchandise as well, or MK Diamond, also an importer of subject merchandise, present any arguments. Korean respondents do not challenge petitioners' claim that subject imports from Korea and China should be cumulated for determining present material injury.[130] [131]

B. Analysis

The antidumping petitions for China and Korea were both filed on May 3, 2005, and none of the cumulation exceptions applies. Subject imports from China and Korea are thus eligible for cumulation. We consequently examine whether there is a reasonable overlap of competition between subject imports, as well as between subject imports and the domestic like product.

Degree of fungibility. The available data indicate that where there is overlap in end uses, there is a high degree of substitutability between domestic diamond sawblades and subject imports. However, domestic producers appear to have focused on larger blades used in professional construction applications, while subject imports have focused more on the smaller sawblades commonly used by original equipment manufacturers (OEMs) of circular saws and in do-it-yourself (DIY) or general contractor applications. Given the differing needs of these users and characteristics of these blades, substitutability between diamond sawblades used in differing applications is more constrained. However, most domestic producers reported that there is always interchangeability between and among domestic and imported diamond sawblades. Importers reported interchangeability is more limited, and that interchangeability between domestic and Chinese diamond sawblades is less than the interchangeability

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[125] Petitioners' Postconference Brief, Exh. 1 at 3.

[126] Petition at 14; Petitioners' Postconference Brief, Exh. 1 at 4-5.

[127] Petition at 14-15; Petitioners' Postconference Brief, Exh. 1 at 5.

[128] Petition at 15; Petitioners' Postconference Brief, Exh. 1 at 5-6.

[129] Petition at 15; Petitioners' Postconference Brief, Exh. 1 at 6.

[130] Korean Respondents' Postconference Brief at 10 and App. at A-6.

[131] Korean respondents argue that the we should not cumulate subject imports for the purpose of making our threat determination because subject imports ***. Korean Respondents' Postconference Brief at 10 and App. at A-6 - A-8.

between domestic and Korean diamond sawblades.[132] We note in this regard that, while there is a wide variety of sizes and types of diamond sawblades, a significant portion of the U.S. product and subject imports are in the over 10-inch to 14-inch diameter size and are laser-welded: 43.7 percent for U.S. product (91.6 percent of which is laser-welded); 41.8 percent for China (82.5 percent of which is laser-welded); and 41.9 percent for Korea (57.8 percent of which is laser-welded).[133]

Of the four U.S. producers that explained the types of differences between domestic and imported sawblades, three mentioned that there is little, if any, production of sintered and continuous rim diamond sawblades in the United States, two mentioned a difference in quality between domestic and imported merchandise, and one reported a difference in size ranges available from China and Korea as compared to those available in the United States.[134]

Four importers noted that diamond sawblades imported from Korea are of higher quality than those imported from China, and three noted that domestically-produced sawblades are of a higher quality than those imported from China. Two importers reported that domestically-produced diamond sawblades are higher quality than those imported from Korea, while an equal number reported their quality to be comparable.[135]

One importer noted that for DIY and small contractor users, sawblades of equal size, width and cutting range are generally interchangeable between domestic, Chinese and Korean sawblades, though the performance, range of applications and safety of the domestic product is not interchangeable with the Korean product.[136]

Domestic producers and importers stated that there are sometimes differences in factors other than price that distinguish domestic sawblades from those imported from China and Korea, as well as between those imported from China compared with those imported from Korea.[137] Two domestic producers noted that Korean sawblades have better performance, consistency and finish characteristics than domestic sawblades, and one noted that domestic sawblades are of a higher quality than Chinese sawblades.[138]

From the above, it appears that domestically-produced sawblades are at least somewhat fungible with the subject imports. Of responding U.S. producers, 10 of 12 stated that Chinese and Korean diamond sawblades are always or frequently interchangeable, while 13 of 19 U.S. importers made the same statement.[139] Similarly, domestically-produced and Chinese products appear to be at least somewhat fungible. Twelve of 15 responding U.S. producers stated that domestically-produced and Chinese diamond sawblades are always or frequently interchangeable; 13 of 24 U.S. importers made the same statement.[140] Domestically-produced and Korean products also appear to be at least somewhat fungible, as 13 of 16 responding U.S. producers reported that domestically-produced diamond sawblades are always or frequently interchangeable with Korean merchandise, while 16 of 24 U.S. importers made that same statement.[141]

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[132] CR/PR at Table II-2.

[133] CR/PR at Table II-1 (as revised by Memorandum INV-CC-105). In addition, sales data were reported for domestically-produced products as well as subject imports from both China and Korea, for pricing products from four inches to 24 inches in diameter. Relatively fewer sales of subject imports were reported, however, for sizes greater than 14 inches in diameter. ***. See CR/PR at Tables V-1 - V-8.

[134] CR at II-10 - II-11, PR at II-7.

[135] CR at II-11, PR at II-8.

[136] CR at II-11, PR at II-8.

[137] CR at II-12, PR at II-8.

[138] CR at II-12 - II-13, PR at II-8 - II-9.

[139] CR/PR at Table II-2.

[140] CR/PR at Table II-2.

[141] CR/PR at Table II-2.

The presence of sales or offers to sell in the same geographic markets. Ten of the 16 responding domestic producers sell on a nationwide basis, six sell to the Southwest, four sell to the Rocky Mountain states, three sell to the West and East coasts, two sell to the Mid-Atlantic region, one sells to the Midwest and one sells to the Southeast.[142] U.S. imports of diamond sawblades from both China and Korea enter the United States through the East coast, West coast and Great Lakes ports.[143] Most importers (21 of 27) also sell nationwide, while five sell to the West Coast, two sell to the Southwest, one sells to the Northwest, one sells to the Rocky Mountain states, and one sells to the Southeast.[144] Thus, there is a reasonable overlap in sales in the same geographic markets.

The existence of common or similar channels of distribution. In the U.S. market, the majority of domestically-produced finished diamond sawblades are sold directly to end users, both OEMs and other end users (*** percent in 2004) or through distributors for professional construction applications and equipment rentals (38.7 percent). The third largest channel of distribution for domestic diamond sawblades is to rental houses, which account for approximately *** of domestic shipments.[145] For imports from China, in 2004, *** percent of diamond sawblades were sold to OEMs and other end users, *** percent were sold to retail outlets, while *** percent were sold to sawblade producers and 11.1 percent to distributors. In the same year, *** percent of Korean diamond sawblades were shipped to OEMs and other end users, 24.8 percent were shipped to distributors[146] and the remainder were shipped to sawblade producers (*** percent), retail outlets (*** percent) and rental houses (*** percent).[147] These figures indicate that there are some differences in the channels of distribution, particularly with respect to those in the United States as compared with those in China and Korea. For example, with respect to end users, most subject imports are sold to OEMs, while most U.S. product is sold to all other end users and the distributor channels. We will explore in any final phase of the investigations the extent to which apparent differences in channels of distribution indicate differences in product types or end uses.

Whether the imports are simultaneously present in the market. The data indicate that subject imports from China, subject imports from Korea and the domestic product were simultaneously present in the U.S. market throughout the period examined.[148] Indeed, sawblade imports from both China and Korea entered the United States in every month between January 2002 and March 2005.[149]

Based on our consideration of all four of these criteria, we find that there is a reasonable overlap of competition between subject imports from China, subject imports from Korea and the domestic like product, sufficient to warrant cumulation for purposes of these preliminary determinations. While there are differing opinions as to the quality of the domestic product as compared to the imports, as well as sizes and applications in which they are used, and in the quality of the imports as compared to each other, they compete for many of the same customers. Although there is a wide variety of diamond sawblades, there seems to be some overlap in diameter sizes and joining method. There are also differences in the channels of distribution. Nonetheless, considering the other criteria, we find there is sufficient overlap to cumulate subject imports, especially as no party has argued that there is no competition between and among the subject imports and the domestic product. Thus, we determine to cumulatively assess the volume and price effects of subject imports,[150] although in any final phase of these investigations we intend to examine further issues relating to product differences, as well as to clarify issues pertaining to the various channels of distribution.

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[142] CR at V-2, PR at V-1.
[143] CR at IV-2 n.8, PR at IV-3 n.8.
[144] CR at V-2, PR at V-1.
[145] CR at II-1, PR at II-1.
[146] CR at II-1, PR at II-1.
[147] CR/PR at Table I-3.
[148] See CR/PR at Table IV-2.
[149] CR at IV-2 n.8, PR at IV-3 n.8.
[150] 19 U.S.C. § 1677 (7)(G).

V. CONDITIONS OF COMPETITION AND THE BUSINESS CYCLE

We have taken the following conditions of competition into account when assessing whether there is a reasonable indication of material injury or threat of material injury to the domestic diamond sawblades industry by reason of the subject imports from China and Korea.

A. Supply Conditions

The U.S. diamond sawblade market is supplied by three sources: domestic producers, nonsubject imports, and imports from Korea and China. The petition identified 21 firms producing diamond sawblades in the United States. Only two firms within the domestic industry produce cores; these firms sell the cores to domestic producers of finished diamond sawblades.[151] Fourteen other firms produce both segments, which are internally consumed, and/or finished diamond sawblades.[152] There is no significant domestic supply of segments to U.S. purchasers, although we note that four domestic producers reported minor commercial shipments of segments.[153] Five U.S. producers directly import and seven domestic producers purchase imported finished diamond sawblades from China and Korea to offer a full range of product.[154] Many U.S. producers are owned directly or indirectly by, or are affiliated with, foreign producers or importers.[155]

Overall, U.S. producers were the largest supplier of finished diamond sawblades and parts to the U.S. market in 2004, accounting for *** percent[156] (or *** percent, excluding ***)[157] of total apparent U.S. consumption, as measured by value. Cumulated imports from China and Korea were the next largest source of supply of finished diamond sawblades and parts, accounting for *** percent of total apparent U.S. consumption, as measured by value, in 2004.[158] Nonsubject imports accounted for *** percent of total apparent U.S. consumption in that year, as measured by value.[159] Subject imports' market share grew by *** percentage points between 2002 and 2004, while nonsubject imports' share grew by *** percentage points.[160]

Although we find one domestic like product for these investigations, certain information, such as that pertaining to channels of distribution, was provided separately for finished sawblades, cores and segments.

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[151] CR at III-1, III-3, PR at III-1.

[152] CR at III-1; PR at III-1.

[153] CR at III-1; PR at III-1. These companies include ***. We note that U.S. commercial shipments of segments accounted for approximately *** percent by value of total U.S. shipments of domestic like product by domestic producers in 2004. CR/PR at Tables III-9 and C-4.

Chairman Koplan, Commissioner Hillman and Commissioner Lane exclude *** from the domestic industry. Accordingly, in 2004, U.S. commercial shipments of segments account for less than *** percent of total U.S. shipments of domestic like product by the remaining domestic producers in 2004. CR/PR at Table III-9, Table C-4.

[154] CR at III-7, III-10; PR at III-4. The following five firms import finished diamond sawblades directly: ***. The following seven U.S. producers purchase imports of diamond sawblades: ***.

Chairman Koplan, Commissioner Hillman and Commissioner Lane exclude *** from the domestic industry.

[155] See CR/PR at Table III-1 nn.1-8.

[156] CR/PR at Table C-4. The parties agree that, because of the wide variation in types and costs of diamond sawblades, value is a better measure than units (to the extent value data are available) in terms of determining whether there is a reasonable indication that the volume of subject imports, and the increase in that volume, was significant during the period of investigation. Petitioners' Postconference Brief at 21-22; Korean Respondents' Postconference Brief at 27; Chinese Respondents' Postconference Brief at 5 n.16.

[157] CR/PR at Table C-4 (adjusted to remove excluded related parties from the domestic industry).

[158] CR/PR at Table C-4.

[159] CR/PR at Table C-4.

[160] CR/PR at Table C-4.

Domestic producers were also the principal supplier to the U.S. market of finished diamond sawblades in 2004, accounting for 55.8 percent[161] (or *** percent, excluding ***)[162] of total apparent U.S. consumption, as measured by value. The large majority of domestically-produced finished diamond sawblades in 2004 were laser-welded or soldered, segmented, and larger than 10 inches in diameter,[163] for use in large machinery and in wet-cutting applications.[164] By value, only *** percent of U.S. commercial shipments of domestically-produced finished diamond sawblades in 2004 had a diameter of 10 inches or less.[165]

The majority of domestic producers' shipments of finished diamond sawblades were made to "all other end users" (which includes professional construction users) or to distributors, which largely sell to professional users.[166] Rental houses accounted for approximately *** of U.S. producers' shipments by quantity over the period examined.[167] A small percentage of finished sawblades were sold to OEMs, with the balance sold to retail outlets and sawblade producers.[168]

Cumulated subject imports from China and Korea accounted for 33.0 percent of total apparent U.S. consumption, as measured by value, of finished diamond sawblades in 2004.[169] Most cumulated imports in 2004 had a diameter no larger than 14 inches,[170] and were slightly more concentrated in diameters of 10 inches or less in 2004.[171] Such smaller diameter blades are frequently used in general contracting applications or in home improvement projects.[172]

Most U.S. shipments of cumulated imports of finished diamond sawblades were reported as shipped to OEMs,[173] retail outlets, and distributors throughout the period of investigation.[174] Subject imports were also shipped to sawblade producers, rental houses and all other end users, and accounted for

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[161] CR/PR at Table C-1. The domestic industry's supply of finished diamond sawblades, measured by value, accounted for 56.5 percent (or *** percent, excluding the three related parties) of total apparent U.S. consumption in interim 2004 and 53.4 percent (or *** percent, excluding the three related parties) in interim 2005. CR/PR at Table C-1 (and as adjusted to remove excluded related parties from the domestic industry).

[162] CR/PR at Table C-1 (as adjusted).

[163] CR/PR at Table II-1.

[164] See CR at II-4, PR at II-2.

[165] CR/PR at Table II-1.

[166] CR at I-21, II-1, PR at II-1, PR at I-9. We note that the discussion of the domestic industry's channels of distribution data is *** by the exclusion of the three producers *** by Chairman Koplan, Commissioner Hillman and Commissioner Lane.

[167] CR at II-1, PR at II-1. We note that domestically-produced diamond sawblades were exported by eight U.S. producers during the period examined. Exports of diamond sawblades represented a small share of the value of domestic producers' total shipments of diamond sawblades, specifically accounting for *** percent of total shipments in 2002 and 2003, and *** percent in 2004. CR at II-6, PR at II-4. Excluding the three related parties, exports of diamond sawblades accounted for *** percent of total shipments in 2002, *** percent in 2003 and *** percent in 2004, by value. CR/PR at Table C-1 (as adjusted).

[168] CR/PR at Table I-3.

[169] CR/PR at Table C-1. Cumulated subject imports of finished diamond sawblades, measured by value, accounted for 31.7 percent of total apparent U.S. consumption in interim 2004 and 34.3 percent in interim 2005.

[170] CR/PR at Table II-1.

[171] CR at II-4, PR at II-2. We note, however, that larger diameter diamond sawblades sell for many multiples of smaller diameter blades. CR at II-4 n.5, PR at II-2 n.5.

[172] CR at I-21, PR at I-10.

[173] The parties generally consider an OEM to be a power tool manufacturer or a purchaser of diamond sawblades that brands and resells the blades to the U.S. diamond sawblade market. The Commission, however, intends to acquire more information about OEMs in any final phase of the investigations.

[174] CR at II-1, PR at II-1.

approximately *** of U.S. commercial shipments of cumulated imports from China and Korea, as measured by quantity, in 2004.[175]

With regard to parts of diamond sawblades, domestic producers were also the principal supplier of sawblade cores to the U.S. market, accounting for *** percent of total apparent U.S. consumption, measured by value, in 2004.[176] The next largest source of supply in 2004, accounting for *** percent of total apparent U.S. consumption, was cumulated imports of cores from China and Korea.[177] The vast majority of U.S. shipments of both U.S. product and cumulated subject imports of cores were sold to sawblade producers during the period examined.[178] Nearly all U.S. producers of sawblades manufacture their own segments; therefore, there is not a major merchant market for segments. However, for the limited volume of merchant market sales,[179] sold mainly to sawblade producers, Korean producers were the principal suppliers of diamond sawblade segments, accounting for *** percent of U.S. merchant market sales, measured by value, in 2004.[180]

B. Demand Conditions

Demand for diamond sawblades is derived from the demand for construction projects cutting various aggregates like stone, concrete, asphalt, masonry, brick, block, marble granite, and tile.[181] Demand is considered somewhat seasonal, especially in the Northeast region of the United States where seasonal weather patterns vary greatly over the year. As a result, the second and third quarters each account for approximately 30 percent of yearly demand, and the first and fourth quarter of the year each account for approximately 20 percent.[182]

Apparent U.S. consumption increased overall by *** percentage points, by value, from 2002 to 2004, and continued to increase in interim 2005 as compared to interim 2004.[183] While the parties agree that demand is derived, in general, from construction projects and that demand generally increased over the period examined, they disagree as to where the growth in demand took place. Petitioners contend that the overall construction market grew during the period examined.[184] Respondents contend that demand for diamond sawblades grew significantly in the DIY or residential construction market, while the non-

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[175] CR/PR at Table I-3.

[176] CR/PR at Table C-2. Domestically-produced cores, measured by value, accounted for *** percent of total apparent U.S. consumption in interim 2004 and *** percent in interim 2005. We note that the exclusion of the three related parties has no effect on the data presented, as those firms do not produce cores.

[177] CR/PR at Table C-2. Cumulated subject imports of cores, measured by value, accounted for *** percent of total apparent U.S. consumption in interim 2004 and *** percent in interim 2005.

[178] CR/PR at Table I-1.

[179] Compare CR/PR at Table C-3 (value of merchant market for segments) with CR/PR at Table C-1 (value of market for finished diamond sawblades).

[180] CR/PR at Table C-3. Although we examine the subject imports cumulatively, we note that there were no U.S. shipments of Chinese segments during the period examined. Cumulated imports of segments, measured by value, accounted for *** percent of total apparent U.S. consumption in interim 2004 and *** percent in interim 2005.

[181] CR at II-2, II-7, PR at II-1, II-5. We note that demand for cores and segments is derived from the demand for finished diamond sawblades. CR at II-6 n.11, PR at II-5 n.11.

[182] CR at II-7, PR at II-5; Tr. at 106 (Messrs. Garrison and Palovochik).

[183] CR/PR at Table C-4. Apparent U.S. consumption of cores, however, increased by value from 2002 to 2004, but decreased in interim 2005 as compared to interim 2004. CR/PR at Table IV-7. U.S. merchant market sales of segments declined by value between 2002 and 2003, but increased slightly between 2003 and 2004, and increased in interim 2005 as compared to interim 2004. CR/PR at Table IV-7.

[184] Petitioners' Postconference Brief at 19.

residential construction market was stagnant or declining.[185] Overall U.S. demand in the construction market reportedly was adversely impacted by the failure of the federal government to release funds for major highway projects.[186] We intend to examine changes in demand further in any final phase of these investigations.

Questionnaire responses revealed that abrasive sawblades (or wheels) are a substitute product for diamond sawblades, although abrasive sawblades have a much shorter lifespan than diamond sawblades.[187] Several producers and importers identified a number of other substitute products: plated diamond sawblades, diamond wire sawblades, chainsaws or diamond chainsaws, silicon carbide sawblades, jackhammers, chisels, torches, demolition tools, and water jets. Substitution, however, is constrained by the type of application in which the diamond sawblade is used.[188] One producer and nine importers indicated that there are no commercially acceptable substitutes for diamond sawblades.[189]

C. Substitutability Considerations

Finished diamond sawblades are available in a variety of sizes and types, ranging from under seven inches to 70 inches in diameter, and different methods are used to join the cores and segments, including laser-welding, soldering and sintering.[190] The material to be cut, such as concrete, brick, tile, granite, or asphalt, determines the type of diamond sawblade needed with respect to diameter, method of blade construction and type of edge.[191] The degree of substitutability between diamond sawblades produced in the United States and those imported from China and Korea depends upon such factors as conditions of sale and product differentiation. Conditions of sale include factors such as lead times, technical support, custom engineering of products, and technical knowledge of the aggregate to be cut. Product differentiation depends on factors such as range of products, quality, and availability. Based on the reported information in this investigation, where there is overlap in product type, the diamond sawblades produced domestically and those imported from China and Korea appear to be generally substitutable, but some reported product differentiation and other differences may limit the degree of substitution. For example, U.S. producers appear to focus on larger blades used in professional construction applications that are often customized to meet the clients' needs, whereas imports of diamond sawblades from China and Korea are more focused on the smaller diameter blades more commonly used in the OEM and DIY or general contractor applications.[192]

Twelve domestic producers and 13 importers asserted that diamond sawblades produced in the United States and imported from China were always or frequently interchangeable, whereas 13 domestic producers and 16 importers asserted that diamond sawblades produced domestically and imported from Korea were always or frequently interchangeable. On the other hand, three domestic producers and nine importers asserted that diamond sawblades produced domestically and imported from China were sometimes interchangeable, and two importers asserted that the domestic and imported Chinese diamond sawblades were never interchangeable. Three domestic producers and seven importers reported that the imports from Korea and the domestically-produced diamond sawblades were sometimes interchangeable with one another, and one importer reported that the domestic and imported Korean diamond sawblades were never interchangeable. Domestic producers and importers mostly reported that Korean and Chinese

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[185] Saint-Gobain's Postconference Brief at 26; Korean Respondents' Postconference Brief at 15, 29 and Exh. 13; Chinese Respondents' Postconference Brief at 8.
[186] CR at II-7, PR at II-5; Tr. at 79 (Mr. Palovochik).
[187] CR at II-9, PR at II-6.
[188] CR at II-9, PR at II-6.
[189] CR at II-9, PR at II-6.
[190] CR at I-6, PR at I-4 - I-5.
[191] CR at II-2, PR at II-1.
[192] CR at II-9 - II-10, PR at II-6 - II-7.

diamond sawblades were always or frequently interchangeable. Two domestic producers and six importers however reported that Korean and Chinese diamond sawblades were sometimes interchangeable.

Four U.S. producers and seven importers reported the types of differences that exist between domestic and imported diamond sawblades. In particular, three U.S. producers noted that there is little, if any, production of sintered and continuous rim diamond sawblades in the United States. Another U.S. producer mentioned that there are differences in the size ranges available from China and Korea as compared to those sizes available in the United States. The most frequently cited difference by importers was that Chinese and Korean producers make different size (diameter) and/or types of sawblades than those produced in the United States, often noting the limited domestic production of small, continuous, sintered diamond sawblades.[193] An issue to be explored in any final phase of the investigations is the extent to which the parties produce and sell the same mix of products in the United States.

Furthermore, we observe that ten domestic producers import or purchase imported diamond sawblades and parts from China and Korea, and the record indicates that the domestic industry currently supplies only limited quantities of diamond sawblades less than 10 inches in diameter.[194]

Respondents contend that competition between the domestic like product and the cumulated imports is attenuated, as the diamond sawblade market is highly segmented and consists of two distinct parts: the professional construction market and the general use or DIY market.[195] They assert that the professional construction market consists of professional contractors or construction companies, and demands large, laser-welded, wet, segmented sawblades with a 14 inch or larger diameter supplied by the domestic producers. Respondents contend that the general use or DIY market consists of homeowners (or DIY users) and general contractors and demands mass-produced, smaller, usually sintered, continuous rim or segmented dry blades with a diameter 10 inches or less supplied by the cumulated imports through retail outlet stores or local hardware stores.[196] Rather than displacing domestically-produced diamond sawblades, respondents contend that the subject imports created and expanded the general use market beginning in the 1980s, at the same time that petitioners decided to focus on the professional construction market.[197] They further contend that subject imports cannot penetrate the professional construction

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[193] CR at II-10 to II-11, PR at II-7. We note that one importer, ***, replied that for diamond sawblades with a diameter size of less than six inches, domestically-produced sawblades and those imported from China are frequently interchangeable, but for diameter sizes of seven inches or larger, they are never interchangeable. CR at II-11 n.18, PR at II-7 n.18.

[194] CR at III-7, III-10, PR at III-4; Tr. at 63-64 (Mr. Burnett), 113 (Mr. Garrison), 154-55, 187 (Mr. Sallis); MK Diamond's Postconference Brief at 3-5, Exh. 1 at 1-6 (asserting that the domestic industry does not have the proper equipment to produce small, sintered diamond sawblades in mass quantities, has not branded their product line, and cannot provide support services required by the retail market).

Chairman Koplan, Commissioner Hillman and Commissioner Lane excluded *** from the domestic industry.

[195] Saint-Gobain's Postconference Brief at 8-9; see Korean Respondents' Postconference Brief at 11; Chinese Respondents' Postconference Brief at 19-21 (identifying three markets with the third consisting of continuous rim, sintered blades exclusively used to cut tile); MK Diamond's Postconference Brief at 1.

[196] Saint-Gobain's Postconference Brief at 11, 13; Korean Respondents' Postconference Brief at 11-12; Chinese Respondents' Postconference Brief at 19-21 (noting that the general use market contains diamond sawblades with diameters ranging from 4 to 20 inches); MK Diamond's Postconference Brief at 1-2.

[197] Saint-Gobain's Postconference Brief at 14; Korean Respondents' Postconference Brief at 14-15; Chinese Respondents' Postconference Brief at 10-11; MK Diamond's Postconference Brief at 1. We observe that petitioners do not contradict respondents' contention that they created and expanded the general use or DIY facet of the diamond sawblade market.

market, as that market requires short lead times, expertise concerning the aggregate to be cut, customization, and customer support services.[198]

We do find some evidence of competition between the domestic industry and the Chinese and Korean producers in the over 10- to 14-inch diameter blade size, as described earlier. We intend to explore the parties' channels of distribution and product lines in more detail in any final phase of the investigations. We also intend to examine in more detail to what extent the channels of distribution are indicative of the end uses of diamond sawblades. In addition, we intend to examine further in any final phase of the investigations petitioners' contentions that they are able to produce a full range of diamond sawblades, but that they have been "pushed out" of the smaller diameter product lines, as well as respondents' contention that domestic producers decided to focus on the larger size sawblades for the professional users. We will also explore the extent to which Chinese and Korean producers actually sell, or intend to produce and sell, larger diameter blades in the United States to supply the professional diamond sawblade users.[199]

Although petitioners maintain that price is the most important factor in purchase decisions, domestic producers and importers agreed that factors other than price were also relevant.[200] The following factors were noted with respect to the domestic like product: greater domestic availability, shorter lead times on custom-made blades, better technical support, a greater product range, products custom-engineered for more specific conditions, local market knowledge, quality, knowledge of the aggregate to be cut and longer payment terms (of up to six months).[201]

VI. VIEWS OF CHAIRMAN KOPLAN, COMMISSIONER HILLMAN AND COMMISSIONER LANE AS TO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.[202] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[203] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[204] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[205] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[206]

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[198] Korean Respondents' Postconference Brief at 12-13; see Chinese Respondents' Postconference Brief at 11; Saint-Gobain's Postconference Brief at 12-13.

[199] See Petitioners' Postconference Brief at 31-33 and Exh. 2-A; Tr. at 18 (Mr. Burnett), 112-13 (Mr. Garrison).

[200] Petitioners' Postconference Brief at 18; CR at II-12, PR at II-8; CR/PR at Table II-3.

[201] CR at II-12 - II-13, PR at II-8 - II-9.

[202] 19 U.S.C. §§ 1671b(a) and 1673b(a).

[203] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . [a]nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B). See also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[204] 19 U.S.C. § 1677(7)(A).

[205] 19 U.S.C. § 1677(7)(C)(iii).

[206] Id.

For the reasons discussed below, we find that there is a reasonable indication that the domestic industry producing diamond sawblades is materially injured by reason of subject imports from China and Korea.[207]

A. Volume of Subject Imports

Section 771(7)(C)(I) of the Act provides that the "Commission shall 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."[208]

The volume of U.S. shipments of subject imports, measured by value,[209] [210] increased steadily and substantially throughout the period. The value of cumulated subject imports (finished diamond sawblades and parts) rose from $*** in 2002 to $*** in 2003, then rose further to $*** in 2004. It was $*** in first quarter 2004 and $*** in first quarter 2005. Subject import market share, as measured by value, rose as well: from *** percent in 2002 to *** percent in 2003, then to *** percent in 2004. It was *** percent in first quarter 2004 and *** percent in first quarter 2005.[211]

The increase in subject import share came almost entirely at the expense of the domestic producers' market share. The domestic industry's share of the market, as measured by value, was *** percent in 2002. It declined throughout the period of investigation, however. In 2003, it fell to *** percent, and it fell further to *** percent in 2004. In first quarter 2004, it was *** percent, and it was *** percent in first quarter 2005.[212]

Nonsubject imports are not a major factor in the marketplace. Their share of the market was *** percent in 2002, which rose to *** percent in 2003 and then to *** percent in 2004. Nonsubject import market share was *** percent in interim 2004 and in interim 2005.[213]

We find for purposes of the preliminary phase of this investigation that subject import volume, and the increase in that volume, were significant during the period examined, both in absolute terms and relative to domestic consumption and production.[214]

B. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of subject imports, the Commission shall consider whether – (I) there has been significant price underselling by the imported

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[207] As noted previously, Vice Chairman Okun, Commissioner Miller and Commissioner Pearson find that there is a reasonable indication of threat of material injury by reason of subject imports. See their views below.

[208] 19 U.S.C. § 1677(7)(C)(i).

[209] The parties agree that, because of the wide variation in types and costs of diamond sawblades, value is a better measure than units, to the extent value data are available, in terms of determining whether there is a reasonable indication that the volume of subject imports, and the increase in that volume, was significant during the period of investigation. Petitioners' Postconference Brief at 21-22; Korean Respondents' Postconference Brief at 27; Chinese Respondents' Postconference Brief at 5 n.16.

[210] The data relied upon in this analysis do not include data from *** in accordance with the finding made by Chairman Koplan, Commissioner Hillman and Commissioner Lane with respect to related parties.

[211] CR/PR at Table C-4 (as adjusted).

[212] CR/PR at Table C-4 (as adjusted).

[213] CR/PR at Table C-4 (as adjusted).

[214] Production of finished sawblades decreased from *** units in 2002 to *** units in 2003, then rose to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Production of cores increased from *** units in 2002 to *** units in 2003, then declined to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Production of segments increased from *** units in 2002 to *** units in 2003, then fell to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Domestic Producers' Questionnaire Responses.

merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[215]

The record in these preliminary investigations indicates that price is an important factor in the sale of diamond sawblades, although not necessarily the most important factor.[216] Other important factors include quality, conditions of sale, information about the aggregate to be cut, short lead times, and support services.[217] As domestic producers have focused on the larger blades used in professional construction applications, and subject imports are concentrated in the smaller sawblades more commonly used by OEMs and in DIY or general contractor applications, interchangeability between domestic sawblades and the subject imports may be limited overall. Where there is overlap, however, there appears to be a high degree of substitutability.[218]

The Commission requested quarterly pricing data on eight products for the three years 2002-04 and the first quarter of 2005.[219] The price comparisons between the domestic products and the subject imports indicate widespread underselling.[220] For the Chinese product, there were 59 instances of underselling and 8 instances of overselling. The margins of underselling ranged from 0.7 to 70.7 percent, and the weighted average margin of underselling was 46.9 percent, rising from 44.2 percent in 2002 to 48.9 percent in 2003, then to 47.4 percent in 2004 before falling to 45.4 percent in 2005.[221] For the Korean product, there were 80 instances of underselling and 12 instances of overselling. The margins of underselling ranged from 5.1 to 57.1 percent, and the weighted average margin of underselling was 17.6 percent, rising from 19.4 percent in 2002 to 18.4 percent in 2003, then to 15.8 percent in 2004 before falling to 10.3 percent in 2005.[222] We find that the underselling of the domestic product by the subject imports was significant.

With respect to other adverse price effects, the evidence in these preliminary investigations indicates there was significant price depression. Prices for all U.S.-produced products fell between the first quarter of 2002 and the first quarter of 2005. The greatest decreases were evident in prices for product 1, with the percentage change in price over the period being *** percent. Pricing product 2, for which there were more sales, showed a percentage decrease in price of *** percent over the period. The

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[215] 19 U.S.C. § 1677(7)(C)(ii).

[216] CR at II-9, II-13, PR at II-6, II-9; Tr. at 9 (Mr. Pickard), 18 (Mr. Burnett).

[217] CR at II-9, II-13, PR at II-6, II-9.

[218] CR at II-9 - II-10, PR at II-6.

[219] Petitioners suggested three pricing products: circular diamond sawblade of 12 to 14 inch diameter; circular diamond sawblade of 4 to 4.5 inch diameter; and circular diamond sawblade of 14 to 20 inch diameter. However, they also stated in the petition that U.S. and Chinese producers differentiate pricing based on blade width, blade thickness, diameter, application of blade, and grade of blade. See Petition at 2, Exh. I-4. Therefore, because the requested pricing items were over-broad, staff, relying on information in the petition as well as information provided by suppliers of imported sawblades, selected eight laser-welded diamond sawblades differing by diameter, segment thickness, blade grade, dry or wet cutting, intended channel of distribution, and intended application where competition would likely occur. Products ranged from four inches to 26 inches in diameter. See CR at V-5, PR at V-3 - V-4, for more information about the pricing products. In any final phase of the investigations, we will seek pricing data from purchasers and will attempt to gather data on product categories that are not overly broad and that represent meaningful comparisons.

[220] The pricing data relied upon in this analysis do not include data from *** in accordance with the finding made by Chairman Koplan, Commissioner Hillman and Commissioner Lane with respect to related parties.

[221] See CR/PR at Tables V-1 (adjusted to exclude ***) - V-8 (adjusted to exclude ***).

[222] See CR/PR at Tables V-1 (adjusted) - V-8 (adjusted).

lowest percentage change in price was *** percent for product 5.[223] [224] [225] Therefore, we find that significant underselling of the domestic like product by subject imports resulted in significant price depression.

C. Impact of the Subject Imports[226]

Section 771(7)(C)(iii) provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[227] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[228]

Production by the domestic industry increased between 2002 and 2004.[229] [230] Capacity increased overall during that period, although capacity utilization increased slightly for finished diamond

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[223] See CR/PR at Tables V-1 (adjusted) - V-8 (adjusted).

[224] Raw material costs, as a share of the total cost of finished diamond sawblades, have increased slightly from 57.3 percent in 2002 to 57.7 percent in 2004 (unadjusted). The cost of diamonds has reportedly declined, however. Diamond powder decreased in price from $0.34 per carat in 2002 to an estimated $0.24 per carat in 2004. This decrease in cost has likely been offset by other increased costs, such as steel and cobalt. CR at V-1, PR at V-1. However, the cost of goods sold declined over the period, falling from $*** in 2002 to $*** in 2003, then rising to $*** in 2004; it was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4 (as adjusted). Selling, general and administrative (SG&A) expenses also declined over the period. SG&A expenses declined from $*** in 2002 to $*** in 2003, then to $*** in 2004. They were $*** in both interim 2004 and interim 2005. CR/PR at Table C-4 (as adjusted). In any final phase of the investigations, we intend to explore the relationship between raw material costs (and the interrelationship between the costs of steel and the cost of diamonds), the cost of goods sold and SG&A expenses in this industry.

[225] The Commission requested U.S. producers to report any instances of lost sales or revenues since January 2002. Petitioners failed to provide any specific data, although they noted that "(t)he nature of the sales process for diamond sawblades makes it difficult to document anecdotal cases of lost sales and revenues." Petition at 9. They provided affidavits from 10 producers, resellers (distributors) and purchasers of diamond sawblades that did not include specific information that could be verified with purchasers. No producers gave specific information in their producer questionnaire responses to confirm any lost sales or revenues. CR at V-21 - V-22, PR at V-15 - V-16.

[226] In its notice of initiation, Commerce estimated the dumping margin to be 164.09 percent for subject imports from China, and dumping margins ranging from 63.61 percent to 67.59 percent for subject imports from Korea. 70 Fed. Reg. 35625, 35629 (June 21, 2005).

[227] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.") SAA at 885.

[228] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851, 885; Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386, 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 25 n.148 (Feb. 1999).

[229] The data relied upon in this analysis do not include data from *** in accordance with the finding made by Chairman Koplan, Commissioner Hillman and Commissioner Lane with respect to related parties.

[230] Production of finished sawblades decreased from *** units in 2002 to *** units in 2003, then rose to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Production of cores increased from *** units in 2002 to *** units in 2003, then declined to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Production of segments increased from *** units in 2002 to *** units in 2003, then fell to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Domestic Producers' Questionnaire Responses.

sawblades, decreased for cores and increased slightly for segments.[231] While shipment quantity remained steady during the period of investigation, the value of U.S. producers' U.S. shipments declined between 2002 and 2004,[232] as the value of subject import shipments rose. As U.S. producers were unable to maintain the value of their shipments, the value of the domestic industry's net sales fell between 2002 and 2004.[233] U.S. producers' end-of-period inventories increased between 2002 and 2004.[234]

The number of production and related workers for finished sawblades and parts decreased steadily between 2002 and 2004.[235] For finished sawblades and segments workers, their hours worked declined as well, as did their wages. For cores workers, however, their hours worked and wages rose.[236]

Despite the decline in the cost of goods sold and SG&A expenses during the period,[237] the cost of goods sold relative to sales increased,[238] and the industry's operating income declined by *** percent

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[231] Capacity for finished diamond sawblades increased from *** units in 2002 to *** units in 2003, then to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. Capacity for cores was *** units in 2002, increasing to *** units in 2003, then increasing further to *** units in 2004. It was *** units in both interim 2004 and interim 2005. Capacity for segments was *** units in 2002, *** units in 2003 and *** units in 2004. It was *** units in both interim 2004 and interim 2005. Domestic Producer' Questionnaire Responses.

Capacity utilization for finished diamond sawblades was *** percent in 2002, falling to *** percent in 2003 and rising to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. For cores, capacity utilization was *** percent in 2002, rising to *** percent in 2003 and falling to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. For segments, capacity utilization was *** percent in 2002, *** percent in 2003 and *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. Domestic Producers' Questionnaire Responses.

[232] The value of U.S. producers' U.S. shipments declined from $*** in 2002 to $*** in 2003, then rose slightly to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4 (as adjusted).

[233] The value of U.S. producers' net sales fell from $*** in 2002 to $*** in 2003, then increased slightly to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4 (as adjusted).

[234] Inventories for finished diamond sawblades increased from *** units in 2002 to *** units in 2003, then rose to *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. Inventories for segments (there were no inventories for cores) totaled *** units in 2002, rising to *** units in 2003 and increasing to *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. Domestic Producers' Questionnaire Responses.

[235] For finished diamond sawblades, the number of production and related workers decreased from *** in 2002 to *** in 2003, then decreased further to *** in 2004. They totaled *** in interim 2004 and *** in interim 2005. For cores, the number of production and related workers decreased from *** in 2002 to *** in 2003, then to *** in 2004. It remained at *** in interim 2004 and interim 2005. For segments, the number of production and related workers declined from *** in 2002 to *** in 2003, then to *** in 2004. They totaled *** in interim 2004 and *** in interim 2005. Domestic Producers' Questionnaire Responses.

[236] For finished diamond sawblades, the hours worked by production and related workers fell from *** in 2002 to *** in 2003, then to *** in 2004. They totaled *** in interim 2004 and *** in interim 2005. For cores, the hours worked rose from *** in 2002 to *** in 2003, then fell to *** in 2004. They totaled *** in both interim 2004 and interim 2005. For segments, the hours worked fell from *** in 2002 to *** in 2003, then fell to *** in 2004. They totaled *** in both interim 2004 and interim 2005. Domestic Producers' Questionnaire Responses.

For finished diamond sawblades, wages paid fell from $*** in 2002 to $*** in 2003, then to $*** in 2004. They totaled $*** in interim 2004 and interim 2005. For cores, wages paid rose from $*** in 2002 to $*** in 2003, and were $*** in 2004. They totaled $*** in interim 2004 and $*** in interim 2005. For segments, wages paid fell from $*** in 2002 to $*** in 2003, then fell further to $*** in 2004. They totaled $*** in interim 2004 and $*** in interim 2005. Domestic Producers' Questionnaire Responses.

[237] We intend to explore fully in any final phase of these investigations why costs and expenses have decreased in light of rising steel costs.

[238] The cost of goods sold relative to sales declined from *** percent in 2002 to *** percent in 2003, then rose to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. CR/PR at Table C-4 (as adjusted).

during 2002 to 2004 and *** percent during the first quarter of 2005 as compared with the first quarter of 2004.[239] Operating income relative to sales declined as well.[240]

Capital expenditures increased over the period,[241] however, as did research and development expenses.[242]

For purposes of these preliminary determinations, we determine that subject imports had a negative impact on the condition of the domestic industry. During the period of investigation, subject imports increased in large volumes, gaining market share at the expense of the domestic industry. In the product categories reviewed by the Commission, subject imports undersold the domestic product by large margins most of the time, particularly toward the end of the period reviewed, leading to significant price depression. As a result of these trends, the value of U.S. shipments declined as did the number of production and related workers. We therefore conclude that the significant volume and adverse price effects of the subject imports adversely affected the performance of the domestic industry during the period examined.

VII. VIEWS OF VICE CHAIRMAN OKUN, COMMISSIONER MILLER AND COMMISSIONER PEARSON AS TO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

A. General Legal Standards

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[243] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[244] In making our determination, we consider all statutory threat factors that are relevant to this investigation.[245] Based on

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[239] Operating income declined from $*** in 2002 to $*** in 2003, then to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4 (as adjusted).

[240] Operating income relative to sales fell from *** percent in 2002 to *** percent in 2003, then to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. CR/PR at Table C-4 (as adjusted).

[241] Capital expenditures decreased from $*** in 2002 to $*** in 2003, then climbed to $*** in 2004. They were $*** in interim 2004 and $*** in interim 2005. CR/PR at Table VI-8.

[242] Research and development expenses increased from $*** in 2002 to $*** in 2003, then rose to $*** in 2004. They totaled $*** in both interim 2004 and interim 2005. CR/PR at Table VI-8.

[243] 19 U.S.C. § 1677(7)(F)(ii).

[244] 19 U.S.C. § 1677(7)(F)(ii).

[245] 19 U.S.C. § 1677(7)(F)(I). These factors include: any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country; a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports; whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on the domestic prices and are likely to increase demand for further imports; inventories of the subject merchandise; the potential for product shifting; and the actual and potential negative effects on the existing development and production efforts of the domestic industry. 19 U.S.C. § 1677(7)(F)(I). Statutory threat factor (I) is inapplicable, as no countervailable subsidies are involved, and statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved. Id.

In addition, we observe that in its notice of initiation, Commerce estimated that dumping margins for the subject imports range from 314.97 to 401.21 percent. 68 Fed. Reg. at 68593.

our evaluation of the record compiled in this preliminary phase of the investigations, we have determined that there is a reasonable indication that the diamond sawblades industry is threatened with material injury by reason of subject imports from China and Korea.[246]

B. Analysis of Statutory Threat Factors

The volumes and market penetration of subject imports from China and Korea were substantial throughout the period. They are projected to increase significantly in the near future.[247] The value of cumulated subject imports rose from $*** in 2002 to $*** in 2003, then rose further to $*** in 2004. It was $*** in interim 2005, up from $*** in interim 2004. Subject import market share, as measured by value, rose as well: from *** percent in 2002 to *** percent in 2003, then to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005.[248]

The increase in subject import share came almost entirely at the expense of the domestic producers' market share. Domestic producers' share of the market, as measured by value, was *** percent in 2002. It declined throughout the period of investigation, however. In 2003, it fell to *** percent, and it fell further to *** percent in 2004. In interim 2004, it was *** percent, and it was *** percent in interim 2005.[249]

The large capacity of China and Korea to manufacture finished diamond sawblades and their parts, as well as increased production over the period of investigation, indicate that the substantial and rising volumes of subject imports are likely to continue. Chinese capacity, which is quite large,[250] increased steadily over the period of investigation, and is projected to grow even more in the imminent future.[251] Korean capacity grew as well and is also projected to increase in the near future.[252] Chinese

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[246] We exercise our discretion to cumulate subject imports from China and Korea for the purpose of making our threat determination. See 19 U.S.C. § 1677(7)(H). As discussed in section IV, we find a reasonable overlap of competition. We also find that subject imports have large margins of underselling, will probably enter the market at prices that would have depressing or suppressing effects on domestic prices and are not subject to significantly different conditions of competition. However, we will explore this issue further in any final phase of the investigations.

[247] Chinese export shipments of finished diamond sawblades to the United States were 721,540 units in 2002, increasing to 1.2 million units in 2003 and to 2.0 million units in 2004. They totaled 359,430 units in interim 2004 and 543,702 units in interim 2005. They are projected to remain at 2.0 million units in 2005 and to increase to 2.2 million units in 2006. CR/PR at Table VII-2. For cores, Chinese exports to the United States were *** units in 2002, *** units in 2003 and *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. They are projected to be *** units in 2005 and *** units in 2006. CR/PR at Table VII-3. For segments, Chinese export shipments to the United States were *** units in 2002, *** units in 2003 and *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. They are projected to be *** in 2005 and *** in 2006. CR/PR at Table VII-4.

Korean export shipments of finished diamond sawblades to the United States were 2.3 million units in 2002, 1.8 million units in 2003 and 2.4 million units in 2004. They were 461,852 units in interim 2004 and 524,705 units in interim 2005. They are projected to be 2.1 million units in both 2005 and 2006. CR/PR at Table VII-6. For segments, Korean export shipments were *** units in 2002, *** units 2003 and *** units in 2004. They were *** units in interim 2004 and *** units in interim 2005. They are projected to be *** units in 2005 and *** units in 2006. CR/PR at Table VII-7.

[248] CR/PR at Table C-4.

[249] CR/PR at Table C-4.

[250] U.S. capacity for finished sawblades was approximately one million units in 2004, while Chinese capacity was over 33 million units in that year. Compare Domestic Producers' Questionnaire Responses with CR/PR at Table VII-2.

[251] Chinese capacity for finished diamond sawblades was 22.0 million units in 2002, climbing to 24.8 million units in 2003 and to 33.3 million units in 2004. It was 7.6 million units in interim 2004 and 8.8 million units in interim 2005. It is projected to grow to 35.5 million units in 2005 and to 37.4 million units in 2006. CR/PR at Table

(continued...)

production increased,[253] as did Korean production.[254] Subject country capacity in 2004 for finished sawblades was 41.6 million units,[255] far larger than U.S. capacity of one million units in 2004[256] and U.S. consumption of seven million units.[257] Moreover, these countries export significant quantities of their products to the United States and to other countries: in 2004, Chinese producers exported *** percent of their production of finished sawblades,[258] and Korean producers exported *** percent of their production.[259]

There is some evidence on the record that competition may be limited between the imported and subject merchandise and the domestic like product. It appears that domestic producers have focused on larger blades used in professional construction applications and subject imports are concentrated in the smaller sawblades more commonly used by OEMs and in DIY or general contractor applications, thus limiting interchangeability between domestic sawblades and the subject imports. Where there is overlap in product types and uses, however, there appears to be a high degree of substitutability.[260] We note also that there is some evidence in the record that the Chinese and Korean producers are poised to enter the professional market in the United States,[261] the market sector on which domestic producers have

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[251] (...continued)
VII-2. For cores, Chinese capacity was 7.4 million units in 2002, which rose to 8.7 million units in 2003 and to 11.5 million units in 2004. It was 2.4 million units in interim 2004 and 2.7 million units in interim 2005. It is projected to grow to 12.3 million units in 2005 and to 13.2 million units in 2006. CR/PR at Table VII-3. For segments, Chinese capacity was 7.3 million units in 2002, which grew to 12.7 million units in 2003 and to 15.1 million units in 2004. It was 3.5 million units in interim 2004 and 4.2 million units in interim 2005. It is projected to grow to 17.7 million units in 2005 and to 21.8 million units in 2006. CR/PR at Table VII-4.

[252] Korean capacity for finished diamond sawblades grew from 7.3 million units in 2002 to 7.4 million units in 2003, then to 8.3 million units in 2004. It was 2.0 million units in interim 2004 and 2.1 million units in interim 2005. It is projected to grow to 8.6 million units in 2005 and to 9.0 million units in 2006. CR/PR at Table VII-6. For segments, Korean capacity was *** units in 2002, falling to *** units in 2003 and rising to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. It is projected to grow to *** units in 2005 and to *** units in 2006. CR/PR at Table VII-4.

[253] Chinese production for finished diamond sawblades increased from 21.7 million units in 2002 to 24.5 million units in 2003, then rose to 31.3 million units in 2004. It was 6.4 million units in interim 2004 and 7.0 million units in interim 2005. It is projected to grow to 34.2 million units in 2005 and to 36.5 million units in 2005. CR/PR at Table VII-2. For cores, Chinese production increased from 6.9 million units in 2002 to 7.2 million units in 2003, then to 9.7 million units in 2004. It was 1.9 million units in interim 2004 and 1.8 million units in interim 2005. It is projected to grow to 10.9 million units in 2005 and to 12.3 million units in 2006. CR/PR at Table VII-3. For segments, Chinese production grew from 4.9 million units in 2002 to 9.7 million units in 2003, then to 12.4 million units in 2004. It was 2.5 million units in interim 2004 and 3.4 million units in interim 2005. It is projected to grow to 15.9 million units in 2005 and to 19.3 million units in 2006. CR/PR at Table VII-4.

[254] Korean production for finished diamond sawblades rose from 6.7 million units in 2002 to 6.8 million units in 2003, then to 7.7 million units in 2004. It was 1.6 million units in interim 2004 and 2.0 million units in interim 2005, and is projected to increase to 8.0 million units in 2005 and to 8.3 million units in 2006. CR/PR at Table VII-6. For segments, Korean production decreased from *** units in 2002 to *** units in 2003, then rose to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. It is projected to be *** units in 2005 and *** units in 2006. CR/PR at Table VII-7.

[255] See CR/PR at Tables VII-2 and VII-6. We note that these units are likely low-value, small diameter diamond sawblades. See CR/PR at Tables II-1, V-1 - V-8.

[256] CR/PR at Table III-3.

[257] CR/PR at Table IV-3.

[258] CR/PR at Table VII-2.

[259] CR/PR at Table VII-6.

[260] CR at II-9 - II-10, PR at II-6.

[261] See Petitioners' Postconference Brief, Vol. 2, Exh. A.

focused.[262] We intend to explore further the issue of the degree of competition between the subject imports and the domestic like product in any final phase of these investigations.

With respect to the subject foreign producers' and U.S. importers' end-of-period inventories, they have also been substantial during the period and are projected to increase.[263] [264] There is some evidence of dumping findings in other markets, although we intend to explore this matter further in any final phase of the investigations.[265]

This continued influx of products will likely enter the United States at low prices, widely underselling the domestic product and causing price depression. The record in these preliminary investigations indicates that price is an important factor in the sale of diamond sawblades, although not necessarily the most important factor.[266] There has been widespread underselling of the domestic products by subject imports. In addition, domestic prices have experienced significant price depression.[267] The record does not indicate that the underselling and price declines observed during the period of investigation will not continue, particularly in view of the large volumes of subject imports that will likely increase in the near future. However, as noted, we will explore in any final phase of the investigations the extent to which product differences between subject imports and the domestic product limit their substitutability and, hence, any adverse price effects due to subject imports. We also intend to explore in any final phase of the investigations whether the large margins of underselling evidenced on the record of these preliminary phase investigations reflect product mix or other differences, as respondents claim.[268]

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[262] CR at II-10, PR at II-6.

[263] Chinese finished diamond sawblade inventories were 1.3 million units in 2002, 935,305 units in 2003 and 1.4 million units in 2004. They totaled 1.8 million units in interim 2004 and 2.2 million units in interim 2005. They are projected to grow to 1.6 million units in 2005 and 1.8 million units in 2006. CR/PR at Table VII-2. For cores, Chinese inventories were 441,542 units in 2002, 475,945 units in 2003 and 566,088 units in 2004. They totaled 486,250 units in interim 2004 and 613,798 units in interim 2005. They are projected to be 570,096 units in 2005 and 620,096 units in 2006. CR/PR at Table VII-3. For segments, Chinese inventories were *** units in 2002, *** units in 2003 and *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. They are projected to be *** units in 2005 and *** units in 2006. CR/PR at Table VII-4.

For Korean finished diamond sawblades, inventories were *** units in 2002, *** units in 2003 and *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. They are projected to be *** units in 2005 and *** units in 2006. CR/PR at Table VII-6. For Korean segments, inventories were *** in 2002, *** in 2003 and *** units in 2004. They totaled *** units in interim 2004 and *** units in interim 2005. They are projected to be *** in 2005 and 2006. CR/PR at Table VII-7. See also CR/PR at Tables VII-8 - VII-10 (U.S. importers' end-of-period inventories).

[264] Almost all responding domestic producers reported significant actual, as well as anticipated, negative effects as a result of subject imports. See CR at App. D.

[265] One Korean manufacturer reported that turbo sintered rim cutters from Korea are currently subject to antidumping findings or remedies in Germany, Italy and the United Kingdom. However, counsel for Korean respondents reported that they are not aware of any antidumping findings or remedies on Korean diamond sawblades in Europe. Diamond sawblades from China have not been subject to any import relief investigations, including antidumping findings or remedies, in the United States or in any other country. CR at VII-11, PR at VII-8.

[266] CR at II-9, II-13, PR at II-6, II-9; Tr. at 9 (Mr. Pickard), 18 (Mr. Burnett).

[267] See CR/PR at Tables V-1 - V-8.

[268] Petitioners suggested three pricing products: circular diamond sawblade of 12 to 14 inch diameter; circular diamond sawblade of 4 to 4.5 inch diameter; and circular diamond sawblade of 14 to 20 inch diameter. However, they also stated in the petition that U.S. and Chinese producers differentiate pricing based on blade width, blade thickness, diameter, application of blade, and grade of blade. See Petition at 2, Exh. I-4. Therefore, because the requested pricing items were over-broad, staff, relying on information in the petition as well as information provided by suppliers of imported sawblades, selected eight laser-welded diamond sawblades differing by diameter, segment thickness, blade grade, dry or wet cutting, intended channel of distribution, and intended application where

(continued...)

Certain indicators of the condition of the diamond sawblade industry declined. The value of U.S. producers' U.S. shipments declined between 2002 and 2004,[269] as the value of subject import shipments rose. As U.S. producers were unable to maintain the level of their shipments, the value of the domestic industry's net sales fell between 2002 and 2004.[270] As subject imports increased, U.S. producers lost market share.

The number of production and related workers for both finished sawblades and parts decreased steadily between 2002 and 2004.[271] Their hours worked declined as well, as did their wages.[272]

Several U.S. producers reported that they anticipated continued negative effects on their development and production efforts due to subject imports, including loss of product lines because of inability to purchase raw materials, closure of facilities and job losses, reduced capital investments, decreased sales, selling prices, and profit margins.[273]

Notwithstanding the decline in these indicators of the condition of the domestic industry, we do not find the industry currently to be in a weakened state. Production by the domestic industry increased between 2002 and 2004.[274] Capacity increased overall during that period, although capacity utilization

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[268] (...continued)
competition would likely occur. Products ranged from four inches to 26 inches in diameter. See CR at V-5, PR at V-3 - V-4, for more information about the pricing products. In any final phase of the investigations, we will seek pricing data from purchasers and will attempt to gather data on product categories that are not overly broad and that represent meaningful comparisons.

[269] The value of U.S. producers' U.S. shipments declined from $*** in 2002 to $*** in 2003, then declined further to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4.

[270] The value of U.S. producers' net sales fell from $*** in 2002 to $*** in 2003, and was $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4.

[271] For finished diamond sawblades, the number of production and related workers fell from 646 in 2002 to 576 in 2003, then fell further to 555 in 2004. The total was 535 in both interim 2004 and interim 2005. CR/PR at Table III-7. For cores, the number of production and related workers decreased from *** in 2002 to *** in 2003, then to *** in 2004. The total was *** in both interim 2004 and interim 2005. For segments, the number of production and related workers declined from *** in 2002 to *** in 2003, then declined further to *** in 2004. The total was *** in interim 2004 and *** in interim 2005. CR/PR at Table III-12.

[272] For finished diamond sawblades, the hours worked by the production and related workers totaled 1.3 million in 2002, 1.2 million in 2003 and 1.1 million in 2004. They totaled 268,000 in both interim 2004 and interim 2005. CR/PR at Table III-7. For cores, the hours worked by the production and related workers totaled *** in 2002, *** in 2003 and *** in 2004. They totaled *** in both interim 2004 and interim 2005. For segments, the hours worked totaled *** in 2002, *** in 2003 and *** in 2004. They totaled *** in both interim 2004 and interim 2005. CR/PR at Table III-12.

For finished diamond sawblades, the wages paid to the production and related workers fell from $19,497,000 in 2002 to $18,360,000 in 2003, then fell further to $17,541,000 in 2004. They totaled $4,212,000 in interim 2004 and $4,226,000 in interim 2005. CR/PR at Table III-7. For cores, the wages paid rose from $*** in 2002 to $*** in 2003, then was $*** in 2004. They totaled $*** in interim 2004 and $*** in interim 2005. For segments, wages paid fell from $*** in 2002 to $*** in 2003, then fell further to $*** in 2004. They were $*** in interim 2004 and $*** in interim 2005. CR/PR at Table III-12.

[273] CR/PR at App. D.

[274] Production of finished diamond sawblades declined from 727,875 units in 2002 to 689,608 units in 2003, then rose to 735,162 units in 2004. It was 178,782 units in interim 2004 and 167,289 units in interim 2005. CR/PR at Table III-3. Production of cores rose from *** units in 2002 to *** units in 2003, then declined to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. CR/PR at Table III-8. Production of segments increased from *** units in 2002 to *** units in 2003, then declined to *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. CR/PR at Table III-8.

was steady for finished diamond sawblades, decreased for cores and increased slightly for segments.[275] The cost of goods sold decreased over the period, and the cost of goods sold relative to sales decreased slightly.[276] SG&A expenses also declined. Thus, although prices fell, operating income rose from 2002 to 2004,[277] and operating margins remained robust in 2003 and 2004, at *** percent.[278] Operating income and margins only began to show a decline in interim 2005,[279] but the industry as a whole remained profitable throughout the period. Capital expenditures increased over the period,[280] as did research and development expenses.[281] We thus do not find the industry to be currently vulnerable. However, for the purposes of these preliminary determinations, we find a reasonable indication that the continued or increased presence of subject imports at low prices will likely result in material injury to the domestic industry unless antidumping duty orders are issued. We intend, however, in any final phase of these investigations to gather additional information and to consider closely the degree of actual competition between the domestic product and subject imports.

VIII. CONCLUSION

For the reasons stated above, we find a reasonable indication that the domestic industry producing diamond sawblades is materially injured, or threatened with material injury, by reason of subject imports from China and Korea allegedly sold at LTFV.

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[275] Capacity for finished diamond sawblades increased from 989,937 units in 2002 to 1.0 million units in 2003 and 2004. It was 270,486 units in interim 2004 and 268,342 units in interim 2005. CR/PR at Table III-3. Capacity for cores was *** units in 2002, *** units in 2003 and *** units in 2004. It was *** units in both interim 2004 and interim 2005. CR/PR at Table III-8. Capacity for segments was *** units in 2002, *** units in 2003 and *** units in 2004. It was *** units in interim 2004 and *** units in interim 2005. CR/PR at Table III-8.

Capacity utilization for finished diamond sawblades decreased from 73.5 percent in 2002 to 68.0 percent in 2003, then increased to 70.6 percent in 2004. It was 66.1 percent in interim 2004 and 62.3 percent in interim 2005. CR/PR at Table III-3. Capacity utilization for cores was *** percent in 2002, rising to *** percent in 2003 and falling to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. CR/PR at Table III-8. Capacity utilization for segments was *** percent in 2002, *** percent in 2003 and *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. CR/PR at Table III-8.

[276] The cost of goods sold relative to sales fell from *** percent in 2002 to *** percent in 2003, then rose to *** percent in 2004. It was *** percent in interim 2004 and *** percent in interim 2005. CR/PR at Table C-4.

Raw material costs, as a share of the total cost of diamond sawblades, have increased slightly form 57.3 percent in 2002 to 57.7 percent in 2004. The cost of diamonds has reportedly declined, however. Diamond powder decreased in price from $0.34 per carat in 2002 to an estimated $0.24 per carat in 2004. This decrease in cost has likely been offset by other increased costs, such as steel and cobalt. CR at V-1, PR at V-1. However, the cost of goods sold declined between 2002 and 2004, falling from $*** in 2002 to $*** in 2003, then rising to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4. Selling, general and administrative (SG&A) expenses also declined over the period. SG&A expenses declined from $*** in 2002 to $*** in 2003, then to $*** in 2004. CR/PR at Table C-4. In any final phase of the investigations, we intend to explore the relationship between raw material costs (and the interrelationship between the costs of steel and the cost of diamonds), the cost of goods sold and SG&A expenses in this industry.

[277] Operating income increased from $*** in 2002 to $*** in 2003, then increased more to $*** in 2004. It was $*** in interim 2004 and $*** in interim 2005. CR/PR at Table C-4.

[278] Operating income relative to sales rose from *** percent in 2002 to *** percent in 2003, where it remained in 2004. It was *** percent in interim 2004 and was *** percent in interim 2005. CR/PR at Table C-4.

[279] We note that the January-March interim period is also the season of lower demand for diamond sawblades, as described in the discussion of the conditions of competition.

[280] Capital expenditures decreased from $*** in 2002 to $*** in 2003, then climbed to $*** in 2004. They were $*** in interim 2004 and $*** in interim 2005. CR/PR at Table VI-8.

[281] Research and development expenses increased from $*** in 2002 to $*** in 2003, then rose to $*** in 2004. They totaled $*** in both interim 2004 and interim 2005. CR/PR at Table VI-8.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed on May 3, 2005, by the Diamond Sawblade Manufacturers' Coalition and its individual members: Blackhawk Diamond, Inc., Fullerton, CA; Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of diamond sawblades and parts thereof from China and Korea.[1] Information relating to the background of these investigations is provided below.[2]

Date	***Action***
May 3, 2005	Petition filed with Commerce and the Commission; institution of Commission investigations (70 FR 24612, May 10, 2005)
May 23, 2005	Commerce's extension of initiation (70 FR 29478, May 23, 2005)
May 26, 2005	Commission's notice of revised schedule (70 FR 30480, May 26, 2005)
June 13, 2005	Commerce's initiation (70 FR 35625, June 21, 2005)
June 15, 2005	Commission's conference[3]
July 14, 2005	Commission's vote
July 18, 2005	Commission's determinations transmitted to Commerce
July 25, 2005	Commission's views transmitted to Commerce

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has not conducted previous antidumping or countervailing duty investigations concerning diamond sawblades or parts. During 1992-93, the Commission conducted an investigation on professional electric cutting and sanding/grinding tools from Japan. The Commission made an affirmative determination with respect to subject cutting tools and a negative determination with respect to subject sanding/grinding tools.[4]

ORGANIZATION OF THE REPORT

Information on the subject merchandise, estimated dumping margins, and the domestic like product is presented in Part I. Information on conditions of competition and other economic factors is presented in Part II. Information on the condition of the U.S. industries, including data on capacity, production, shipments, inventories, and employment, is presented in Part III. Information on the volume of imports of the subject merchandise, apparent U.S. consumption, and market shares is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial

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[1] A complete description of the imported products subject to these investigations, as well as information regarding tariff treatment, is presented in *The Subject Merchandise* section of this part of the report.

[2] *Federal Register* notices cited are presented in app. A.

[3] A list of witnesses appearing at the conference is presented in app. B.

[4] *Professional Electric Cutting and Sanding/Grinding Tools from Japan, Inv. No. 731-TA-571 (Final)*, USITC Publication 2658 (July 1993). The order was revoked by Commerce in 2000.

experience of U.S. producers. Information on the subject country foreign producers and U.S. importers' inventories is presented in Part VII.

SUMMARY OF DATA PRESENTED IN THE REPORT

A summary of data collected in the investigations is presented in appendix C. Except as noted, U.S. industry data are based on questionnaire responses of 2 firms that manufacture diamond sawblade cores and 14 firms that produce segments and finished diamond sawblades. The questionnaire responses accounted for approximately 85 percent of U.S. production during 2004.[5] U.S. imports are based on questionnaire data from firms believed to account for 113.1 percent of the value of U.S. imports of the subject merchandise from China in 2004, 116.2 percent from Korea, and 23.4 percent from all other sources.[6]

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On June 21, 2005, Commerce published its notice of initiation in the *Federal Register*. Based on petitioners' comparisons of export price to normal value, the initial estimated dumping margin for diamond sawblades from China was 164.09 percent and the estimated dumping margin for diamond sawblades from Korea ranged from 63.61 percent to 67.59 percent.[7]

SUMMARY OF MARKET PARTICIPANTS

The domestic industry producing diamond sawblades and parts consists of 2 companies that produce diamond sawblade cores and 14 companies that produce segments and/or finished sawblades. The largest producer of cores is *** and the largest producers of finished sawblades are ***. Segments usually are consumed internally by U.S. producers.[8]

At least 17 U.S. companies are known to import diamond sawblades and/or parts from China, four of which, ***, currently produce diamond sawblades domestically. The largest importers from China are ***. At least 16 U.S. companies are known to import diamond sawblades and/or parts from Korea, four of which, ***, currently produce diamond sawblades domestically. The largest importers from Korea are ***. At least 12 U.S. companies are known to import diamond sawblades and/or parts from other sources, three of which, ***, currently produce diamond sawblades domestically. The largest importers from other sources are ***.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce's notice of initiation defines the imported merchandise within the scope of these investigations as follows:

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[5] Based on questionnaire data and information provided in the petition, exh. I.

[6] Based on questionnaire data and official Commerce statistics.

[7] 70 FR 35625, June 21, 2005.

[8] Indeed, only four U.S. producers reported commercial shipments of segments. *** reported the largest commercial shipments of segments.

> The products covered by these investigations are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of these investigations are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).[9]

Tariff Treatment

Diamond sawblades, as well as the components that make up diamond sawblades, are typically imported under subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States ("HTS"). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTS, diamond sawblades or parts thereof may be imported under heading 8206.00.00 of the HTS.[10] The normal trade relations tariff rate imposed on this product under subheading 8202.39.00 is free, applicable to imports from China and Korea; if entered under heading 8206.00.00, the highest duty rate applicable to any tool in the set is imposed on the set as a whole.

THE DOMESTIC LIKE PRODUCT

Description

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. The scope in these investigations, however, includes both finished and semifinished articles. In such circumstances, the

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[9] 70 FR 35625, June 21, 2005,

> Commerce further described products that are outside the scope of these investigations: Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the investigations. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the investigations. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of these investigations. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petition. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the investigations. Ibid.

[10] As noted by Commerce in its notice of initiation, "The tariff classification is provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of these investigations is dispositive." 70 FR 35625, June 21, 2005.

Commission may apply a semifinished product analysis. Under this analysis, the Commission examines (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles.

In these investigations petitioners contend that finished diamond sawblades constitute a single domestic like product and that steel cores and diamond segments are part of this like product definition.[11] For the purposes of the preliminary determination, respondents do not challenge this definition of domestic like product.[12]

Diamond Sawblade Components

Diamond sawblades are circular cutting tools composed of two fundamental components: an inner steel core and a diamond-impregnated outer ring segment that constitutes the cutting surface. The metal core generally is made of very high quality, treated, hardened alloy steel plate or sheet. The alloy steel plate or sheet is laser cut to the approximate diamond core diameter. The metal core contains an arbor hole that is precisely bored in the center. The core is either slotted to produce a segmented blade or not slotted to produce a continuous rim blade.[13]

The segment contains a mixture of synthetic diamonds[14] and metal powder held together in a "bond matrix." During the manufacturing process, the metal powder and diamond mixture is compressed at a very high temperature to obtain a solid metal alloy, which holds the diamonds. The segment, or rim, is slightly wider than the steel blade to permit the leading edge to penetrate the material without the steel blade rubbing against it and to discourage blade binding.[15] The diamond segments are specifically designed to wear at a rate appropriate to the material being cut. Large particles of soft, abrasive materials wear down the matrix faster than the small particles removed from hard dense materials. Consequently, softer, more abrasive materials require a "tough to wear" (hard) bond; less abrasive materials require an "easy wear" (soft) bond.[16] The cutting edge of the diamond segments is designed to expose additional diamond as the blade is consumed.

Finished Diamond Sawblades

Diamond sawblades typically range in size from a few inches to 70 inches in diameter. Many diamond sawblades are considered "mid-range" blades in the 10- to 14-inch category.[17] Diamond sawblades greater than 30 inches are typically produced to order and in small quantities.[18]

Finished sawblades are often categorized in terms of: (1) whether their cutting surfaces are "continuous rim" or "segmented rim" (figure 1); (2) whether or not they require water (wet blades) for

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[11] *Petition*, p. 5-10.

[12] Postconference brief Korean respondents, pp. 3-4.

[13] Petition, pp. 7-8; Postconference brief of Ehwa Diamond Industrial Co., Shinhan Diamond Industrial Co., and Hyosung Diamond Industrial Co., p. A-3.

[14] It is possible to use natural diamonds.

[15] Petition, p. 9; "This is How a Diamond Blade Works" *Electrolux Construction Products North America*, June 9, 2005, found at http://dimasusa.com

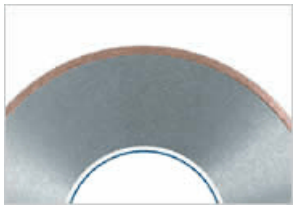
[16] "Understanding Diamond Blade Fabrication," *MK Company Diamond Products*, June 16, 2005, found at http://www.mk-diamond-blades.com/

[17] *See, e.g.* conference transcript, pp. 86-87 (Palovochik) and p. 188 (Corcoran).

[18] *See, e.g.* conference transcript, pp. 118-120 (Burnett, Palovochik).

cooling during their use or not (dry blades); and (3) in how the diamond surface is attached (sintering, soldering, or laser welding). These distinctions are discussed below in the sections of this part of the report entitled "Applications," "Interchangeability," and "Manufacturing Processes."

Figure 1
Diamond sawblades: Typical cutting surfaces



continuous smooth rim

segmented rim

Source: Electrolux Construction Products North America, found at http://dimasusa.com.

The Commission asked U.S. producers to describe any differences in the physical characteristics and functions of the upstream and downstream articles. Responses to this question are tabulated below:[19]

* * * * * * *

Applications

Diamond Sawblade Components

Diamond sawblade components are used to produce finished diamond sawblades, with few additional applications.[20] The Commission asked U.S. producers "(w)ith respect to (diamond cores and diamond sawblade segments), does your firm use the same components that it produces for use in finished diamond sawblades for use in other finished articles as well?" Of the two companies that produce diamond cores, neither reported using diamond sawblade cores for use in other finished products. In addition, only three of the companies producing segments reported additional applications: ***. Each of the other companies reported no additional applications.[21]

The Commission also asked U.S. producers to describe the market for the diamond sawblade cores and segments (the "upstream articles" in these investigations). Responses to this question are tabulated on the next page.[22]

Finished Diamond Sawblades

The Commission asked U.S. producers to describe the market for finished diamond sawblades (the "downstream articles" in these investigations). Responses to this question are tabulated on the next page.[23]

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[19] The information discussed above is compiled from responses to the producers' questionnaire, question II-14.
[20] Conference transcript, p. 124 (Palovochik).
[21] The information discussed above is compiled from responses to the producers' questionnaire, question II-12.
[22] The information discussed above is compiled from responses to the producers' questionnaire, question II-13.
[23] The information discussed above is compiled from responses to the producers' questionnaire, question II-13.

* * * * * * *

Diamond sawblades have numerous functions and applications for cutting, ranging from cement, asphalt, marble, and tile, to masonry work such as brick and stone.[24] Diamond sawblades can be distinguished by their rims (i.e., segmented or continuous rim). Segmented blades are typically preferred for higher horsepower applications because the metal core is more rigid.[25] These types of goods are typically custom-engineered for the task at hand.[26] Most of these sawblades are specially designed for large, high horsepower, walk-behind or self-propelled cutting equipment that includes water circulation systems for cooling the blade as it cuts.[27] Thus "professional-use" diamond sawblades are generally wet, segmented blades with diameters that are often greater than 14 inches.[28]

"General-use" blades include both segmented and continuous rim blades with diameters of 14 inches or less, and are typically utilized in tile- and stone-cutting applications because they reduce the amount of chipping of material being cut. Continuous rim sawblades consist of a single cutting surface, referred to as a diamond "segment" in the petition. These blades are attached to a non-slotted metal core. Continuous rim blades are produced by sintering, or essentially baking a mixture of diamonds and metal powders onto a steel core, while dry segmented blades are produced by laser welding diamond segments onto the core.[29] [30]

The distinction between wet and dry usage refers to whether a water source is required in order to prevent the blades from overheating when in use. For example, for wet-cutting applications water must be used as a coolant in order to support cutting effectiveness and longevity of the blade. The majority of wet blades are considered to be professional-use segmented blades, though some wet blades are continuous rim blades used for tile-cutting applications.[31]

Interchangeability

Diamond Sawblade Components

Diamond segments and cores are used virtually entirely for the manufacture of diamond sawblades.[32] Neither U.S. core producer reported using diamond sawblade cores for use in other finished products. Three U.S. producers reported using diamond sawblade segments for use in other finished articles. ***.

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[24] Conference transcript, p. 46 (Palovochik).
[25] Conference transcript, p. 66 (Garrison).
[26] Conference transcript, p. 140 (Kim).
[27] Korean respondents' postconference brief, Exhibit 3.
[28] Conference transcript, p. 142 (Lewis)
[29] Conference transcript, pp. 143-144 (Lewis). Korean respondents' postconference brief, p. 12.
[30] The parties differ in their views on so-called "professional-use" sawblades and "general-use" sawblades. Petitioners contend that "it is not possible to draw a clear dividing line...based on the physical characteristics of the diamond sawblades end use, channels of distribution, or by price." Petitioners' postconference brief, exhibit 1, no page number provided. Respondents contend that the U.S. market is "highly segmented" and that diamond sawblades in the United States can be segregated into two broad categories: (1) professional-use blades; and (2) general-use blades. Korean respondents' postconference brief, p. 11.
[31] Conference transcript, p. 213. (Kim)
[32] Conference transcript, p. 124 (Palovochik).

Finished Diamond Sawblades

The Commission asked U.S. producers whether there are separate markets for the upstream and downstream articles. As discussed in the section of this part of the report entitled "Applications," U.S. producers largely view the markets for the upstream and downstream articles as separate except in the sense that cores and segments are components of the finished sawblades.[33]

In addition, U.S. producers and importers generally reported limited interchangeability between diamond sawblades and any other product. In theory, some non-diamond sawblades could be used in certain cutting applications in which diamond sawblades are utilized. Diamond sawblades, however, are produced to fit onto diamond saws exclusively.[34]

Additionally, there is limited direct interchangeability between continuous rim and segmented products, at least in certain applications.[35] Continuous rim sawblades are used in "brick, block, and tile-type applications" where avoiding chipping is a key objective.[36] Segmented rim blades, in contrast, are used in saws with more demanding requirements - typically higher horsepower saws such as those used in high-volume construction applications. Nonetheless, there is also a degree of overlap between continuous and segmented blades in applications such as masonry.[37]

Manufacturing Processes

Diamond Sawblade Components

Diamond cores are cut from heat-treated alloy steel plate or sheet. As described in the petition, the cut plate of approximate shape is then quenched in a heat furnace, cooled in an oil bath, and is then tempered in a gas furnace. The diamond cutting surface is affixed to the metal core through a soldering or laser-welding process. After the blade is quenched and tempered, a small hole (the arbor) is then drilled or reamed into the center of the core which will serve as a mounting point for the finished diamond core inside a cutting tool. Subsequently, the reamed core is surface-ground to the diameter specified by the customer in the purchase order. The ground core is then tensioned in a roll-tensioner, which imparts additional hardness to the diamond core. The flattened diamond core then goes through both a grinding/turning process, in which the outer diameter is ground to the proper size required by the customer specification, and a deburring process, in which the outer diameter is matched to the internal diameter of the diamond core.[38]

In the case of slotted (segmented) blades, radial slots (also called "gullets") are machined out of the outer diameter to facilitate the attachment of the diamond segments through a bonding process. Slot designs are available in a variety of forms, including straight, keyhole, wide, laser, V-slots, angled slots, or customer specified. The different- shaped gullets improve water and air flow around the periphery of the core and assist in dissipating heat and slurry.[39]

Diamond segments are produced through the insertion of crushed industrial diamond crystals into a mixture of metallic powders. The diamond crystals are normally, if not always, synthetic rather than natural diamonds because synthetic diamonds have a more reliable consistency for cutting applications.

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[33] The information discussed above is compiled from responses to the producers' questionnaire, question II-13.
[34] Petition, p. 6.
[35] Conference transcript, pp. 190-192 (Nixon).
[36] Conference transcript, pp. 49-50 (Palovochik).
[37] Conference transcript, p. 70 (Garrison).
[38] Petition, pp. 7-8.
[39] *Diamond Cores*, Western Saw Products. *See also*, "Edge Exposed: The Diamond Core" at www.edgediamond.co.uk/smx/edge_exposed/core, retrieved July 4, 2005.

The mixture is compressed at a very high temperature in order to obtain a solid metal alloy that holds the diamonds. A portion of the semifinished segment is cleared of diamond powder to ensure that the metallic portion of the segment can be mated to the diamond blade core. Each finished segment is subsequently dressed and cleaned to ensure the finished segment is free of excess powder and burrs.[40]

Finished Diamond Sawblades

The segments are laser-welded or brazed onto the core to complete the finished product. The diamond core itself must be balanced both before and after the segment attachment.[41] The entire sawblade is then quality-screened, put through a slight grinding to ensure proper outer diameter dimension, and tension-checked to ensure the blade performs at the revolution speed that was originally specified.[42]

There are three major methods of attaching the diamond cutting surfaces: laser-welding, soldering, (or brazing), and sintering. All three methods are employed in the United States, although the large majority of U.S. production uses laser-welding, followed by soldering; sintering, in contrast, is uncommon in the United States.

Laser-welded blades are produced by pressing the diamond crystal and metal powder mix and then heat-treating it to form a finished segment. The finished segments are attached to the steel cores through laser welding. This process is generally used to produce segmented blades for dry-cutting applications. Laser welding is particularly suitable for making the type of blades used in hand-held saws utilized by masonry and brick contractors. One of the principal petitioners estimates that approximately 90 to 95 percent of all diamond blades make use of laser-welded applications.[43] Production of laser-welded diamond saw blades include high automatization, greater stability requiring high temperatures, and strong welding adhesion between the segment and the alloy steel core.[44]

Soldered or brazed blades are produced in a similar manner as laser-welded blades, except that the finished segments are attached to the metal core using solder instead of laser welding. In general, soldered blades refer to professional-use wet blades because they have extremely limited uses in dry applications as the heat generated from dry cutting will melt the solder, potentially destroying the blade and creating a safety hazard.[45]

Sintered blades are produced by pressing the diamond/metal bonding mixture onto the core, and then heat-treating the entire blade. Frequently, the term "sintered" blade is used to refer to continuous rim blades because sintering is the most efficient means of producing continuous rim blades.[46] However, because the heat treatment process weakens the core, and the integrity of the product, larger sized diamond sawblades are not typically produced using the sintering production method.[47] Instead, sintered blades are more commonly produced in smaller sizes for less specialized applications.[48]

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[40] Petition, p. 9.

[41] "The Diamond Core," *The Edge Company*, June 9, 2005, found at *http://www.edgediamond.com*

[42] Petition, p. 9.

[43] Conference transcript, p. 55 (Garrison).

[44] "Diamond Saw Blades - Dry Type," *Jiangsu Shengli Electron & Tools Co.*, June 17, 2005, found at http://s158.en.alibaba.com/product/0/50165923/Diamond_Saw_Blade/

[45] Korean respondents' postconference brief, p. A-4.

[46] According to respondents, some producers have produced segmented blades through the sintering process by cutting slots into a continuous rim blade in order to make it appear segmented. Korean respondents' postconference brief, p. A-4, n. 7.

[47] Conference transcript, p. 54 (Palovochik).

[48] Conference transcript, pp. 187, 209 (Sallis).

The Commission asked U.S. producers to describe the level of expertise required by, and the degree of value added, in their U.S. assembly operations. Responses to this question are tabulated below:[49]

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Channels of Distribution

Diamond Sawblade Components

Diamond sawblade cores are only sold to U.S. diamond sawblade producers.[50] With the exception of incidental sales of repair kits for larger blades, there are few if any sales of diamond sawblade segments.[51] Diamond sawblade cores imported from China and Korea generally are imported directly by U.S. producers who consume them internally to produce finished diamond sawblades, although in limited instances the cores may be sold to OEMs.[52] U.S.-produced diamond sawblade segments are largely consumed internally by U.S. diamond sawblade producers. The small amount of U.S. diamond sawblade segments produced for the commercial market generally are intended as repair kits for larger diameter sawblades and are sold largely to end users.[53] Diamond sawblade segments imported from Korea are imported ***.[54] Similarly, two U.S. producers *** import diamond sawblade segments from *** and consume them internally to produce finished diamond sawblades.[55] There are no reported imports of diamond sawblade segments from China. Tables I-1 and I-2 presents questionnaire data on channels of distribution for diamond sawblade cores and segments.

Table I-1
Diamond sawblade cores: U.S. producers' and importers' U.S. shipments, by channels of distribution, 2002-04, January-March 2004, and January-March 2005

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Table I-2
Diamond sawblade cores: U.S. producers' and importers' U.S. shipments, by channels of distribution, 2002-04, January-March 2004, and January-March 2005

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Finished Diamond Sawblades

Petitioners reported that diamond sawblades are principally sold to distributors who cater to the construction trade, large rental houses, end users, and retail outlets.[56] In contrast, respondents propose

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[49] The information discussed above is compiled from responses to the producers' questionnaire, question II-15.
[50] ***.
[51] Petition, p. 6.
[52] *** reported imports of cores from China. *** imported a small quantity of cores from China that it sold to OEMs. *** reported imports of cores from Korea.
[53] Petitioners' postconference brief, p. 4.
[54] *** are the only U.S. importers to report imports of segments from Korea.
[55] *** are the only U.S. importers to report imports of segments from nonsubject countries.
[56] Petition, p. 6.

two broad segments in the diamond sawblade market, the professional use and the general use/do-it-yourself segments. The professional use market consists of construction companies that undertake large infrastructure projects, such as building highways, airports, and commercial buildings.[57] Such projects require large-diameter, laser-welded segmented blades capable of cutting large volumes of asphalt, rock, and concrete. In addition, many of the blades in this market are customized. The general use/do-it-yourself market consists of homeowners and general contractors who use diamond sawblades for home improvement and other small projects. Smaller diameter and/or sintered rim blades generally are better suited to these projects.

Table I-3 presents questionnaire data on channels of distribution identified in the petition or by the respondents. Over the period for which data were collected, U.S. producers' shipments of diamond sawblades have been directed in the largest quantities to end users (original equipment manufacturers as well as other end users). In addition, U.S. producers also shipped relatively large quantities of diamond sawblades to distributors. For the U.S. market as a whole, however, end users and retail outlets were the highest-volume purchasers, followed by distributors.

If broken down further, in 2004, the two largest channels of distribution for U.S.-produced finished diamond sawblades were end users other than OEMs (*** percent) and distributors (38.7 percent). By comparison, the largest channels of distribution for finished diamond sawblades from China were OEMs (*** percent) and retail outlets (*** percent), while those from Korea were sold primarily to OEMs (*** percent) and distributors (24.8 percent) and those from other countries were sold primarily to retail outlets (*** percent).

Price

Diamond Sawblade Components

In 2004, the average unit value of U.S. shipments of cores was $***, while the average unit value for segments was $***. The average unit values of U.S. shipments of imported cores were $*** from China and $*** from Korea. The average unit values of U.S. shipments of imported segments were $*** from Korea and $*** from other sources.[58]

Finished Diamond Sawblades

Finished diamond sawblades are sold in thousands of sizes, ranging in diameter from 4 inches to more than 70 inches.[59] In addition, suppliers frequently offer three to six quality designations. Accordingly, the prices among different diamond sawblade sizes can vary substantially. The average unit values of U.S. shipments of finished diamond sawblades in 2004 was $172.29. The average unit values of U.S. shipments of imported finished diamond sawblades were $9.63 from China, $21.83 from Korea, and $15.84 from other sources. Pricing practices and prices reported for finished diamond sawblades in response to Commission questionnaires are presented in Part V of this report.

[57] Saint-Gobain's postconference brief, pp. 11-12.
[58] There were no imports of segments from China during the period for which data were collected.
[59] Petitioners' postconference brief, exhibit 1.

Table I-3
Finished diamond sawblades: U.S. producers' and importers' U.S. shipments, by channels of distribution, 2002-04, January-March 2004, and January-March 2005

Item	2002	2003	2004	January-March 2004	January-March 2005
	Quantity (units)				
U.S. producers' U.S. shipments to:					
Distributors	252,273	245,803	274,339	59,189	65,236
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	713,000	670,247	708,010	159,874	162,924
U.S. shipments of imports from China:					
Distributors	142,420	187,745	287,957	49,241	52,643
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	1,123,315	1,829,969	2,598,561	510,853	685,387
U.S. shipments of imports from Korea:					
Distributors	413,339	439,430	530,061	104,518	136,553
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	1,964,011	1,934,699	2,141,393	448,900	418,924
U.S. shipments of imports from C/K:					
Distributors	555,759	627,175	818,018	153,759	189,196
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	3,087,326	3,764,668	4,739,954	959,753	1,104,311
U.S. shipments of imports from other:					
Distributors	9,644	11,352	41,711	5,316	9,551
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	1,126,377	1,369,215	1,529,346	312,327	346,333
U.S. shipments of total imports:					
Distributors	565,403	638,527	859,729	159,075	198,747
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	4,213,703	5,133,883	6,269,300	1,272,080	1,450,644
U.S. shipments of domestic + imports:					
Distributors	817,676	884,330	1,134,068	218,264	263,983
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	4,926,703	5,804,130	6,977,310	1,431,954	1,613,568

Table continued on next page.

Table I-3--Continued

Finished diamond sawblades: U.S. producers' and importers' U.S. shipments, by channels of distribution, 2002-04, January-March 2004, and January-March 2005

Item	2002	2003	2004	January-March 2004	January-March 2005
	Share of quantity (percent)				
U.S. producers' U.S. shipments to:					
Distributors	35.4	36.7	38.7	37.0	40.0
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of imports from China:					
Distributors	12.7	10.3	11.1	9.6	7.7
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of imports from Korea:					
Distributors	21.0	22.7	24.8	23.3	32.6
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of imports from C/K:					
Distributors	18.0	16.7	17.3	16.0	17.1
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of imports from other:					
Distributors	0.9	0.8	2.7	1.7	2.8
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of total imports:					
Distributors	13.4	12.4	13.7	12.5	13.7
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0
U.S. shipments of domestic + imports:					
Distributors	16.6	15.2	16.3	15.2	16.4
Rental houses	***	***	***	***	***
Retail outlets	***	***	***	***	***
Sawblade producers	***	***	***	***	***
OEMs	***	***	***	***	***
All other end users	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

CHANNELS OF DISTRIBUTION

In the U.S. market, the majority of domestically produced finished diamond sawblades are sold directly to end users for professional construction applications or through distributors for professional construction applications and equipment rentals. Furthermore, the shares sold by domestic producers into these channels have been generally increasing since 2002, from 35.4 percent for distributors and *** percent to "all other end users" (which includes professional construction end-users) to 38.7 and *** percent, respectively, in 2004.[1] The third-largest channel of distribution for domestic diamond sawblades is to rental houses, which account for approximately one-tenth of domestic shipments of U.S.-produced diamond sawblades.

On a quantity basis, in 2002, Chinese diamond sawblades were sold mostly to retail outlets (*** percent), OEMs (*** percent), and distributors (12.7 percent). In 2003, the share sold to retail outlets and OEMs increased to *** and *** percent, respectively. In 2004, the share of Chinese blades were sold to OEM customers (*** percent) continued to be larger than the share sold to retail outlets (*** percent), sawblade producers (*** percent), and distributors (11.1 percent). Between January-March 2004 and January-March 2005, the shares of U.S. shipments of Chinese diamond sawblades sold to OEMs and sawblade producers increased (from *** and *** percent to *** and *** percent, respectively), while the shares sold to retail outlets and distributors decreased (*** and 9.6 percent to *** and 7.7 percent, respectively).

The majority of shipments of Korean diamond sawblades went to OEMs (*** percent in 2004) and to distributors (24.8 percent). These percentages are fairly indicative of the relative shares via channel of distribution over the period for which data were collected, except for the interim 2005 period when the share to the retail market increased to *** percent and sales to distributors reached 32.6 percent while the share sold to OEMs declined to *** percent of shipments.

Most diamond sawblades from nonsubject countries were shipped to retail outlets (*** percent in 2004), with much of the remainder shipped to rental houses and distributors (*** and *** percent, respectively). Retail outlets accounted for the large majority of U.S. shipments of finished diamond sawblades from nonsubject countries throughout the period for which data were collected.

Only one of 13 responding producers, and two of 28 importers sell diamond sawblades over the internet. One of the importers noted selling approximately 10 percent of its diamond sawblades via the internet.

MARKET SEGMENTATION

Diamond sawblades are used to cut various aggregates: concrete, asphalt, masonry, tile, brick, block, stone, ductile iron, marble, and granite. The type of sawblade needed - i.e., diameter, method of blade construction, and type of edge - is determined by the aggregate to be cut. Depending on the use, diamond sawblades are either used in dry cutting or wet-cutting, where water is used to cool the sawblade so it does not overheat during use or to reduce the amount of chipping in applications such as tile cutting

[1] The share sold to distributors increased further in January-March 2005, to 40.0 percent of sales, while the share sold to the "all other end user market" was *** percent. In contrast, shipments to original equipment manufacturers (OEMs) were lower in each successive full- and partial-year period, both absolutely and as a share of U.S. producers' U.S. shipments.

where a smooth edge is desired.[2] Typically, larger diameter blades are used for wet-cutting applications, whereas the smaller diameter blades are used for dry cutting. Diamond sawblades can be used in skillsaws, handheld saws, walk-behind saws, table-tile saws, among other types of saws.[3]

Domestic producers and U.S. importers of diamond sawblades were asked what proportion of their 2004 commercial shipments were allocated among five diameter ranges and the three methods of joining segments to cores. Weighted-average responses, using the value of shipments, are summarized in table II-1. More than 40 percent by value of the U.S-, Chinese-, and Korean-produced sawblades were sold in a diameter range greater than 10 inches but less than or equal to 14 inches; the majority of such sales in this size range were laser-welded.

Domestic producers' sales of diamond sawblades are concentrated in the applications that use larger machinery, where a typical sawblade has a larger diameter, is laser-welded, segmented, and used in applications where wet-cutting is necessary. Sawblades greater than 10 inches in diameter accounted for 87.1 percent of their 2004 commercial shipments.[4] The majority of diamond sawblades imported from China (88.5 percent), Korea (86.8 percent), and nonsubject countries (95.3 percent) were less than or equal to 14 inches in diameter, with each having slightly more sales in the 10-inches or less categories than in the greater than 10-inch but less than 14-inch categories.[5] In terms of bond type, domestic production of sintered blades accounted for *** percent of domestic commercial shipments in 2004, whereas sintered product accounted for 52.8 percent of Chinese shipments and 44.3 percent of both Korean and nonsubject country shipments. Laser-welded diamond sawblades accounted for 79.4 percent of domestic commercial shipments, compared to 46.0 percent of Chinese shipments, 52.1 percent of Korean shipments, and 53.9 percent of nonsubject country shipments.[6]

Petitioners stated that there is already overlap in the market between domestic and imported diamond sawblades, and the foreign producers are attempting to push more into the professional end of the market.[7] In addition, they contend that, though there is little continuous, sintered product produced domestically, they could enter that market if the price were right, as they were pushed out of it.[8] Respondents disagree with this characterization, noting that there are distinct markets in which the domestic and subject imported product compete.[9] Specifically, Korean respondents contend that though the data show some overlap in the greater than 10-inch but less than 14-inch laser-welded grouping, this does not take into account differences in channels of distribution, customers, and grades, especially the 12-inch to 14-inch blades that are important size ranges in terms of value and volume.[10]

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[2] Conference transcript, p. 213 (Kim).

[3] *See*, e.g., the website of Excell Diamond at www.diamondsawblades.com, retrieved June 8, 2005.

[4] Acconding to one petitioner, "many U.S. diamond sawblade producers no longer manufacture diamond saw blades with very small diameters (*i.e.*, less than five inches in diameter)." Petition, exhibit II-1, affidavit of ***.

[5] It should be noted that larger diameter sawblades sell for many multiples of sawblades of smaller diameter.

[6] Similarly, the majority (94.0 percent) of domestic shipments were of segmented blades, compared to 52.1 percent for Chinese shipments, 63.9 percent of Korean shipments, and 52.8 percent of nonsubject shipments, on a value basis.

[7] Petitioner's postconference brief, p. 31 and conference transcript, p. 18 (Burnett).

[8] Conference transcript, p. 112 (Garrison and Palovochik).

[9] For example, respondents testified that they helped create the do-it-yourself market for small diamond sawblades to compete with traditional abrasive blades by partnering with power tool companies like Black & Decker. Conference transcript, pp. 138-139 (Kim), pp. 149-150 (Shen), and pp. 158-159 (Delahaut).

[10] Korean respondents' postconference brief, p. 24.

Table II-1
Diamond sawblades: Sizes and method of joining core and segment, by country, weighted averages, 2004

Source and method of joining core and segment	Diameter size					Total
	≤7.0"	>7.0" but ≤10.0"	>10.0" but ≤14.0"	>14.0" but ≤20.0"	>20.0"	
	Share of value (*in percent*)					
United States:						
Laser-welding	***	***	40.0	14.4	16.6	79.4
Soldering	***	***	3.6	5.0	7.4	16.2
Sintering	***	***	(1)	(1)	(1)	4.4
Total	7.5	5.3	43.7	19.4	24.0	100.0
China:						
Laser-welding	***	***	34.5	3.8	1.9	46.0
Soldering	***	***	***	***	***	1.1
Sintering	28.7	11.2	***	***	***	52.8
Total	33.4	13.2	41.8	4.2	7.5	100.0
Korea:						
Laser-welding	7.7	9.9	24.2	8.1	2.3	52.1
Soldering	(1)	(1)	0.8	***	***	3.6
Sintering	17.6	9.7	16.8	***	***	44.3
Total	25.3	19.6	41.9	9.5	3.8	100.0
All other sources:						
Laser-welding	9.5	1.0	40.4	2.9	0.1	53.9
Soldering	(1)	(1)	0.5	1.0	0.3	1.8
Sintering	41.3	1.2	1.4	(1)	0.4	44.3
Total	50.8	2.2	42.3	4.0	0.7	100.0

[1] Accounts for less than 0.1 percent of total.

Note.–Numbers may not add to 100 due to rounding.

Source: Compiled from data submitted in response to Commission questionnaires.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Based on available information, U.S. producers of diamond sawblades have the ability to respond to changes in prices with large changes in the quantity of shipments of U.S.-produced diamond sawblades to the U.S. market. The main factors contributing to this degree of responsiveness are excess capacity, substantial inventories of finished diamond sawblades, and a rapid production process with short lead times.

Industry Capacity

Data reported by U.S. producers indicate that there is excess capacity with which to expand diamond sawblades in the event of price changes. Capacity for diamond sawblade cores increased from *** units per year in 2002 to *** units per year in 2004; capacity was constant at *** units in the interim periods. Domestic capacity for finished diamond sawblades increased by 5.2 percent from 989,937 units per year in 2002 to 1,041,603 per year in 2004 and decreased slightly in interim 2005, from 270,486 units during interim 2004 to 268,342 units during interim 2005.

Domestic capacity utilization for finished diamond sawblades declined irregularly during the period examined - falling from 73.5 percent in 2002 to 68.0 percent in 2003, and then rising to 70.6 percent in 2004. Capacity utilization for producing finished diamond sawblades decreased from 66.1 percent in January-March 2004 to 62.3 percent in January-March 2005.

Inventory Levels

U.S. producers' inventories of diamond sawblade segments as a ratio to their total shipments increased from *** percent of U.S. producers' total shipments of diamond sawblade segments in 2002 to *** percent in 2004, but decreased from *** percent to *** percent in the interim period. On the other hand, U.S. producers' inventories of finished diamond sawblades as a ratio to their total shipments decreased from *** percent of U.S. producers' total shipments of diamond sawblades in 2002 to *** percent in 2004, and also decreased in the interim period (from *** percent in January-March 2004 to *** percent in January-March 2005). These data indicate that U.S. producers have some ability to use inventories of diamond sawblades as a source of increased shipments to the U.S. market.

Export Markets

Eight U.S. producers exported diamond sawblades during the period examined. Exports of diamond sawblades represented a small share of the value of domestic producers' total shipments of diamond sawblades, accounting for *** percent of total shipments in 2002 and 2003, and *** percent in 2004. In January-March 2005, exports accounted for *** percent of total shipments, up from *** percent in January-March 2004. These numbers suggested that U.S. producers may have a somewhat limited ability to divert shipments to or from alternate markets in response to changes in the prices of diamond sawblades.

U.S. Demand

The overall demand for finished diamond sawblades is likely to be somewhat inelastic, i.e., it is unlikely to change significantly in the short run in response to changes in price.[11] There is also likely to be more inelastic demand for the larger diamond sawblades typically used in professional construction applications than in do-it-yourself applications since fewer directly substitutable products were reported.

Demand Characteristics

Seven out of 12 U.S. producers and 16 out of 26 importers reported that overall demand for diamond sawblades in the United States has increased during the period examined, with the other five U.S. producers and 9 of the 10 remaining importers reporting that demand was unchanged, with one importer reporting that demand had decreased. Available information indicates that, on a value basis, apparent U.S. consumption of diamond sawblades increased irregularly from $204.3 million in 2002 to $216.9 million in 2004, an increase of 6.2 percent. Interim data reveal a 7.7 percent increase in apparent U.S. consumption in the first three months of 2005 as compared to the same period in 2004, from $44.7 million to $48.1 million. On a quantity basis, however, apparent U.S. consumption increased by 47.5 percent, from 5.0 million units in 2002 to 7.3 million units in 2004. Apparent U.S. consumption was 1.7 million units in January-March 2005, a 10.8 percent increase from January-March 2004.

Demand for diamond sawblades is derived from the demand for construction projects, in particular those that need to cut stone, concrete, asphalt, tile, etc. Demand is considered to be somewhat seasonal, especially in the Northeast where seasonal weather patterns vary greatly over the year. As a result, the second and third quarters of the year each account for approximately 30 percent of yearly demand, and the first and fourth quarters of the year each account for approximately 20 percent.[12]

Petitioners submitted that demand for diamond sawblades generally follows the overall trends for construction in the United States, including both residential and non-residential, both of which increased from 2002 to 2004.[13] One firm in the petitioning group stated at the conference, though, that it had been adversely affected by the federal government's failure to release funds for major highway projects.[14] Korean respondents, however, noted that the demand for different types of construction have exhibited dissimilar trends between 2002 and 2004: the value of spending on road, transportation, and office increased 1.4 percent, while the value of home improvement spending increased by 9.7 percent and the number of home improvement stores increased by 24.8 percent.[15] Korean respondents contend that because domestic producers mainly sell to the professional market, the demand for their diamond sawblades is correlated with the demand for road, transportation, and office construction spending, whereas subject imports compete more in the residential/do-it-yourself market and are subject to the demand conditions affecting home improvement spending.[16]

The U.S. producers that reported demand had increased attributed this trend to the favorable economy, an increase in the construction of highways and buildings, and growth in the retail market and

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[11] The demand for diamond sawblade cores is derived from the demand for finished diamond sawblades and is likely to be relatively more inelastic, as it is necessary to have a diamond sawblade core to produce a finished diamond sawblade without a diamond sawblade core.

[12] Conference transcript, p. 106 (Garrison).

[13] Petitioner's postconference brief, p. 19.

[14] Conference transcript, p. 79 (Palovochik).

[15] Korean respondents' postconference brief, p. 28.

[16] Ibid., and Chinese respondents' postconference brief, p. 8.

the do-it-yourself applications, specifically. In addition, producer *** reported that smaller diameter sintered blades must be imported from Asia since there is no production base in the United States for them, and producer *** added that Chinese and/or Korean imports have captured much of this increase. Those producers reporting unchanged demand reported that government deficits (***), reduced spending on non-residential construction (***), and the flatness of demand in the hobby-based lapidary sawblades market (***) were the cause.

Importers reported that demand increased because of the availability of a larger range of products and prices; increased construction in housing, roads, and airports; awareness of the economy of diamond cut tools; growth in the do-it-yourself market via big-box retailers such as Home Depot and Lowe's; and changes in technology with new applications had all led to increased demand. Those importers reporting that the overall market was unchanged reported that this was the result of reduced non-residential construction and the federal government withholding highway funds.

Eight out of 12 producers, and 12 out of 28 importers, noted new applications having been developed for diamond sawblades since the beginning of 2002. A number of producers reported that inexpensive imported diamond sawblades, particularly from subject countries, were the most important change, with one of these reporting it had changed its product range in response to these imports. In addition, one reported it had shifted its sales from traditional customers to internet sales. Differences reported by importers included: less expensive imports from subject countries, different varieties and sizes for use in different applications, companies trading blades, increased awareness of the product creating new markets, and more aggressive selling techniques, including the increased use of telemarketers or direct sellers with lower selling prices.

Substitute Products

Questionnaire responses from U.S. producers and importers reveal that 9 of 10 responding U.S. producers and 14 responding importers believe that abrasive blades (or wheels) are a substitute product for diamond sawblades. Abrasive blades have a much shorter lifespan than diamond sawblades. In addition, a few producers and importers replied that a varied number of substitutes exist for diamond sawblades: plated diamond blades, diamond wire blades, chainsaws or diamond chainsaws, silicon carbide blades, jackhammers, chisels, torches, demolition tools, and water jets. Substitution is reportedly constrained, though, by the type of application in which the diamond sawblade is to be used. In contrast, one producer and nine importers reported that there are no commercially acceptable substitutes for diamond sawblades.

Cost Share

According to responding U.S. producers and importers, the diamond sawblades that they sell in the U.S. market are used mainly in construction. Producers and importers either reported the cost of diamond sawblades contained in cutting materials, e.g., hand saws, in which the cost of diamond sawblades ranged from 5 to 25 percent of the total cost of the finished item, or in terms of construction overall, in which the cost of diamond sawblades was at or below 1 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported diamond sawblades depends upon such factors as relative prices, quality, and conditions of sale. Based on available data, staff believes that where there is overlap, there is a high degree of substitutability between domestic diamond sawblades and subject imports. Presently, however, domestic producers have focused on larger blades used in professional construction applications, while imports of Chinese and Korean diamond sawblades have

focused more on the smaller sawblades more commonly used by OEMs, and in do-it-yourself or general contractor applications. Given the differing needs of these users and characteristics of these blades, substitutability between diamond sawblades used in differing applications is likely to be reduced.

Table II-2 summarizes U.S. producers' and importers' responses regarding the perceived degree of interchangeability between diamond sawblades produced in the United States and in other countries. Most domestic producers reported that there is always interchangeability between and among domestic and imported diamond sawblades. Importers of diamond sawblades reported that interchangeability is more limited, and that interchangeability between domestic and Chinese diamond sawblades is less frequent than the interchangeability between domestic and Korean diamond sawblades.

Table II-2
Diamond sawblades: Perceived degree of interchangeability between diamond sawblades produced in the United States and in other countries in sales of diamond sawblades in the U.S. market, as reported by U.S. producers and importers

Country pair	Number of U.S. producers					Number of U.S. importers				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. China	10	2	3	0	0	5	8	9	2	3
U.S. vs. Korea	11	2	3	0	0	7	9	7	1	3
China vs. Korea	8	2	2	0	2	4	9	6	0	6
U.S. vs. nonsubject	8	2	1	0	2	3	6	4	1	8
China vs. nonsubject	6	3	1	0	3	3	4	4	0	11
Korea vs. nonsubject	7	1	2	0	3	3	4	4	0	11

Note.-- A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity.

Source: Compiled from data submitted in response to Commission questionnaires.

Of the four U.S. producers that explained what types of differences exist between domestic and imported sawblades, three mentioned that there is little, if any, production of sintered and continuous blades in the United States; two mentioned a difference in quality between domestic and imported diamond sawblades from China; and one reported a difference in size ranges available from China and Korea as compared to those available in the United States.[17] One producer noted that the quality of Korean diamond sawblades is similar to that of domestic sawblades and another noted that Korean segmented products are interchangeable with domestic segmented sawblades. However, a third producer, ***, noted that Korean quality, design, and performance limit interchangeability.

In addition to the differences noted by the producers, importers that reported less-than-frequent interchangeability between domestic and imported diamond sawblades cited many of the same differences noted by those producers which reported more limited interchangeability. The most frequently cited difference was that China and Korea produce different size (diameter) and/or types of blades than those produced in the United States, often noting the limited domestic production of small, continuous, sintered diamond sawblades.[18] Four importers noted that diamond sawblades imported from Korea are of higher

[17] The producer responses noting these specific differences are ***.

[18] One importer, ***, replied that for diamond sawblades with a diameter size of less than six inches, domestically produced sawblades and those imported from China are frequently interchangeable, but for diameter sizes of seven

(continued...)

quality than those imported from China and three noted that domestically produced sawblades are of a higher quality than those imported from China. Two importers reported that domestically produced diamond sawblades are higher quality than those imported from Korea, and an equal number reported their quality to be comparable. One importer noted that Chinese diamond sawblades are inferior to those made in Israel, whereas another noted that diamond sawblades imported from Thailand are of lesser quality than those produced in Korea or the United States. Importer *** noted that for do-it-yourself and small contractor users, sawblades of equal size, width, and cutting range are generally interchangeable between domestic, Chinese, and Korean sawblades, though the performance, range of applications, and safety of the domestic product is not interchangeable with the Korean product.[19]

Table II-3 summarizes U.S. producers' and importers' responses regarding the perceived importance of differences in factors other than price between diamond sawblades produced in the United States and in other countries. Domestic producers and importers most frequently noted that there are sometimes differences in factors other than price that distinguish domestic sawblades from those imported from China, Korea, and nonsubject countries, as well as between those imported from China compared with those imported from Korea.

Table II-3
Diamond sawblades: Perceived importance of differences in factors other than price between diamond sawblades produced in the United States and in other countries in sales of diamond sawblades in the U.S. market, as reported by U.S. producers and importers

Country pair	Number of U.S. producers					Number of U.S. importers				
	A	F	S	N	O	A	F	S	N	O
U.S. vs. China	2	1	5	4	0	5	6	10	2	3
U.S. vs. Korea	1	2	5	4	0	1	10	11	2	2
China vs. Korea	1	2	3	3	2	1	7	8	1	7
U.S. vs. nonsubject	1	1	4	3	2	1	4	8	1	9
China vs. nonsubject	1	1	2	3	3	0	3	6	1	12
Korea vs. nonsubject	1	1	2	3	3	0	2	6	2	12

Note.-- A = Always, F = Frequently, S = Sometimes, N = Never, O = No familiarity.

Source: Compiled from data submitted in response to Commission questionnaires.

Differences other than price reported by the domestic producers between domestic and imported diamond sawblades include: greater domestic availability, shorter lead times on custom-made blades, better technical support, a greater product range, products custom-engineered for more specific conditions, local market knowledge, and longer payment terms (of up to six months, which one importer noted is very important because contractors are always "short of cash"). Two producers noted that

[18] (...continued)
inches or larger, they are never interchangeable.

[19] *** further noted that for professional contractor users, it does not compete with domestically produced diamond sawblades because U.S. producers have an advantage in servicing customers with larger, custom-made sawblade products and special application services.

Korean sawblades have better performance, consistency, and finish characteristics than domestic sawblades, and one noted that domestic sawblades are of a higher quality than Chinese sawblades.[20] One producer that noted that traditionally U.S. product has had an advantage in quality, availability, product range, and technical support; however, it reported that this advantage is diminishing as China and Korea move into the professional blade market.

The importers of diamond sawblades that reported differences among sawblades manufactured in the United States as compared to other countries noted most of the same differences other than price, though there was a greater emphasis on domestic producers' shorter lead times. In addition, one importer (***) noted working with Korean manufacturers to increase the quality, safety, range of applications, and performance of Korean diamond sawblades past the characteristics of their domestic counterparts, and offer greater technical service. In contrast to the majority, two importers reported that the availability, product range, and lead times of domestic product are worse than imported product, and one added that technical support and quality were greater for diamond sawblades from China than from the United States.

Factors Affecting Purchasing Decisions

Petitioners assert that price is the most important factor in purchase decisions as diamond sawblades have become commodity-like products. For the professional market, importers disagree, noting that information about the aggregate to be cut, short lead times, and support services are very important factors.[21] Even though different blades are better for some aggregates and worse for others and depend on the skill of the saw operator, quality of the sawblade is still an important factor. At the conference, a witness for Diamond B detailed how the company used to compute the cost per inch-foot of cutting to measure the performance of Diamond B's blades.[22]

Comparison of Domestic Product, Subject Imports, and Nonsubject Imports

The elasticity of substitution between domestic and imported diamond sawblades depends upon such factors as quality and conditions of sale such as lead time. Producers or importers of diamond sawblades do not typically have to become qualified by the purchasers, as performance in the field varies and is the best gauge of quality.[23] The overall elasticity of substitution between domestic and Korean diamond sawblades is likely to be moderate to high, and slightly higher than the elasticity between domestic and Chinese diamond sawblades.

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[20] Additionally, one producer ***, noted that domestic *** are superior to those imported from China and Korea.

[21] Conference transcript, p. 142 (Lewis) and p. 168 (Nixon).

[22] Conference transcript, p. 22 (Brakeman).

[23] Conference transcript, p. 71 (Burnett) and p. 72 (Rizner).

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the estimated margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI.

U.S. PRODUCERS

The Commission sent producer questionnaires to 21 firms. Sixteen firms provided responses to the Commission's producer questionnaire[1] and are believed to have accounted for approximately 85 percent of U.S. production of diamond sawblades and parts in 2004.[2] [3]

Presented in table III-1 is a list of the domestic firms that produce diamond sawblades that responded to the Commission's producer questionnaire. Also presented is information concerning each company's position on the petition, production location(s), and its share of reported 2004 domestic production of diamond sawblades and parts. Only two U.S. firms, Hyde and Western, produce cores. These two firms sell cores to the rest of the U.S. diamond sawblade industry, which in turn produces finished diamond sawblades. Most U.S. producers of finished diamond sawblades produce segments for internal use; therefore, there is not a major merchant market for segments.[4] *** are the only U.S. producers to report commercial shipments of segments.

The corporate structure and operational status of several companies producing diamond sawblades and parts have changed since 2002. *** reported the consolidation of the purchase of ***. *** reported that ***, and the consolidation lasted 18 months. Precision Disc, a producer of cores in Knoxville, TN, closed its facility on January 5, 2004.[5] On the same day in Knoxville, Saw Core Inc., a

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[1] Responding firms are: Barranca Diamond Products ("Barranca"); Blackhawk Diamond, Inc. ("Blackhawk"); Diamond B, Inc. ("Diamond B"); Diamond Products, Ltd. ("Diamond Products"); Dixie Diamond Manufacturing, Inc. ("Dixie"); Electrolux Construction Products ("Electrolux"); General Tool, Inc. ("General Tool"); Hoffman Diamond Products, Inc. ("Hoffman"); Hyde Tools, Inc. ("Hyde"); Kuz & Kirb ("K2"); N-E-D Corp. ("N-E-D"); Saint-Gobain Abrasives ("Saint-Gobain"); Sanders Saws & Blades ("Sanders"); SH Trading, Inc. ("SH"); Terra Diamond Industrial ("Terra"); and Western Saw ("Western").

[2] Based on questionnaire data and information provided in the petition, exh. I-3.

[3] In evaluating a company's production-related activities in the United States, the Commission generally considers the following five factors:

- Capital investment (discussed in Part VI of this report, in the sections entitled "Capital Expenditures and Research & Development Expenses").
- Technical expertise (discussed in Part I, in the section entitled "Manufacturing Processes").
- Value added (discussed in Part VI, in the section entitled "Domestic Value Added").
- Employment (discussed below, in the section entitled "U.S. Producers' Employment, Wages, and Productivity").
- Materials sourced in the United States (discussed in Part IV, in the section entitled "U.S. Producers' Imports and Purchases of Imports of Parts").

[4] ***.

[5] Petitioners reported that Precision Disc employed 50 people, and made the decision to close after losing its two largest customers to foreign competition. Petitioners' postconference brief, pp. 28-29. ***. Ehwa, Shinhan, and Hyosung postconference brief, exh. 3.

Table III-1
Diamond sawblades and parts: U.S. producers, positions on the petition, U.S. production locations, products produced, and shares of reported quantity of 2004 production

Firm	Position	Production location(s)	Shares of reported 2004 production *(percent)*		
			Finished	Cores	Segments
Barranca	***	CA	***	***	***
Blackhawk	Petitioner	CA	***	***	***
Diamond B	Petitioner	CA	***	***	***
Diamond Products	Petitioner	OH	***	***	***
Dixie	Petitioner	GA	***	***	***
Electrolux	***	SC, CA	***	***	***
General Tool	Oppose	CA	***	***	***
Hoffman	Petitioner	PA	***	***	***
Hyde	Petitioner	MA	***	***	***
K2	Support for China, Take no position for Korea	CA	***	***	***
N-E-D	Support	MA	***	***	***
Saint-Gobain	Oppose	CA	***	***	***
Sanders	Petitioner	PA	***	***	***
SH	***	CA	***	***	***
Terra	Petitioner	UT	***	***	***
Western	Petitioner	CA	***	***	***
Total			100.0	100.0	100.0

Note.–To minimize double-counting, reported segment production as presented in this table refers to production for sale in the merchant market.

Source: Compiled from data submitted in response to Commission questionnaires.

new core producer, was founded and started by former employees of Precision Disc.[6] [7] *** reportedly is on the brink of shuttering its operations.[8] *** was absorbed by ***.

Table III-2 presents U.S. producers' production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, production of other products using the same production and related workers employed to produce diamond sawblades and parts, and shares of diamond sawblades and parts production using the same workers. A majority of the U.S. diamond sawblade industry produces the domestic like product with dedicated or near-dedicated equipment and workers.

[6] Ehwa, Shinhan, and Hyosung postconference brief, p. A-9.
[7] Saw Core ***. Staff telephone interview with ***, June 27, 2005.
[8] Petitioners' postconference brief, p. 2.

Table III-2
Diamond sawblades and parts: U.S. producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, production of other products using the same production and related workers employed to produce diamond sawblades, and shares of diamond sawblades and parts production using the same workers, 2004

* * * * * * *

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION OF DIAMOND SAWBLADES

Diamond sawblade production is affected by the seasonality of the construction industry. Production and sales are lower in the first and fourth calendar year quarters, relative to the second and third quarters.[9] Seasonality is generally more pronounced for professional-use diamond sawblades than for general-use diamond sawblades because road projects and large commercial construction are affected by outdoor conditions. Many states place a ban on road and highway repair and construction during the winter months.[10] Northeast and cold weather states are a major market for professional-use diamond sawblades because the older roads and bridges need restoration after freezing and thawing.

Data on U.S. producers' capacity, production, and capacity utilization for finished diamond sawblades are presented in table III-3. Total U.S. capacity increased by 5.2 percent from 2002 to 2004, but was 0.8 percent lower in January-March 2005 than in January-March 2004. Total U.S. production of diamond sawblades decreased by 5.3 percent from 2002 to 2003, then increased by 6.6 percent from 2003 to 2004, but was 6.4 percent lower in January-March 2005 than in January-March 2004. Capacity utilization decreased by 5.5 percentage points from 2002 to 2003, then increased by 2.6 percentage points from 2003 to 2004, but was 3.8 percentage points lower in January-March 2005 than in January-March 2004. U.S. producers reported several constraints on their production, namely availability of raw material (i.e., steel cores), dry-cut blade sales, cobalt pricing, demand for lapidary products, production machinery capacity, number of employees, labor hours, machine malfunctions, skill level of employees, shortage of inventory of cores and segments, and sales volume.

Table III-3
Finished diamond sawblades: Reported U.S. production capacity, production, and capacity utilization, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
Capacity (*units*)	989,937	1,014,375	1,041,603	270,486	268,342
Production (*units*)	727,875	689,608	735,162	178,782	167,289
Capacity utilization (*percent*)	73.5	68.0	70.6	66.1	62.3

Source: Compiled from data submitted in response to Commission questionnaires.

[9] Conference transcript, pp. 105-106 (Garrison, Zucker, and Palovochik).
[10] Ehwa, Shinhan, and Hyosung postconference brief, p. A-12.

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF DIAMOND SAWBLADES

Data on domestic producers' shipments of finished diamond sawblades are presented in table III-4. Commercial shipments accounted for a large majority of U.S. shipments of finished diamond sawblades. The quantity of U.S. shipments decreased by 6.2 percent from 2002 to 2003, then increased by 6.2 percent in 2004, and was 0.6 percent higher in January-March 2005 than in January-March 2004. The value of U.S. shipments decreased by 8.7 percent from 2002 to 2004, but was 2.0 percent higher in January-March 2005 than in January-March 2004. The unit value of U.S. shipments decreased by 8.3 percent from 2002 to 2004, but was 1.4 percent higher in January-March 2005 than in January-March 2004. The quantity of export shipments decreased by *** percent from 2002 to 2003, then increased by *** percent from 2003 to 2004, and were *** percent higher in January-March 2005 than in January-March 2004.[11] The value of export shipments decreased by *** percent from 2002 to 2004, but was *** percent higher in January-March 2005 compared to January-March 2004.

In 2004, *** percent of U.S. commercial shipments were of continuous finished diamond sawblades, and *** percent were of segmented finished diamond sawblades. Of these shipments, *** were laser-welded and *** percent were soldered. In terms of diameter, *** percent were greater than 10 inches and less than or equal to 14 inches in diameter, *** percent were greater than 14 inches and less than/equal to 20 inches, and *** percent were greater than 20 inches. For further data on U.S. producers' commercial shipments by value, according to the method of joining the core and the segments, and the diameter of the blade, see Part II of this report.

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF DIAMOND SAWBLADES

Table III-5 presents the U.S. producers' direct imports and purchases of finished diamond sawblades. Five U.S. producers, ***, reported that they imported diamond sawblades, and seven producers, ***, reported that they purchased subject imports of diamond sawblades.[12] [13] Price and product range were the primary reasons reported by these companies for their decisions to import diamond sawblades directly and/or purchase imported sawblades.

U.S. PRODUCERS' INVENTORIES OF DIAMOND SAWBLADES

Data on end-of-period inventories of finished diamond sawblades are presented in table III-6. Inventories decreased by 10.9 percent from 2002 to 2004, but were 10.8 percent lower in January-March 2005 than in January-March 2004. Almost all U.S. producers reported inventories of diamond sawblades.[14]

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[11] *** reported exports of finished diamond sawblades to ***.

[12] In only a few instances did these companies account for more that 5 percent of any individual importer's sales of diamond sawblades from the subject countries in 2004. According to their questionnaire responses, ***.

[13] Because of the wide range of products and associated unit values covered in these investigations, additional data regarding the value of imports and purchases of imports by U.S. producers are presented in table C-5.

[14] *** accounts for a majority of the decline in end-of-period inventories.

Table III-4
Finished diamond sawblades: U.S. producers' shipments, by type, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
			Quantity (*units*)		
Commercial shipments	682,341	640,524	671,732	152,354	153,477
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	705,598	661,869	702,776	159,236	160,189
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
			Value (*1,000 dollars*)		
Commercial shipments	128,714	117,795	116,867	24,359	24,881
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	132,575	121,311	121,084	25,255	25,749
Export shipments	***	***	***	***	***
Total	***	***	***	***	***
			Unit value (*per unit*)		
Commercial shipments	$188.64	$183.90	$173.98	$159.89	$162.11
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	187.89	183.29	172.29	158.60	160.74
Export shipments	***	***	***	***	***
Total	***	***	***	***	***

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table III-5
Finished diamond sawblades: U.S. producers' imports and purchases, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY OF DIAMOND SAWBLADES

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of finished diamond sawblades, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in these investigations are presented in table III-7. The number of production and related workers decreased by 14.1 percent from

Table III-6
Finished diamond sawblades: U.S. producers' end-of-period inventories, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
Inventories (*units*)	135,874	126,550	121,038	135,720	121,026
Ratio to production (*percent*)	18.7	18.4	16.5	19.0	18.1
Ratio to U.S. shipments (*percent*)	19.3	19.1	17.2	21.3	18.9
Ratio to total shipments (*percent*)	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

Table III-7
Finished diamond sawblades: Average number of production and related workers producing diamond sawblades, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
PRWs (*number*)	646	576	555	535	535
Hours worked (*1,000*)	1,340	1,190	1,129	268	268
Wages paid (*$1,000*)	19,497	18,360	17,541	4,212	4,226
Hourly wages	$14.55	$15.42	$15.54	$15.69	$15.78
Productivity (*units per hour*)	543.1	579.3	651.3	666.1	624.7
Unit labor costs (*per unit*)	$26.79	$26.62	$23.86	$23.56	$25.26
Source: Compiled from data submitted in response to Commission questionnaires.					

2002 to 2004, and was unchanged in January-March 2005 compared to January-March 2004.[15] [16] Similarly, hours worked decreased 15.8 percent from 2002 to 2004, and were 0.2 percent lower in January-March 2005 than in January-March 2004. Wages paid decreased by 10.0 percent from 2002 to 2004, but were 0.5 percent higher in January-March 2005 compared to January-March 2004. Productivity increased by 19.9 percent from 2002 to 2004, but was 6.2 percent lower in January-March 2005 compared to January-March 2004.[17]

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION OF PARTS

Data on U.S. producers' capacity, production, and capacity utilization for diamond sawblade parts (cores and segments) are presented in table III-8. Only two U.S. firms, Hyde and Western, produce cores.[18] They sell cores to the rest of the U.S. diamond sawblade industry which in turn produces finished diamond sawblades. Most U.S. producers of finished diamond sawblades produce segments for internal

[15] ***.
[16] ***.
[17] A majority of the increase in productivity is accounted for by ***.
[18] U.S. producers of cores listed the following constraints on production of cores: ***.

Table III-8
Diamond sawblade parts: Reported U.S. production capacity, production, and capacity utilization, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

use, therefore there is not a major separate merchant market for segments.[19] *** are the only U.S. producers to report commercial shipments of segments.[20]

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF PARTS

Data on domestic producers' shipments of diamond sawblade parts are presented in table III-9. ***. ***.

Table III-9
Diamond sawblade parts: U.S. producers' shipments, by type, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS OF PARTS

Table III-10 presents the U.S. producers' direct imports and purchases of parts of diamond sawblades. *** reported imports of cores. *** reported imports of segments. In addition, *** reported purchases of imported segments.[21] [22]

Table III-10
Diamond sawblades parts: U.S. producers' imports and purchases, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. PRODUCERS' INVENTORIES OF PARTS

There were no reported inventories of diamond sawblade cores. Data on end-of-period inventories of diamond sawblade segments are presented in table III-11. ***.

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[19] The number of segments on a finished sawblade range from nine on a 4-inch diameter blade to 92 on a 70-inch diameter blade. Telephone interviews with counsel for Petitioners and ***.

[20] U.S. producers of segments listed the following constraints on production: machine capacity, quantity of orders, number of production employees, and sales.

[21] By value, *** accounted for ***. The majority of ***'s imports of segments, however, were not sold on the open market but rather consumed internally by the company. *** did not account for ***.

[22] Data regarding the value of U.S. producers' imports and purchases of parts in relation to the shipments of sawblades and parts are presented in table C-5.

Table III-11
Diamond sawblade parts: U.S. producers' end-of-period inventories, 2002-04, January-March 2004, and January-March 2004

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY OF PARTS

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of diamond sawblade cores and segments, the total hours worked by such workers, and wages paid to such PRWs during the period for which data were collected in these investigations are presented in table III-12.[23]

Table III-12
Diamond sawblade parts: Average number of production and related workers producing diamond sawblade parts, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS OF DIAMOND SAWBLADES AND PARTS

Data on domestic producers' shipments of diamond sawblades and parts (combined) are presented in table III-13. Because the quantities of finished diamond sawblades and diamond sawblade parts are measured in distinct units, the combined shipment volume presented is based exclusively on value data for finished diamond sawblades and parts of diamond sawblades.

Table III-13
Diamond sawblades and parts: U.S. producers' shipments, by type, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
	Value (*1,000 dollars*)				
Commercial shipments	137,582	127,300	126,860	26,411	27,187
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	141,443	130,816	131,077	27,307	28,055
Export shipments	***	***	***	***	***
Total	***	***	***	***	***

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

[23] ***.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission sent importer questionnaires to 101 firms believed to be importers of diamond sawblades and/or diamond sawblade parts, as well as to all U.S. producers.[1] Usable questionnaire responses were received from 29 companies that are believed to account for a substantial majority of subject imports from China and Korea.[2] [3]

Fifteen firms reported imports of finished diamond sawblades from China and 15 firms reported imports from Korea. The largest importer of finished diamond sawblades from China is ***; other top importers are ***. The largest importer from Korea is ***; other top importers are ***. The largest importer from other sources is ***. Four U.S. importers reported imports of diamond sawblade cores from China, and three from Korea. The largest importers of diamond sawblade cores from China were *** and the largest from Korea was ***.[4] Two U.S. importers reported imports of diamond sawblade segments from Korea (***) and two from other sources (***).[5]

U.S. IMPORTS OF DIAMOND SAWBLADES

U.S. imports of finished diamond sawblades are presented in table IV-1.[6] China is the largest foreign supplier of diamond sawblades to the United States, and Korea is the second largest supplier, accounting for 42.4 percent and 33.5 percent, respectively, of the quantity of total reported imports in 2004.[7] The quantity of imports of finished diamond sawblades from China increased by 138.4 percent from 2002 to 2004 and was 7.8 percent higher in January-March 2005 than in January-March 2004. The quantity of imports of finished diamond sawblades from Korea increased by 4.0 percent from 2002 to 2004 and by 7.5 percent in January-March 2005 compared with January-March 2004. The value of imports of finished diamond sawblades from China increased by 137.9 percent from 2002 to 2004 and was 17.0 percent higher in January-March 2005 than in January-March 2004. The value of imports of finished diamond sawblades from Korea decreased by 8.6 percent from 2002 to 2003, then increased by

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[1] The Commission sent questionnaires to those firms identified as importers in the petition and to firms identified by the U.S. Customs and Border Protection ("Customs") as possible importers.

[2] The Commission received responses from firms whose reported imports were equivalent to 41.3 percent of the quantity and 113.1 percent of the value of U.S. imports from China and 93.4 percent of the quantity and 112.6 percent of the value of U.S. imports from Korea according to official import statistics for January 2002 - March 2005. The Commission also received 28 responses from firms indicating that they imported no diamond sawblades.

[3] Based on questionnaire data and official Commerce statistics. Official statistics do not distinguish between finished diamond sawblades and parts. Questionnaire data for other sources may be understated.

[4] There were no reported imports of cores from other sources.

[5] There were no reported imports of segments from China.

[6] Imports are compiled from data submitted in response to Commission questionnaires. Imports of diamond sawblades are covered by HTS statistical reporting number 8202.39.0000, a basket category. After examining U.S. importer and foreign producer questionnaires for consistency and contacting additional major importers regarding their entries under this HTS reporting number, staff concluded that the data from Commission questionnaires would be more reliable than official statistics. Staff contacted ***. All three firms reported that they do not import subject product, even though they represented a large amount of imports under the HTS statistical reporting number 8202.39.0000. Official statistics as adjusted by staff are presented separately in appendix C, table C-6.

[7] Official statistics reported Canada as a leading source of diamond sawblades, however, importer questionnaires reported almost no imports from Canada.

Table IV-1
Finished diamond sawblades: U.S. imports, by sources, 2002-04, January-March 2004, and January-March 2005

Source	Calendar year			January-March	
	2002	2003	2004	2004	2005
			Quantity (*units*)		
China	1,206,325	2,082,533	2,875,709	656,604	707,649
Korea	2,183,836	1,864,224	2,270,206	505,269	543,383
Subtotal	3,390,161	3,946,757	5,145,915	1,161,873	1,251,032
Other sources	1,166,071	1,339,356	1,629,388	387,389	366,642
Total	4,556,232	5,286,113	6,775,303	1,549,262	1,617,674
			Value (*1,000 dollars*)[1]		
China	7,668	12,157	18,239	3,638	4,256
Korea	29,832	27,281	32,533	6,819	8,283
Subtotal	37,500	39,438	50,773	10,457	12,539
Other sources	13,725	13,391	15,929	4,136	3,739
Total	51,226	52,829	66,701	14,594	16,277
			Unit value (*per unit*)[1]		
China	$6.36	$5.84	$6.34	$5.54	$6.01
Korea	13.66	14.63	14.33	13.50	15.24
Subtotal	11.06	9.99	9.87	9.00	10.02
Other sources	11.77	10.00	9.78	10.68	10.20
Average	11.24	9.99	9.84	9.42	10.06
			Share of quantity (*percent*)		
China	26.5	39.4	42.4	42.4	43.7
Korea	47.9	35.3	33.5	32.6	33.6
Subtotal	74.4	74.7	76.0	75.0	77.3
Other sources	25.6	25.3	24.0	25.0	22.7
Total	100.0	100.0	100.0	100.0	100.0
			Share of value (*percent*)		
China	15.0	23.0	27.3	24.9	26.1
Korea	58.2	51.6	48.8	46.7	50.9
Subtotal	73.2	74.7	76.1	71.7	77.0
Other sources	26.8	25.3	23.9	28.3	23.0
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

19.3 percent from 2003 to 2004, and was 21.5 percent higher in January-March 2005 than in January-March 2004.[8]

In 2004, *** percent of U.S. commercial shipments of finished diamond sawblades from China were of continuous finished diamond sawblades and *** percent were of segmented finished diamond sawblades. Of these shipments *** were sintered and *** were laser-welded; *** percent were greater than 10 inches and less than or equal to 14 inches in diameter, and *** percent were under 7 inches. In 2004, *** percent of U.S. commercial shipments of finished diamond sawblades from Korea were of continuous finished diamond sawblades and *** percent were of segmented finished diamond sawblades. Of these shipments, *** percent were laser-welded and *** percent were sintered. In terms of diameter, *** percent were greater than 10 inches and less than or equal to 14 inches in diameter, and *** percent were under 7 inches in diameter. In 2004, *** percent of U.S. commercial shipments of finished diamond sawblades from other sources were of continuous finished diamond sawblades, and *** percent were of segmented finished diamond sawblades. Of these shipments, *** percent were laser-welded and *** percent were sintered. In terms of diameter, *** percent were greater than 10 inches and less than or equal to 14 inches in diameter, and *** percent were under 7 inches. For further data on U.S. importers' commercial shipments by value, according to the method of joining the core and the segments and the diameter of the blade, see Part II of this report.

APPARENT U.S. CONSUMPTION OF DIAMOND SAWBLADES

Data on apparent U.S. consumption of diamond sawblades are presented in table IV-2. The quantity of apparent U.S. consumption increased by 41.6 percent from 2002 to 2004 and was 12.6 percent higher in January-March 2005 than in January-March 2004. The value of apparent U.S. consumption decreased by 2.9 percent from 2002 to 2003, then increased by 9.4 percent from 2003 to 2004, and was 7.9 percent higher in January-March 2005 than in January-March 2004.

U.S. MARKET SHARES OF DIAMOND SAWBLADES

Market shares for diamond sawblades are presented in table IV-3. The quantity and value of the U.S. producers' market share decreased steadily during the period for which data were collected.

RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION OF DIAMOND SAWBLADES

Information concerning the ratio of subject imports to U.S. diamond sawblade production is presented in table IV-4. Imports from China were equivalent to 165.7 percent of U.S. production during 2002. This level increased to 391.2 percent during 2004 and reached 423.0 percent during January-March 2005. Imports from Korea were equivalent to 300.0 percent of U.S. production during 2002. This level increased to 308.8 percent during 2004 and reached 324.8 percent during January-March 2005.

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[8] According to official import statistics, diamond sawblades from China entered the United States in 39 of 39 months during the period for which data were collected (January 2002 - March 2005). The principal ports through which these imports entered the United States were Los Angeles, CA; Savannah, GA; Charlotte, NC; Chicago, IL; and Charleston, SC. Similarly, diamond sawblades from Korea entered the United States in all 39 months during the period for which data were collected. The principal ports through which these imports entered the United States were Los Angeles, CA; Savannah, GA; Miami, FL; San Francisco, CA; Chicago, Il; and New York, NY.

Table IV-2
Finished diamond sawblades: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
	Quantity (*units*)				
U.S. producers' U.S. shipments	705,598	661,869	702,776	159,236	160,189
U.S. shipments imports from--					
China	1,128,728	1,831,764	2,599,808	512,573	685,903
Korea	1,956,165	1,968,996	2,128,997	448,347	419,993
Subtotal	3,084,893	3,800,760	4,728,805	960,920	1,105,896
Nonsubject countries	1,126,711	1,369,699	1,532,207	312,824	347,033
All countries	4,211,604	5,170,459	6,261,012	1,273,744	1,452,929
Apparent U.S. consumption	4,917,202	5,832,328	6,963,788	1,432,980	1,613,118
	Value (*1,000 dollars*)				
U.S. producers' U.S. shipments	132,575	121,311	121,084	25,255	25,749
U.S. shipments of imports from--					
China	11,668	16,390	25,040	4,770	6,339
Korea	40,124	39,514	46,485	9,375	10,181
Subtotal	51,791	55,904	71,525	14,146	16,520
Nonsubject countries	19,889	21,089	24,264	5,281	5,947
All countries	71,680	76,993	95,790	19,427	22,467
Apparent U.S. consumption	204,255	198,304	216,873	44,682	48,216

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table IV-3
Finished diamond sawblades: Apparent U.S. consumption and market shares, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
	Quantity (*units*)				
Apparent U.S. consumption	4,917,202	5,832,328	6,963,788	1,432,980	1,613,118
	Value (*1,000 dollars*)				
Apparent U.S. consumption	204,255	198,304	216,873	44,682	48,216
	Share of quantity (*percent*)				
U.S. producers' U.S. shipments	14.3	11.3	10.1	11.1	9.9
U.S. shipments of imports from--					
China	23.0	31.4	37.3	35.8	42.5
Korea	39.8	33.8	30.6	31.3	26.0
Subtotal	62.7	65.2	67.9	67.1	68.6
Nonsubject countries	22.9	23.5	22.0	21.8	21.5
All countries	85.7	88.7	89.9	88.9	90.1
	Share of value (*percent*)				
U.S. producers' U.S. shipments	64.9	61.2	55.8	56.5	53.4
U.S. shipments of imports from--					
China	5.7	8.3	11.5	10.7	13.1
Korea	19.6	19.9	21.4	21.0	21.1
Subtotal	25.4	28.2	33.0	31.7	34.3
Nonsubject countries	9.7	10.6	11.2	11.8	12.3
All countries	35.1	38.8	44.2	43.5	46.6

Note.–Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table IV-4
Finished diamond sawblades: Ratio of U.S. imports to U.S. production, by sources, 2002-04, January-March 2004, and January-March 2005

Item	Calendar year			January-March	
	2002	2003	2004	2004	2005
	Ratio of U.S. imports to production (*percent*)				
China	165.7	302.0	391.2	367.3	423.0
Korea	300.0	270.3	308.8	282.6	324.8
Subtotal	465.8	572.3	700.0	649.9	747.8
Nonsubject countries	160.2	194.2	221.6	216.7	219.2
All countries	626.0	766.5	921.6	866.6	967.0

Source: Compiled from data submitted in response to Commission questionnaires.

NEGLIGIBILITY

Imports of subject product, by source, for the period April 2004 to March 2005 are listed in the tabulation below.

Country	Imports April 2004 - March 2005 *(units)*	Imports April 2004 - March 2005 *($1,000)*	Share of quantity *(percent)*	Share of value *(percent)*
China	2,926,754	18,857	42.8	27.6
Korea	2,308,320	33,997	33.7	49.7
Subtotal	5,235,074	52,854	76.5	77.3
All other sources	1,608,641	15,531	23.5	22.7
Total	6,843,715	68,385	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. IMPORTS OF PARTS

U.S. imports of diamond sawblade parts are presented in table IV-5.[9] [10] China accounted for *** percent of the quantity of imports of diamond sawblade cores and *** percent of the value in 2004. Korea accounted for *** percent of the quantity of imports of cores and *** percent of the value in 2004. There were no imports of cores from other sources. Korea accounted for *** percent of the quantity of imports of diamond sawblade segments and *** percent of the value in 2004. Imports of segments from other sources accounted for *** percent of quantity and *** percent of value. There were no imports of segments from China.

[9] Imports of diamond sawblade parts are based on Commission questionnaires.
[10] Data for cores and for segments are presented separately. Such data are consolidated in app. C.

Table IV-5
Diamond sawblade parts: U.S. imports, by sources, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

APPARENT U.S. CONSUMPTION OF PARTS

Data on apparent U.S. consumption of diamond sawblade parts are presented in table IV-6. Apparent U.S. consumption of diamond sawblade cores increased by *** percent by quantity and *** percent by value between 2002 and 2004, and was *** percent lower by quantity but *** percent higher by value in January-March 2005 than in January-March 2004. Apparent U.S. consumption of segments decreased by *** percent by quantity from 2002 to 2004, but was *** percent higher in January-March 2005 than in January-March 2004. The value of apparent U.S. consumption of segments decreased by *** percent from 2002 to 2003, then increased by *** percent from 2003 to 2004, and was *** percent higher in January-March 2005 compared to January-March 2004.

Table IV-6
Diamond sawblade parts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. MARKET SHARES OF PARTS

Market shares for diamond sawblade parts are presented in table IV-7.[11] The quantity and value of the U.S. producers' market share of cores decreased during 2002 to 2004. Their market share increased in quantity but decreased slightly in value in January-March 2005 compared to January-March 2004. The quantity of the U.S. producers' market share of segments increased during 2002-04, but was lower in January-March 2005 compared to January-March 2004. The value of the U.S. producers' market share of segments decreased steadily during the period.

Table IV-7
Diamond sawblade parts: Apparent U.S. consumption and market shares, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

RATIO OF SUBJECT IMPORTS TO U.S. PRODUCTION OF PARTS

Information concerning the ratio of subject imports to U.S. production of diamond sawblade cores and segments is presented in table IV-8. The ratio of imports of diamond sawblade cores from China to U.S. production decreased steadily during the period for which data were collected. The ratio of diamond sawblade cores from Korea increased steadily during 2002 to 2004, but were lower in January-March 2005 compare to January-March 2004. The ratio of imports of diamond sawblade segments from Korea to U.S. production decreased steadily during the period. There were no reported imports of segments from China.

[11] Data for cores and segments are presented separately. Such data are consolidated in app. C.

Table IV-8
Diamond sawblade parts: Ratio of U.S. imports to U.S. production, by sources, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

APPARENT U.S. CONSUMPTION OF DIAMOND SAWBLADES AND PARTS

Data on apparent U.S. consumption of diamond sawblade and parts (combined) are presented in table IV-9. Because the quantities of finished diamond sawblades and diamond sawblade parts are measured in distinct units, the apparent U.S. consumption presented is based exclusively on value data for finished diamond sawblades and parts of diamond sawblades. The value of U.S. consumption decreased from 2002 to 2003, then increased in 2004, and was higher in January-March 2005 compared to January-March 2004.

Table IV-9
Diamond sawblades and parts: U.S. producers' U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. MARKET SHARES OF DIAMOND SAWBLADES AND PARTS

Market shares for diamond sawblades and parts (combined) are presented in table IV-10. U.S. producers' market shares measured by value decreased during the period for which data were collected. The market shares held by imports of diamond sawblades and parts from both China and Korea increased throughout the period.

Table IV-10
Diamond sawblades and parts: Apparent U.S. consumption and market shares, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Raw material costs, as a share of the total cost of diamond sawblades, have increased slightly from 57.3 percent in 2002 to 57.7 percent in 2004. The cost of diamonds has reportedly declined, however.[1] Diamond powder has decreased in price from $0.34 per carat in 2002 to an estimated $0.24 per carat in 2004.[2] This decrease in cost, though, has been offset by increased steel costs.

Transportation Costs to the United States

Transportation costs for diamond sawblades from China and Korea to the United States (excluding U.S. inland costs) in 2004 are estimated to be approximately 5.38 and 5.35 percent of the total cost of diamond sawblades, respectively. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.

U.S. Inland Transportation

Transportation costs of diamond sawblades for delivery within the United States vary from firm to firm but tend to account for a small percentage of the total cost of the product. For the 13 U.S. producers that provided usable responses to this question, five noted that these costs account for between 1 and 2 percent, five noted that they account for between 3 and 4 percent, and three noted that they account for between 5 and 6 percent. For the 27 importers that responded to this question, most noted that these costs accounted for less than 5 percent of the total cost of diamond sawblades, with five noting that these costs account for less than 1 percent of the total cost of the product, seven noting that they account for between 1 and 2 percent, 11 noting that they account for between 2 and 5 percent, and four noting that they account for between 6 and 10 percent of the total cost of the product.

Ten of the 16 responding domestic producers sell on a nationwide basis, six sell to the Southwest, four to the Rocky Mountain states, three to the West and East coasts, two to the Mid-Atlanic region, and one each to the Midwest and Southeast. Most importers (21 of 27) also sell nationwide, while five sell to the West Coast, two to the Southwest, and one each to the Northwest, Rocky Mountain states, and Southeast.

Producers and importers were also requested to provide information on average lead times and estimates of the percentages of their shipments that were made within specified distance ranges. None of the responding producers sell strictly out of inventory; however, *** sell *** percent of their diamond sawblades from inventory. ***, on the other hand, only produce to order and *** produces *** percent of its diamond sawblades to order. Hoffman Diamond inventories product for some of its larger customers, but its turnaround time can be fairly rapid. In fact, some produced-to-order diamond sawblades can be manufactured and shipped the same day.[3] Producers of finished diamond sawblades noted the lead time for orders filled out of inventory is one week or less, often a day or two. Lead times for domestic producers' produced-to-order finished diamond sawblades may take up to four weeks, but on average is less than six days.

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[1] Conference transcript, p. 197 (Shen).
[2] United States Geological Survey, as presented in Korean respondents' postconference brief, exh. 7.
[3] Conference transcript (Palovochik), p. 73.

For importers of diamond sawblades, 13 sell only out of inventory, one sells only on an order basis, and 13 mix sales between the two. Similar to producers, importers noted much shorter lead time for orders filled out of inventory than those produced-to-order, with lead times averaging less than a week. However, for diamond sawblades that are produced-to-order, importer lead times averaged in excess of 40 days.

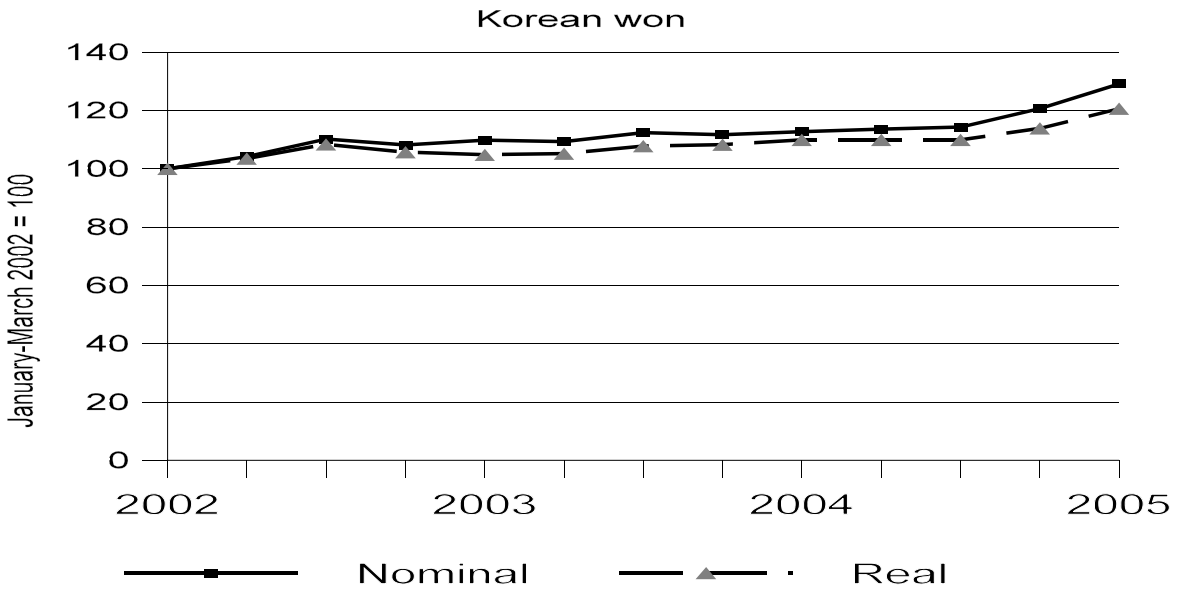
For the 16 U.S. producers that provided usable responses regarding shipment distances, an average of 34.0 percent of shipments occurred within 100 miles; 31.9 percent occurred within 101 to 1,000 miles; and 34.0 percent occurred at distances over 1,000 miles. For the 27 importers that provided usable responses regarding shipment distances of diamond sawblades, an average of 30.7 percent of shipments occurred within 100 miles; 34.7 percent occurred within 101 to 1,000 miles; and 34.7 percent occurred at distances over 1,000 miles.

Exchange Rates

The nominal value of the Chinese yuan relative to the U.S. dollar has remained virtually unchanged since the first quarter of 1997 at 8.28 yuan per dollar. Producer price data for China are not available; therefore, real exchange rates cannot be calculated.

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Korean won appreciated approximately 21 percent relative to the U.S. dollar between the first quarter of 2002 and the first quarter of 2005 in nominal terms, and appreciated approximately 29 percent in real terms (figure V-1).

Figure V-1
Exchange rates: Indexes of the nominal and real values of the Korean won relative to the U.S. dollar, by quarters, January 2002-March 2005



Source: International Monetary Fund, *International Financial Statistics*, June 2005.

PRICING PRACTICES

Pricing Methods

Questionnaire responses indicate that most U.S. producers of diamond sawblades determine their prices via negotiation, either using discounts off of a set price list or on a transaction-by-transaction basis. Similarly, U.S. importers' determination of prices is split between using a price list and on a transaction-by-transaction basis based on current market conditions. The majority of both producers and importers reportedly sell most of their diamond sawblades on a spot basis. Those suppliers that did report the use of contracts to sell diamond sawblades generally reported using short-term contracts (multiple deliveries for 3 to 12 months). Responding firms' answers regarding whether price and quantity are fixed, the existence of meet-or-release provisions, and whether prices can be renegotiated during the contract period were mixed with no clear trends.

Sales Terms and Discounts

The majority of responding firms reported no formal discount policy; however, several firms did report some volume-based and quantity-based discounts upon negotiation with individual customers, distributors, and contractors. U.S. producers and importers showed general consistency on the issue of payment terms and price basis, with most firms reporting that payment is required within 30 days. In addition, six of 15 producers and 16 of 26 responding importers sell diamond sawblades on a delivered basis.

PRICE DATA

Because there are thousands of different variations in diameter, segment thickness, application, and other factors, the Commission requested U.S. producers and importers to provide quarterly quantity and f.o.b. value data for their sales of eight diamond sawblade products to unrelated U.S. customers where there would likely be competition between domestic, Chinese, and Korean diamond sawblades. Data were requested for January 2002 through March 2005. The products for which pricing data were requested are as follows:[4]

Product 1 - 4" diameter laser-welded blades for dry cutting, 0.080" segment thickness, Premium grade blade for power tools, for sale to distributors

Product 2 - 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for high speed saws, for sale to distributors

Product 3 - 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for high speed saws, for sale to OEMs (e.g., power tool manufacturers, branded diamond blade resellers)

Product 4 - 20" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for blocks, for sale to distributors

[4] Petitioners suggested the following products: 1. "Circular diamond sawblade of 12 to 14 inch diameter;" 2. "Circular diamond sawblade of 4 to 4.5 inch diameter;" and, 3. "Circular diamond sawblade of 14 to 20 inch diameter." Petition, exh. I-4. *But see* Petition, p. 2 (indicating that U.S. and Chinese producers differentiate pricing based on blade width, blade thickness, diameter, application of blade, and grade of blade).

Product 5 - 14" diameter laser-welded blades for wet cutting, 0.125" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sale to distributors

Product 6 - 18" diameter laser-welded blades for wet cutting, 0.125" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sale to distributors

Product 7 - 24" diameter laser-welded blades for wet cutting, 0.155" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sale to distributors

Product 8 - 26" diameter laser-welded or soldered blades for wet cutting, 0.165" segment thickness, highest grade blade, for sales to professional end users

Eleven U.S. producers, seven firms importing from China, and 10 firms importing from Korea provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters.[5] Pricing data reported by responding firms in 2004 accounted for approximately 55.0 percent by quantity and 40.1 percent by value of reported U.S. producers' shipments of diamond sawblades, 8.7 percent by quantity and 38.7 percent by value of reported U.S. shipments of subject imports from China, and 5.0 percent in terms of quantity and 24.8 percent in terms of value of reported U.S. shipments of subject imports from Korea. Data on selling prices and quantities of products 1-8 sold by U.S. producers and importers of Chinese and Korean diamond sawblades are shown in tables V-1 through V-8 and figures V-2 through V-9.

Price Trends

Prices for U.S.-produced products 1 through 8 all fell between the first quarter of 2002 and the first quarter of 2005. Prices for U.S. products 1, 2, and 8 fell steadily with only one or two quarters of price increases. The price of product 3 fell inconsistently, reaching its lowest level in the first quarter of 2004 before rising two quarters and then falling again. Prices for U.S.-produced product 4 generally trended downward, though they generally increased in the second and third quarters of 2003 and 2004. Prices for domestically-produced product 5 also rose during the second quarter of 2003 along with the second and third quarters of 2004 despite the downward trend. The price of product 6 fell unsteadily from its peak in the first quarter of 2002 to its lowest level in the first quarter of 2005. The price of product 7 peaked in the third quarter of 2002, then fell irregularly until the first quarter of 2004, rising in the next quarter and then falling steadily through the first quarter of 2005. See table V-9 for additional details.

Chinese prices were available for the whole period for products 1, 2, 3, and 5. The price of Chinese products 1, 2, and 5 all fell from the beginning to the end of the period, while the price of product 3 rose. The price of product 1 imported from China peaked in the second quarter of 2002 and reached its nadir in the fourth quarter of 2003. The price of imported product 2 from China price also peaked in the second quarter of 2002 with some interruptions, reaching its lowest level in the final quarter of 2004. The price of Chinese-produced product 3 was at its lowest level in the first quarter of 2002, after which it rose unsteadily to its peak in the first quarter of 2004, before falling steadily until the first quarter of 2005. The price of product 5 imported from China was highest in the first quarter of 2002 and lowest in the first quarter of 2004, however there were high quarter to quarter price variations and very low numbers of units sold.

[5] Producers and importers were also requested to submit pricing data for products that are "competitive with" these blades.

Table V-1
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 1,[1] and margins of underselling/(overselling), by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$22.78	3,534	$***	***	***	$***	***	***
April-June	19.81	5,268	***	***	***	***	***	***
July-September	15.48	5,946	***	***	***	***	***	***
October-December	15.72	4,023	***	***	***	***	***	***
2003:								
January-March	15.92	3,502	***	***	***	***	***	***
April-June	14.56	5,354	***	***	***	***	***	***
July-September	15.01	5,332	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2004:								
January-March	***	***	***	***	***	***	***	***
April-June	***	***	***	***	***	***	***	***
July-September	***	***	***	***	***	***	***	***
October-December	***	***	***	***	***	***	***	***
2005:								
January-March	***	***	***	***	***	***	***	***

[1] *Product 1*.– 4" diameter laser-welded blades for dry cutting, 0.080" segment thickness, Premium grade blade for power tools, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-2
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 2,[1] and margins of underselling, by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$148.11	9,088	$***	***	***	$***	***	***
April-June	152.18	11,563	***	***	***	118.96	6,476	21.8
July-September	147.20	11,816	***	***	***	116.79	6,641	20.7
October-December	146.41	8,767	***	***	***	111.28	4,642	24.0
2003:								
January-March	129.85	10,384	***	***	***	104.71	4,017	19.4
April-June	129.34	14,104	***	***	***	100.00	6,402	22.7
July-September	126.26	14,559	***	***	***	99.26	6,686	21.4
October-December	128.23	11,080	***	***	***	102.63	4,336	20.0
2004:								
January-March	111.70	12,837	***	***	***	105.66	3,289	5.4
April-June	114.09	15,771	***	***	***	86.58	5,506	24.1
July-September	111.44	14,752	***	***	***	98.85	4,519	11.3
October-December	109.85	10,765	***	***	***	92.56	4,926	15.7
2005:								
January-March	100.95	13,943	***	***	***	91.79	3,541	9.1

[1] *Product 2.*– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for high speed saws, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-3
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 3,[1] and margins of underselling, by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$135.99	6,215	$***	***	***	$***	***	***
April-June	130.22	5,302	***	***	***	***	***	***
July-September	132.13	5,091	***	***	***	***	***	***
October-December	126.71	4,756	***	***	***	***	***	***
2003:								
January-March	133.71	3,890	***	***	***	***	***	***
April-June	125.34	4,102	***	***	***	***	***	***
July-September	130.11	5,313	***	***	***	***	***	***
October-December	125.93	3,861	***	***	***	***	***	***
2004:								
January-March	98.84	2,903	***	***	***	***	***	***
April-June	124.76	3,590	***	***	***	***	***	***
July-September	130.41	3,832	***	***	***	***	***	***
October-December	124.43	2,225	***	***	***	***	***	***
2005:								
January-March	121.83	2,467	***	***	***	***	***	***

[1] *Product 3.*– 14" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for high speed saws, for sales to OEMs (e.g., power tool manufacturers, branded diamond blade resellers).

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-4
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 4,[1] and margins of underselling, by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$244.69	460	-	-	-	$***	***	***
April-June	251.38	483	-	-	-	***	***	***
July-September	249.88	610	-	-	-	***	***	***
October-December	255.16	454	-	-	-	***	***	***
2003:								
January-March	239.39	557	-	-	-	***	***	***
April-June	240.25	443	-	-	-	***	***	***
July-September	242.72	509	-	-	-	***	***	***
October-December	233.83	508	-	-	-	***	***	***
2004:								
January-March	230.36	501	-	-	-	***	***	***
April-June	234.66	464	$***	***	***	***	***	***
July-September	240.72	446	***	***	***	***	***	***
October-December	232.83	414	-	-	-	***	***	***
2005:								
January-March	224.33	503	***	***	***	***	***	***

[1] *Product 4*.– 20" diameter laser-welded blades for dry cutting, 0.125" segment thickness, Premium grade blade for blocks, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-5
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 5,[1] and margins of underselling/(overselling), by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$232.37	2,263	$***	***	***	$***	***	***
April-June	240.67	2,535	***	***	***	***	***	***
July-September	235.96	2,467	***	***	***	***	***	***
October-December	239.44	1,979	***	***	***	***	***	***
2003:								
January-March	225.89	1,359	***	***	***	***	***	***
April-June	230.10	2,100	***	***	***	***	***	***
July-September	225.73	2,111	***	***	***	***	***	***
October-December	220.39	2,275	***	***	***	***	***	***
2004:								
January-March	215.46	1,971	***	***	***	***	***	***
April-June	216.57	2,128	***	***	***	***	***	***
July-September	219.70	2,325	***	***	***	***	***	***
October-December	211.76	1,760	***	***	***	***	***	***
2005:								
January-March	209.41	1,522	***	***	***	***	***	***

[1] *Product 5*.– 14" diameter laser-welded blades for wet cutting, 0.125" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-6
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 6,[1] and margins of underselling/(overselling), by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$312.14	955	$***	***	***	$***	***	***
April-June	310.69	1,602	***	***	***	***	***	***
July-September	302.34	1,155	-	-	-	***	***	***
October-December	309.46	1,154	***	***	***	***	***	***
2003:								
January-March	288.51	1,466	***	***	***	***	***	***
April-June	304.79	2,061	***	***	***	***	***	***
July-September	297.73	1,748	-	-	-	***	***	***
October-December	290.27	1,274	***	***	***	***	***	***
2004:								
January-March	274.26	1,246	-	-	-	***	***	***
April-June	274.56	1,372	-	-	-	***	***	***
July-September	279.83	1,899	***	***	***	***	***	***
October-December	279.40	1,379	***	***	***	***	***	***
2005:								
January-March	254.39	1,335	***	***	***	***	***	***

[1] *Product 6.*– 18" diameter laser-welded blades for wet cutting, 0.125" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-7
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 7,[1] and margins of underselling/(overselling), by sources and quarters, January 2002-March 2005

Period	United States		China			Korea		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
2002:								
January-March	$514.22	361	-	-	-	$***	***	***
April-June	515.37	526	-	-	-	***	***	***
July-September	516.89	545	-	-	-	***	***	***
October-December	514.38	308	-	-	-	***	***	***
2003:								
January-March	488.36	269	-	-	-	***	***	***
April-June	495.39	476	-	-	-	***	***	***
July-September	499.39	444	-	-	-	***	***	***
October-December	474.85	311	-	-	-	***	***	***
2004:								
January-March	447.74	296	$***	***	***	***	***	***
April-June	470.58	417	***	***	***	***	***	***
July-September	440.16	443	***	***	***	***	***	***
October-December	430.97	338	-	-	-	***	***	***
2005:								
January-March	410.28	301	-	-	-	***	***	***

[1] *Product 7.*– 24" diameter laser-welded blades for wet cutting, 0.155" segment thickness, Premium grade blade for use in saws of 35 hp or more, for sales to distributors.

Source: Compiled from data submitted in response to Commission questionnaires.

Table V-8
Diamond sawblades: Weighted-average f.o.b. prices and quantities of product 8,[1] and margin of underselling, by sources and quarters, January 2002-March 2005

Period	United States		Korea		
	Price	Quantity	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*
2002: January-March	$625.85	373	-	-	-
April-June	672.03	639	-	-	-
July-September	690.81	599	-	-	-
October-December	587.68	544	-	-	-
2003: January-March	611.00	561	-	-	-
April-June	614.63	740	-	-	-
July-September	606.94	1,061	-	-	-
October-December	564.68	604	-	-	-
2004: January-March	537.56	601	-	-	-
April-June	582.09	917	$***	***	***
July-September	576.31	1,054	-	-	-
October-December	547.09	598	-	-	-
2005: January-March	549.73	682	-	-	-

[1] *Product 8.*– 26" diameter laser-welded or soldered blades for wet cutting, 0.165" segment thickness, highest grade blade, for sales to professional end users.

Source: Compiled from data submitted in response to Commission questionnaires.

Figure V-2
Diamond sawblades: Weighted-average f.o.b. prices for product 1, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-3
Diamond sawblades: Weighted-average f.o.b. prices for product 2, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-4
Diamond sawblades: Weighted-average f.o.b. prices for product 3, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-5
Diamond sawblades: Weighted-average f.o.b. prices for product 4, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-6
Diamond sawblades: Weighted-average f.o.b. prices for product 5, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-7
Diamond sawblades: Weighted-average f.o.b. prices for product 6, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-8
Diamond sawblades: Weighted-average f.o.b. prices for product 7, by sources and quarters, January 2002-March 2005

* * * * * * *

Figure V-9
Diamond sawblades: Weighted-average f.o.b. prices for product 8, by sources and quarters, January 2002-March 2005

* * * * * * *

Korean price data was available for all pricing products during all quarters except for product 8. The price of all these products fell over the period. The price of product 1 was at its peak in the second quarter of 2002, fell until the first quarter of 2003, rose irregularly until the first quarter of 2004, and declined irregularly until the first quarter of 2005. Prices of product 2 imported from Korea were highest in the second quarter of 2002, and declined until the end of the period of study, despite rises in the fourth quarter of 2003 and first and third quarters of 2004. Prices of product 3 imported from Korea were highest in the second quarter of 2002 but lowest in the following quarter, rose irregularly through the fourth quarter of 2004, and fell slightly in the first quarter of 2005. Low coverage may explain much of the variation. Prices for product 4 imported from Korea were highest during the first quarter of each year and trended downward during the second and third quarters before increasing during the fourth quarter of each year. Product 5 from Korea was highest in the third quarter of 2002 and generally declined through lowest in the fourth quarter of 2004 before a slight rise in the final quarter for which data were collected. Prices for product 6 imported from Korea peaked in the first quarter of 2003 and reached their lowest point out in the fourth quarter of 2004. For product 7, prices trended up through the first quarter of 2003, generally down through the third quarter of 2004, and rose during the final two quarters of study.

Table V-9
Diamond sawblades: Summary of weighted-average f.o.b. prices for products 1 through 8, by countries, January-March 2002 to January-March 2005

Country	Number of quarters	Highest price *(per unit)*	Lowest price *(per unit)*	Percentage change in price[1] *Percent*
Product 1				
U.S.	13	$22.78	$9.65	-57.6
China	13	***	***	-***
Korea	13	***	***	-***
Product 2				
U.S.	13	152.18	100.95	-31.8
China	13	***	***	***
Korea	13	118.96	86.58	-21.4
Product 3				
U.S.	13	135.99	98.84	-10.4
China	13	***	***	***
Korea	13	***	***	***
Product 4				
U.S.	13	255.16	224.33	-7.4
China	3	***	***	***[2]
Korea	13	***	***	***
Product 5				
U.S.	13	240.67	209.41	-9.9
China	13	***	***	***
Korea	13	***	***	***
Product 6				
U.S.	13	312.14	254.39	-18.5
China	9	***	***	***
Korea	13	***	***	***
Product 7				
U.S.	13	516.89	410.28	-20.2
China	3	***	***	***[3]
Korea	13	***	***	***
Product 8				
U.S.	13	690.81	537.56	-12.2
China	0	-	-	-
Korea	1	***	***	-

[1] Price change is from the first quarter of 2002 to the first quarter of 2005 if available. If these are not available, it is the change from the first quarter for which the data are available to the last quarter for which they are available.
[2] Price change is from the second quarter of 2004 to the first quarter of 2005.
[3] Price change is from the first quarter of 2004 to the third quarter of 2004.

Source: Compiled from data submitted in response to Commission questionnaires.

Price Comparisons

Overall, there were 57 instances of underselling by the Chinese product and 10 instances of overselling. There were instances of the Chinese product overselling U.S. product in 4 pricing products. In product 1 there were 4 instances of overselling, 2 instances in product 5, 3 instances in product 6, and 1 instance in product 7. Margins of underselling for Chinese product ranged from 1.2 to 68.2 percent. Margins of overselling ranged from 0.7 percent to 23.6 percent. The weighted average Chinese margin of underselling was 47.0 percent, rising from 43.5 percent in 2002 to 48.1 percent in 2003 and 48.9 percent in 2004 before falling to 44.7 percent in 2005. Further information is contained in table V-10.

Table V-10
Diamond sawblades: Summary of underselling/overselling, by country, January-March 2002 to January-March 2005

Country/period	Number of quarters of underselling	Number of quarters of overselling	Simple average margin of underselling	Weighted average margin of underselling[1]
China:				
2002	15	4	24.5	43.5
2003	17	2	32.1	48.1
2004	20	3	36.3	48.9
2005	5	1	28.1	44.7
Total	57	10	31.0	47.0
Korea:				
2002	25	3	18.0	19.0
2003	24	4	15.0	17.5
2004	25	4	12.2	14.9
2005	6	1	3.7	8.8
Total	80	12	14.2	16.9

[1] The margins are weighted by the value of the imported product sold in the same quarter.

Source: Compiled from data submitted in response to Commission questionnaires.

Korean products 1 through 8 had 12 instances of overselling and 80 instances of underselling. All 12 instances of Korean overselling was for product 1. Margins of underselling ranged from a high of 52.9 percent to a low of 2.5 percent, while overselling ranged from 13.9 percent to 77.5 percent. The average Korean margin of underselling was 16.9 percent, with margins falling steadily from 19.0 percent in 2002 to 17.5 percent in 2003, 14.9 percent in 2004, and 8.8 percent in 2005.

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of diamond sawblades to report any instances of lost sales or revenues they experienced due to competition from subject imports from China and Korea since January 2002. Petitioners did not provide any data regarding specific instances of lost sales or revenues in the petition, nor any that occurred since the filing of the petition, although they did note that "(t)he nature of the sales process for diamond sawblades makes it difficult to document anecdotal cases of lost

sales and revenues."[6] Instead, petitioners provided affidavits from 10 producers, resellers (distributors), and purchasers of diamond sawblades.[7] These affidavits, however, did not include specific information to verify with purchasers whether these allegations were correct. Resellers noted that Chinese and Korean suppliers of diamond sawblades are bypassing their companies and marketing directly to past, present, and potential customers. No producers gave specific information in their producer questionnaires to confirm any lost sales or revenues. ***.

[6] Petition, p. 9.

[7] Most affidavits contained the following language "In the past year my company has purchased approximately $INSERT AMOUNT of {Korean or Chinese} saw blades that we would have otherwise purchased from a U.S. producer." There is no mention of whether this "otherwise" refers to a case where there were no Chinese or Korean imports, if the import prices were higher, or for some other reason. The affidavits further include language that, "in the past year I received price reductions from U.S. producers in the amount of $INSERT AMOUNT for diamond sawblades in order to retain a sale in spite of lower-priced offers from {Korea or China}."

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Thirteen domestic firms[1] provided financial data on the results of their operations producing finished diamond sawblades, and six firms[2] provided financial data on the results of their operations producing diamond sawblade parts. Four firms reported operations on both finished sawblades and sawblade parts. These firms are believed to account for approximately 85 percent of the domestic industry's production of finished sawblades and virtually all U.S. production of sawblade parts during 2004. Since the quantity and value of the transfers and internal consumption combined accounted for less than 1 percent of the total quantity and value in every period, they are not being presented separately.

OPERATIONS ON FINISHED DIAMOND SAWBLADES

Aggregate income-and-loss data for the domestic producers on their finished diamond sawblade operations are presented in table VI-1. The results were mixed during the full year periods, as sales values declined yet profitability increased. Sales quantities decreased in 2003 and then increased in 2004 by approximately equal amounts, while sales average unit values (AUVs) steadily declined. As a result, sales values declined perceptibly in 2003 and then remained flat in 2004. While sales AUVs were declining by about $15 per sawblade (approximately 8 percent) from 2002 to 2004, per-unit operating costs (cost of goods sold and selling, general, and administrative (SG&A) expenses combined) were declining by almost $17 per sawblade. The combined effect of all of the foregoing was an increase in the absolute level of operating profits and an increase in the operating margin (the ratio of operating income to net sales value) from 9.0 percent in 2002 to 10.5 percent in 2004.

The decline in unit operating costs from 2002 to 2004 was approximately evenly divided between decreases in raw materials ($6.02 per sawblade), other factory costs ($3.89 per sawblade), and SG&A expenses ($5.63 per sawblade). The decline in unit raw material costs is surprising, given the large run-up in the cost of steel from 2002 to 2004 and the fact that the steel cores account for such a large portion of the cost of a finished diamond sawblade.[3] Accordingly, petitioners and respondents were asked at the staff conference to quantify the decline in unit raw material costs in their postconference briefs, differentiating between steel cores and segments (diamond grit, cobalt, and tungsten). Chinese respondents Bosun and Gang Yan provided a chart indicating the price they paid for diamond grit decreased from *** during January-June 2003 to *** during July-December 2004,[4] while Korean respondents Ehwa Diamond, Shinhan Diamond, and Hyosung Diamond provided data from the U.S. Geological Service indicating the price for industrial diamond bort, grist, dust, and powder decreased from $0.34 per carat in 2002 to $0.24 per carat in 2004.[5] Given that diamond grit accounts for only ***

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[1] The producers and their fiscal year ends are as follows: February 28 – Terra; May 31 – Dixie; November 30 – N-E-D; and, December 31 – Blackhawk, Diamond B, Diamond Products, Electrolux, General, Hoffman, K2, Saint Gobain, Sanders, and SH.

[2] The producers and their fiscal year are as follows: April 30 – Western; November 30 – N-E-D; and, December 31, Diamond B, Electrolux, General, and Hyde.

[3] Based upon data in the petition, the steel core accounts for *** percent of the raw material costs for a 14-inch diameter segmented diamond sawblade. Petition at Volume II, Exhibit II-20. Staff is aware that the costs for different sizes and types of sawblades will be different, but expect that the percentage of raw material costs accounted for by steel should not be entirely different for these other sawblades.

[4] Postconference brief of Chinese respondents Bosun and Gang Yan at Exhibit 14.

[5] Postconference brief of Korean respondents Ehwa Diamond, Shinhan Diamond, and Hyosung Diamond at Exhibit 7.

Table VI-1
Finished diamond sawblades: Results of U.S. producers on their operations producing finished diamond sawblades, fiscal years 2002-04, January-March 2004, and January-March 2005

Item	Fiscal years			January-March	
	2002	2003	2004	2004	2005
	Quantity (*units*)				
Net sales	724,422	678,851	722,506	162,369	166,161
	Value (*$1,000*)				
Net sales	135,858	124,575	124,405	26,109	26,757
Cost of goods sold					
Raw materials	49,416	44,062	44,932	9,070	10,095
Direct labor	12,778	11,591	11,970	2,621	2,723
Other factory costs	23,873	20,734	20,993	4,467	4,525
Total cost of goods sold	86,067	76,387	77,895	16,158	17,343
Gross profit	49,791	48,188	46,510	9,951	9,414
SG&A expenses[1]	37,584	35,155	33,413	7,763	7,986
Operating income[1 2]	12,207	13,033	13,097	2,188	1,428
All other income or expenses, net	4,454	3,801	2,466	726	657
Net income before taxes	7,753	9,232	10,631	1,462	771
Depreciation included above	3,329	3,416	3,178	829	539
Cash flow	11,082	12,648	13,809	2,291	1,310
	Unit value				
Net sales	$187.54	$183.51	$172.19	$160.80	$161.03
Cost of goods sold:					
Direct materials	68.21	64.91	62.19	55.86	60.75
Direct labor	17.64	17.07	16.57	16.14	16.39
Other factory costs	32.95	30.54	29.06	27.51	27.23
Total cost of goods sold	118.81	112.52	107.81	99.51	104.37
Gross profit	68.73	70.98	64.37	61.29	56.66
SG&A expenses	51.88	51.79	46.25	47.81	48.06
Operating income	16.85	19.20	18.13	13.48	8.59

Table continued on following page.

Table VI-1--*Continued*
Finished diamond sawblades: Results of U.S. producers on their operations, fiscal years 2002-04, January-March 2004, and January-March 2005

Item	Fiscal years			January-March	
	2002	2003	2004	2004	2005
	Ratio to net sales (*percent*)				
Cost of goods sold					
Direct materials	36.4	35.4	36.1	34.7	37.7
Direct labor	9.4	9.3	9.6	10.0	10.2
Other factory costs	17.6	16.6	16.9	17.1	16.9
Total cost of goods sold	63.4	61.3	62.6	61.9	64.8
Gross profit	36.6	38.7	37.4	38.1	35.2
SG&A expenses	27.7	28.2	26.9	29.7	29.8
Operating income[1] [2]	9.0	10.5	10.5	8.4	5.3
Net profit before income taxes	5.7	7.4	8.5	5.6	2.9
	Number of firms reporting				
Operating losses	4	4	2	4	7
Data	13	13	13	13	13

[1] K2 did not report SG&A expenses. If the company was assumed to have SG&A expenses consistent with the rest of the industry, the industry's SG&A expenses would increase and operating income would decrease by *** for FY-2002, FY-2003, FY-2004, January-March 2004, and January-March 2005, respectively, and the ratio of operating income to net sales would decrease by *** percent each period.

[2] N-E-D, a producer whose finished diamond sawblade sales account for about *** percent of its total sales every full-year period, reported *** on its finished diamond sawblade operations that were not consistent with its ***. Company officials indicated there were *** for finished diamond sawblades from overall revenues and costs. Therefore, *** should be placed upon N-E-D's data. If the operating *** margins for N-E-D's finished diamond sawblade operations were set equal to the company's overall *** margins, the operating income for the industry would *** by *** for FY-2002, FY-2003, FY-2004, January-March 2004, and January-March 2005, respectively, and the ratio of operating income to net sales would *** by *** percent, *** percent, *** percent, *** percent, and *** percent.

Source: Compiled from data submitted in response to Commission questionnaires.

percent of the raw material costs in the cost build-up provided in the petition,[6] it does not follow that even a large decrease in the price of diamond grit can result in a decline in raw material costs.

The full year trends reversed themselves from January-March 2004 to January-March 2005. Sales quantities, sales AUVs, and sales values increased, albeit by small amounts, while the absolute level of operating profits and operating margin both decreased. Central to the decline in profitability was the fact that operating cost AUVs increased by $5 per sawblade while sales AUVs increased by much less than $1 per sawblade.

Selected financial data are presented on a company-by-company basis in table VI-2. Diamond Products and Electrolux, ***, accounting for between *** of sales quantities and value, and *** of the operating income in every period. The sales AUVs for these two companies were ***, which is consistent with the *** they both sold. By value, *** of Diamond Products' sales were sawblades with a

[6] Petition at Volume II, Exhibit II-20.

Table VI-2
Finished diamond sawblades: Selected data of U.S. producers on their operations, on a company-by-company basis, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

diameter of less than *** inches, and another *** percent were sawblades with a diameter of *** inches.[7] The corresponding values for Electrolux were *** percent, respectively.[8]

These data are in contrast to that of ***. *** of these two *** companies sold sawblades with diameters of less than *** inches, and a *** of their sales were sawblades with diameters of greater than *** inches.[9] The two companies with the *** AUVs *** were among the least profitable.

OPERATIONS ON DIAMOND SAWBLADE PARTS

Aggregate income-and-loss data for the domestic producers on their diamond sawblade parts operations are presented in table VI-3. This segment of the industry is a fraction of the size of the finished sawblade segment, with the absolute values of net sales amounting to perhaps one-tenth of the corresponding finished diamond sawblade values. While net sales values increased steadily during the full-year periods, operating profits steadily declined. Net sales values increased again from January-March 2004 to January-March 2005, while the operating loss declined. Given the large disparity between the AUVs for diamond sawblade segments ($*** per segment in 2004) and diamond sawblade cores ($***), and the fact that the costs for these two parts are reported on a combined basis, the usefulness of unit analysis for diamond sawblade parts is limited and is not presented.

Selected financial data are presented on a company-by-company basis in table VI-4. Hyde and Western, which produced ***, were *** in every period. The four other producers, all of which ***, generally *** every period.

Table VI-3
Diamond sawblade parts: Results of U.S. producers on their operations, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

Table VI-4
Diamond sawblade parts: Selected data of U.S. producers on their operations, on a company-by-company basis, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

OPERATIONS ON FINISHED DIAMOND SAWBLADES AND DIAMOND SAWBLADE PARTS COMBINED

Aggregate income-and-loss data for the domestic producers on their finished diamond sawblade and diamond sawblade parts operations combined are presented in table VI-5. Given the size of the finished diamond sawblade industry relative to the diamond sawblade parts industry, it follows that the ratios and trends for the combined industry closely mirror those of the finished diamond sawblade

[7] Diamond Products' producer questionnaire, question IV-B-15.
[8] Electrolux's producer questionnaire, question IV-B-15.
[9] *** producer questionnaires, question IV-B-15.

Table VI-5
Finished diamond sawblades and diamond sawblade parts: Results of U.S. producers on their operations, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

industry. Given the large disparity between the AUVs for finished diamond sawblades (approximately $160 or more per blade) and diamond sawblade parts (approximately $*** per piece in the aggregate), unit analysis is of limited value and is not presented. Selected financial data are presented on a company-by-company basis in table VI-6.

Table VI-6
Finished diamond sawblades and diamond sawblade parts: Results of U.S. producers on their operations, on a company-by-company basis, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

The variance analysis showing the effects of prices and volume on the producers' sales of finished diamond sawblades (the data presented in table VI-1), and of costs and volume on their total cost, is shown in table VI-7. The analysis agrees with the previous discussion – from 2002 to 2004, the increase in operating income was the result of costs decreasing more than revenues. The summary at the bottom of the table illustrates that from 2002 to 2004, for instance, the $890,000 increase in operating income was the result of the positive effect of decreased costs ($12.0 million) outweighing the negative effect of decreased sales prices ($11.1 million). From January-March 2004 to January-March 2005, the opposite was true, as the decrease in operating income was the result of costs increasing faster than revenues. Variance analyses are not presented for diamond sawblade parts or for finished diamond sawblades and diamond sawblade parts combined because of the aforementioned difference in AUVs.

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

The domestic producers' capital expenditures and research and development (R&D) expenses on their combined finished diamond sawblade and diamond sawblade parts operations are presented in table VI-8. *** in every full year period) and *** reported the largest capital expenditures, although *** and *** also reported sizeable expenditures. The projects the capital expenditures were used to fund and the sources of funds are summarized in the tabulation below:

* * * * * * *

Aggregate capital expenditures were less than depreciation expense in every period, meaning that, during the period for which data were gathered, the industry's productive assets were being expensed faster than they were being replaced.

Research and development expenditures were largely accounted for by ***.

Table VI-7
Finished diamond sawblades: Variance analysis of the operations of U.S. producers, fiscal years 2002-04, January-March 2004, and January-March 2005

Item	Between fiscal years			Between January-March
	2002-04	2002-03	2003-04	2004-05
	Value *($1,000)*			
Net sales:				
Price variance	(11,094)	(2,737)	(8,181)	38
Volume variance	(359)	(8,546)	8,011	610
Total net sales variance	(11,453)	(11,283)	(170)	648
Cost of sales:				
Cost variance	7,944	4,266	3,404	(808)
Volume variance	228	5,414	(4,912)	(377)
Total cost of sales variance	8,172	9,680	(1,508)	(1,185)
Gross profit variance	(3,281)	(1,603)	(1,678)	(537)
SG&A expenses:				
Expense variance	4,072	65	4,003	(42)
Volume variance	99	2,364	(2,261)	(181)
Total SG&A variance	4,171	2,429	1,742	(223)
Operating income variance	890	826	64	(760)
Summarized as:				
Price variance	(11,094)	(2,737)	(8,181)	38
Cost/expense variance	12,016	4,331	7,407	(849)
Volume variance	(32)	(768)	838	51

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VI-8
Finished diamond sawblades and diamond sawblade parts: U.S. producers' capital expenditures and research and development expenditures, fiscal years 2002-04, January-March 2004, and January-March 2005

* * * * * * *

ASSETS AND RETURN ON INVESTMENT

Data on domestic producers' assets used in the production, warehousing, and sale of finished diamond sawblades and diamond sawblade parts in the aggregate, and their return on investment (defined as operating income divided by total assets) are presented in table VI-9. The value of total assets decreased moderately from 2002 to 2004 while the return on investment increased along with the increase in operating income reported in table VI-5.

Table VI-9
Finished diamond sawblades and diamond sawblade parts: Value of assets used by U.S. producers in the production, warehousing, and sale, and the U.S. producers' return on investment, fiscal years 2002-04, January-March 2004, and January-March 2005

Item	At the end of fiscal years		
	2002	2003	2004
	Value *($1,000)*		
Current assets:			
Accounts receivable, net	24,198	23,322	23,641
Inventories – finished goods	10,041	10,637	10,777
Inventories – other	19,835	18,880	20,741
Other current assets	6,075	5,654	3,600
Total current assets:	60,149	58,493	58,759
Non-current assets:			
Property, plant, and equipment			
Original cost	33,089	33,923	34,365
Less: accumulated depreciation	21,508	23,322	23,721
Equals: book value	11,581	10,601	10,644
Other non-current assets	9,228	9,583	10,194
Total non-current assets	20,809	20,184	20,838
Total assets	80,958	78,677	79,597
Operating income	13,730	14,305	14,410
Return on assets	17.0	18.2	18.1

Note: Operating income and return on assets data are only provided for those companies furnishing asset data.
*** did not provide asset data.

Source: Compiled from data submitted in response to Commission questionnaires.

DOMESTIC VALUE ADDED

An estimate[10] of the domestic producers' percentage of domestic value added in their FY 2004 production of finished diamond sawblades, on a company-by-company basis, is presented in table VI-10. The percentage of domestic value added excluding SG&A expenses varied from a low of 25.0 percent to a high of 63.7 percent, with an industry average of 42.3 percent. If SG&A expenses are included, the percentages all increase, with the low being 34.6 percent, the high being 84.2 percent, and the average becoming 59.6 percent.

*** producers – *** – indicated that they produced finished diamond sawblades using imported raw materials. The *** of these imported raw materials were imported directly by these *** U.S. producers, while approximately *** percent were purchased from other U.S. importers.[11] Based upon data in the producer and importer questionnaires, staff was able to estimate the approximate percentages of domestic and foreign raw materials used in the production of finished diamond sawblades for each of these four producers over the entire period data were collected.[12] The percentages are: *** percent domestic and *** percent imported; *** percent domestic and *** percent imported; *** percent domestic and *** percent imported, and *** percent domestic and *** percent imported.

Table VI-10
Finished diamond sawblades: Estimate of U.S. value added, on a company-by-company basis, fiscal year 2004

Producer	Cost components of domestic value added:				Percentage of domestic value added:	
	Raw materials	Direct labor	Other factory costs	SG&A expenses	Excluding SG&A expenses	Including SG&A expenses
(A)	(B)	(C)	(D)	(E)	(F) =(C+D)/ (B+C+D)	(G)=(C+D+E)/ (B+C+D+E)
	Value ($1,000)				Percentage	
* * * * * * *						
Total/average	44,932	11,970	20,993	33,413	42.3	59.6

Source: Compiled from data submitted in response to Commission questionnaires.

[10] The estimate is based upon revenue and cost data associated with the production and sale of finished diamond sawblades the producers provided in their questionnaire responses (question III-9 in the producers' questionnaire). That question requested that costs be broken out by typical financial reporting components (raw materials, direct labor, other factory costs, and SG&A expenses), not the detailed individual cost components usually found in a question specifically designed to compute domestic value added. Given that different producers may account for their cost components differently, it is probable that the domestic value added percentage computed based upon the data in question III-9 would not be the same as the domestic value added percentage calculated from data specifically designed for that purpose. Therefore, the data should be viewed as an estimate.

[11] These percentages are based upon data reported in question II-16 of the producers' questionnaire and question II-6 of the importers' questionnaire.

[12] The estimate was calculated by summing the value of the cores and segments internally consumed or transferred per question II-6 of the importers' questionnaire and then dividing the total by the sum of the raw material costs per question III-9 of the producers' questionnaire.

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of finished diamond sawblades and parts thereof to describe any actual negative effects on their return on investment, or their growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of diamond sawblades and parts thereof from China and Korea. The firms' comments are presented in appendix D.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

In the preliminary phase of these investigations, 20 Chinese producers/exporters of diamond sawblades provided responses to the Commission's request for information. The firms that responded are Beijing Gang Yan Diamond Products Co. ("Gang Yan"), Bosun Tools Group Co., Ltd. ("Bosun"), Danyan Huachang Diamond Tools Manufacturing Co., Ltd. ("Huachang"), Danyang Weiwang Tools Manufacturing Co., Ltd. ("Weiwang"), Electrolux Construction Products Co., Ltd. ("Electrolux China"), Fumeilong Import & Export Trade Co., Ltd. ("Fumeilong"), Guilin Tebon Superhard Material Co., Ltd. ("Guilin"), Hein Saw Co., Ltd. ("Hein"), Hunan Sukan Ultra-Hard Materials Co. ("Sukan"), Jiangsu Fengtai Diamond Tool Manufacture Co., Ltd. ("Jiangsu"), Jiangyin Likn Ind. Co., Ltd. ("Jiangyin"),[1] Quanzhou Shuangyang Diamond Tool Co., Ltd. ("Shuangyang"), Quanzhou Zhongzhi Diamond Tool Co., Ltd. ("Zhongzhi"),[2] Queenbee Diamond Ind. Co., Ltd. ("Queenbee"),[3] Saint-Gobain Abrasives Co., Ltd. ("Saint-Gobain China"), Sanhe Yanjiao Cheng Diamond Tools, Inc. ("Sanhe"),[4] Shanghai Robtol Tool Manufacturing Co., Ltd. ("Robtol"), Weihai Xiangguang Mechanical Ind. Co., Ltd. ("Weihai"), Yichang HXF Circular Saw Ind. Co., Ltd. ("HXF"), and ZL Diamond Tools Co., Ltd ("ZL").[5] The largest reporting producer of diamond sawblades in China, Huachang, produced *** finished diamond sawblades, and reportedly accounted for about *** percent of all diamond sawblade production in 2004. Other top producers in China are ***. Six producers in China reported commercial shipments of cores[6] and five firms reported commercial shipments of segments.[7]

Table VII-1 presents responding firms' production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, and shares of reported sales of diamond sawblades and parts, as a percentage of their total sales. Aggregate Chinese diamond sawblades and parts capacity, production, shipments, and inventory data supplied by the responding firms are presented in table VII-2, table VII-3, and table VII-4.[8]

*** reported that it plans to add more capacity when needed, directed towards *** in that order of priority. *** just started production in 2004. *** plans to expand capacity by *** units in 2005, to

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[1] Jiangyin is not a producer of subject merchandise; rather it is an exporter.

[2] Zhongzhi provided its data in dollars not units, therefore its questionnaire data were not included in the Chinese industry data presented.

[3] Queenbee did not provide any data in its questionnaire response.

[4] ***.

[5] Staff attempted to e-mail or fax the foreign producer questionnaire to all Chinese producers of diamond sawblades listed in the petition and two supplements to the petition filed on May 5, 2005, and May 23, 2005.

[6] ***.

[7] ***.

[8] Data presented for cores and segments are only for firms which reported commercial shipments of parts.

Table VII-1
Diamond sawblades and parts: Chinese producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades production on the same equipment, shares of firms' total sales represented by sales of diamond sawblades and parts, and shares of firms' total sales of diamond sawblades accounted for by internet sales, 2004

* * * * * * *

Table VII-2
Finished diamond sawblades: Chinese production capacity, production, shipments, and inventories, 2002-04, January-March 2004, January-March 2005, and projected 2005-06

Item	Actual experience					Projections	
				January-March			
	2002	2003	2004	2004	2005	2005	2006
Quantity (*units*)							
Capacity	22,021,546	24,790,460	33,295,466	7,575,815	8,833,723	35,544,000	37,388,050
Production	21,742,314	24,528,651	31,251,286	6,376,233	6,992,994	34,170,921	36,547,160
End of period inventories	1,326,686	935,305	1,392,440	1,841,812	2,160,554	1,591,567	1,761,877
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	721,540	1,182,802	1,967,852	359,430	543,702	2,015,570	2,173,649
All other markets[1]	11,664,717	11,993,054	14,955,416	2,812,216	3,648,112	18,150,918	19,465,701
Total exports	12,386,257	13,175,856	16,923,268	3,171,646	4,191,814	20,166,488	21,639,350
Total shipments	21,628,740	24,957,262	31,315,691	5,708,326	6,315,680	34,471,794	36,786,834
Ratios and shares (*percent*)							
Capacity utilization	97.3	96.0	93.9	84.2	79.2	96.1	97.8
Inventories to production	6.1	3.8	4.5	7.2	7.7	4.7	4.8
Inventories to total shipments	6.1	3.7	4.4	8.1	8.6	4.6	4.8
Share of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	3.3	4.7	6.3	6.3	8.6	5.8	5.9
All other markets[1]	53.9	48.1	47.8	49.3	57.8	52.7	52.9
All export markets	57.3	52.8	54.0	55.6	66.4	58.5	58.8

[1] Other principal export markets include Europe, India, Japan, and Singapore,

Note. – Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-3
Diamond sawblade cores: Chinese production capacity, production, shipments, and inventories, 2002-04, January-March 2004, January-March 2005, and projected 2005-06[1]

Item	Actual experience					Projections	
				January-March			
	2002	2003	2004	2004	2005	2005	2006
Quantity (*units*)							
Capacity	7,449,800	8,707,000	11,468,200	2,417,100	2,712,360	12,349,400	13,230,000
Production	6,909,136	7,209,921	9,702,946	1,919,610	1,793,182	10,910,400	12,287,600
End of period inventories	441,542	475,945	566,088	486,250	613,798	570,096	620,096
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	6,841,160	7,199,518	9,612,803	1,939,321	1,745,472	10,906,392	12,218,800
Ratios and shares (*percent*)							
Capacity utilization	92.7	82.8	84.6	79.4	66.1	88.3	92.9
Inventories to production	6.4	6.6	5.8	6.3	8.6	5.2	5.0
Inventories to total shipments	6.5	6.6	5.9	6.3	8.8	5.2	5.1
Share of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

[1] Data presented for cores are only for firms which reported commercial shipments of cores.

Note. – Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-4
Diamond sawblade segments: Chinese production capacity, production, shipments, and inventories, 2002-04, January-March 2004, January-March 2005, and projected 2005-06

Item	Actual experience					Projections	
				January-March			
	2002	2003	2004	2004	2005	2005	2006
Quantity (*units*)							
Capacity	7,334,400	12,689,000	15,083,500	3,525,800	4,172,000	17,675,000	21,780,000
Production	4,942,592	9,726,244	12,409,364	2,549,849	3,441,292	15,917,500	19,304,000
End of period inventories	***	***	***	***	***	***	***
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
Total exports	***	***	***	***	***	***	***
Total shipments	4,894,793	9,666,021	12,472,676	2,579,083	3,474,340	15,838,907	18,951,610
Ratios and shares (*percent*)							
Capacity utilization	67.4	76.7	82.3	72.3	82.5	90.1	88.6
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	***	***	***	***	***	***	***
All other markets	***	***	***	***	***	***	***
All export markets	***	***	***	***	***	***	***

[1] Data presented for segments are only for firms which reported commercial shipments of segments.

Note. – Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

supply demand in the following markets: ***. *** increased its capacity of stone-application diamond sawblades in 2004 and 2005 and projects further increases in 2006. *** reported that this added capacity was intended for the *** market. One Chinese producer, ***, is in start-up phase and is projected to have production capacity of finished diamond sawblades of *** units in 2005 and *** units in 2006.

THE INDUSTRY IN KOREA

In the preliminary phase of these investigations, eight Korean producers/exporters of diamond sawblades provided responses to the Commission's request for information. The firms that responded are BK Diamond Products Co. ("BK"),[9] DD Diamond Corp. ("DD"), Diapro Ind. Co., Ltd. ("Diapro"), Diatop Sama, Co. ("Diatop"), Dongshin Diamond Industrial ("Dongshin"), Ehwa Diamond Ind. Co., Ltd. ("Ehwa"), Hyosung D&P Co., Ltd. ("Hyosung"), and Shinhan Diamond Ind. Co., Ltd. ("Shinhan").[10] The largest producer of finished diamond sawblades in Korea, ***, produce *** units in 2004 and accounted for approximately *** percent of diamond sawblade production in Korea. Two other top producers are ***. No Korean producers reported commercial shipments of cores, and two firms reported commercial shipments of segments.[11]

Table VII-5 presents responding firms' production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades and parts production on the same equipment, and shares of reported sales of diamond sawblades and parts, as a percentage of their total sales. Aggregate Korean diamond sawblade and parts capacity, production, shipments, and inventory data supplied by the responding firms are presented in table VII-6 and table VII-7.[12] *** increased its capacity of stone-application diamond sawblades in 2004 and 2005 and projects further increases in 2006. *** reported that this added capacity was intended for the *** market.

Table VII-5
Diamond sawblades and parts: Korean producers, production of other products on equipment and machinery used in the production of diamond sawblades and parts, shares of diamond sawblades production on the same equipment, shares of firms' total sales represented by sales of diamond sawblades and parts, and shares of firms' sales of diamond sawblades accounted for by internet sales, 2004

* * * * * * *

U.S. IMPORTERS' INVENTORIES

*** importers reported inventories of subject imports during the period for which data were collected. Data collected in this investigation on U.S. importers' end-of-period inventories of diamond sawblades and parts are presented in table VII-8 and table VII-9, respectively.

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[9] BK is not a producer of subject product; rather it is an exporter.

[10] Staff attempted to e-mail or fax the foreign producer questionnaire to all Korean producers of diamond sawblades listed in the petition and two supplements to the petition filed on May 5, 2005, and May 23, 2005.

[11] ***.

[12] Data presented for segments are only for firms which reported commercial shipments of segments. There were no commercial shipments of cores reported.

Table VII-6
Finished diamond sawblades: Korean production capacity, production, shipments, and inventories, 2002-04, January-March 2004, January-March 2005, and projected 2005-06

Item	Actual experience					Projections	
				January-March			
	2002	2003	2004	2004	2005	2005	2006
Quantity (*units*)							
Capacity	7,347,020	7,402,520	8,285,020	1,990,714	2,121,515	8,631,270	8,950,520
Production	6,669,508	6,785,731	7,653,851	1,644,066	1,973,436	7,998,745	8,319,709
End of period inventories	***	***	***	***	***	***	***
Shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	2,251,504	1,785,200	2,398,158	461,852	524,705	2,105,121	2,141,160
All other markets[1]	3,607,290	4,092,508	4,554,988	1,060,382	1,136,062	5,047,314	5,242,589
Total exports	5,858,794	5,877,708	6,953,146	1,522,234	1,660,767	7,152,435	7,383,749
Total shipments	6,972,103	6,997,357	7,943,426	1,775,997	2,023,706	8,273,900	8,546,499
Ratios and shares (*percent*)							
Capacity utilization	90.8	91.7	92.4	82.6	93.0	92.7	93.0
Inventories to production	***	***	***	***	***	***	***
Inventories to total shipments	***	***	***	***	***	***	***
Share of total quantity of shipments:							
Internal consumption	***	***	***	***	***	***	***
Home market	***	***	***	***	***	***	***
Exports to--							
The United States	32.3	25.5	30.2	26.0	25.9	25.4	25.1
All other markets[1]	51.7	58.5	57.3	59.7	56.1	61.0	61.3
All export markets	84.0	84.0	87.5	85.7	82.1	86.4	86.4

[1] Other principal export markets include Europe, India, Japan, Middle East, and New Zealand.

Note. – Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-7
Diamond sawblade segments: Korean production capacity, production, shipments, and inventories, 2002-04, January-March 2004, January-March 2005, and projected 2005-06

* * * * * * *

Table VII-8
Finished diamond sawblades: U.S. importers' end-of-period inventories of imports, 2002-04, January-March 2004, and January-March 2005

Source	Calendar year			January-March	
	2002	2003	2004	2004	2005
Imports from China:					
Inventories (*units*)	383,125	560,429	778,214	668,031	761,446
Ratio to imports (*percent*)	31.8	26.9	27.1	25.4	26.9
Ratio to U.S. shipments of imports (*percent*)	33.9	30.6	29.9	32.6	27.8
Imports from Korea:					
Inventories (*units*)	501,636	334,657	448,379	392,156	564,999
Ratio to imports (*percent*)	23.0	18.0	19.8	19.4	26.0
Ratio to U.S. shipments of imports (*percent*)	25.6	17.0	21.1	21.9	33.6
Total imports from subject sources:					
Inventories (*units*)	884,761	895,086	1,226,593	1,060,187	1,326,445
Ratio to imports (*percent*)	26.1	22.7	23.8	22.8	26.5
Ratio to U.S. shipments of imports (*percent*)	28.7	23.6	25.9	27.6	30.0
Imports from other sources:					
Inventories (*units*)	189,989	154,811	269,386	228,951	307,810
Ratio to imports (*percent*)	16.3	11.6	16.5	14.8	21.0
Ratio to U.S. shipments of imports (*percent*)	16.9	11.3	17.6	18.3	22.2
Total imports from all sources:					
Inventories (*units*)	1,074,750	1,049,897	1,495,979	1,289,138	1,634,255
Ratio to imports (*percent*)	23.6	19.9	22.1	20.8	25.3
Ratio to U.S. shipments of imports (*percent*)	25.5	20.3	23.9	25.3	28.1

Note.–Because of rounding, figures may not add to the totals shown. Partial-year ratios are based on annualized import and shipment data.

Source: Compiled from data submitted in response to Commission questionnaires.

Table VII-9
Diamond sawblade parts: U.S. importers' end-of-period inventories of imports, 2002-04, January-March 2004, and January-March 2005

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS FOR DIAMOND SAWBLADES

Thirteen firms reported imports or arrangements for the importation of a total of *** diamond sawblades from China after March 31, 2005. Thirteen firms reported imports or arrangements for the importation of a total of *** diamond sawblades from Korea after March 31, 2005. An additional *** of diamond sawblades was reported to be imported after March 31, 2005, but was not broken out between the two subject countries. Four companies importing from Korea and one company importing from China reported orders placed on a regular basis but no value was given.

DUMPING IN THIRD-COUNTRY MARKETS

One Korean manufacturer reported that turbo sintered rim cutters from Korea are currently subject to antidumping findings or remedies in Germany, Italy, and the United Kingdom.[13] However, counsel for Korean respondents reported that they are not aware of any antidumping findings or remedies on Korean diamond sawblades in Europe.[14] Diamond sawblades from China have not been subject to any import relief investigations, including antidumping findings or remedies, in the United States or in any other country.

[13] Dongshin Diamond foreign producer questionnaire.

[14] Staff was unable to find any antidumping findings or remedies against diamond sawblades from Korea in Europe listed on the WTO web site. Staff also ***.

APPENDIX A

FEDERAL REGISTER NOTICES

Applicant: Scott A. Benson, Bennington, WA, PRT–101963.

The applicant requests a permit to import the sport-hunted trophy of one male bontebok (*Damaliscus pygargus pygargus*) culled from a captive herd maintained under the management program of the Republic of South Africa, for the purpose of enhancement of the survival of the species.

Applicant: Steven L. Evers, Omaha, NE, PRT–101964.

The applicant requests a permit to import the sport-hunted trophy of one male bontebok (Damaliscus pygargus pygargus) culled from a captive herd maintained under the management program of the Republic of South Africa, for the purpose of enhancement of the survival of the species.

Applicant: Ferdinand Hantig and Anton Fercos, Las Vegas, Nevada, PRT–101024.

The applicant requests permits to export a female captive born tiger (*Panthera tigris*) to worldwide locations for the purpose of enhancement of the species through conservation education. This notification covers activities to be conducted by the applicant over a three-year period and the import of any potential progeny born while overseas.

Dated: April 22, 2005.

Lisa J. Lierheimer,

Senior Permit Biologist, Branch of Permits, Division of Management Authority.

[FR Doc. 05–9243 Filed 5–9–05; 8:45 am]

BILLING CODE 4310–55–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[MT–920–04–1310–FI–P; (MTM 89466)]

Notice of Proposed Reinstatement of Terminated Oil and Gas Lease MTM 89466

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: Per 30 U.S.C. 188(d), the lessee, Omimex Canada, Ltd. timely filed a petition for reinstatement of oil and gas lease MTM 89466, Blaine County, Montana. The lessee paid the required rental accruing from the date of termination.

No leases were issued that affect these lands. The lessee agrees to new lease terms for rentals and royalties of $10 per acre and 16⅔ percent or 4 percentages above the existing competitive royalty rate. The lessee paid the $500 administration fee for the reinstatement of the lease and $155 cost for publishing this Notice.

The lessee met the requirements for reinstatement of the lease per Sec. 31 (d) and (e) of the Mineral Leasing Act of 1920 (30 U.S.C. 188). We are proposing to reinstate the lease, effective November 1, 2004 subject to:

- the original terms and conditions of the lease;
- the increased rental of $10 per acre;
- the increased royalty of 16⅔ percent or 4 percentages above the existing competitive royalty rate; and
- the $155 cost of publishing this Notice.

FOR FURTHER INFORMATION CONTACT: Karen L. Johnson, Chief, Fluids Adjudication Section, BLM Montana State Office, PO Box 36800, Billings, Montana 59107, 406–896–5098.

Dated: April 6, 2005.

Karen L. Johnson,

Chief, Fluids Adjudication Section.

[FR Doc. 05–9255 Filed 5–9–05; 8:45 am]

BILLING CODE 4310–$$–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1092–1093 (Preliminary)]

Diamond Sawblades and Parts Thereof From China and Korea

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731–TA–1092–1093 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China and Korea of diamond circular sawblades and parts thereof, provided for in subheading 8202.39.00 of the Harmonized Tariff Schedule of the United States (''HTSUS''),[1] that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by June 17, 2005. The Commission's views are due at Commerce within five business days thereafter, or by June 24, 2005.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

DATES: Effective May 3, 2005.

FOR FURTHER INFORMATION CONTACT: Elizabeth Haines (202–205–3200), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on May 3, 2005, by the Diamond Sawblade Manufacturers' Coalition and its individual members: Blackhawk Diamond, Inc., Fullerton, CA; Diamond B, Inc., Santa Fe Springs, CA; Diamond Products, Elyria, OH; Dixie Diamond, Lilburn, GA; Hoffman Diamond, Punxsutawney, PA; Hyde Manufacturing, Southbridge, MA; Sanders Saws, Honey Brook, PA; Terra Diamond, Salt Lake City, UT; and Western Saw, Inc., Oxnard, CA.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the **Federal Register**. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations

[1] When packaged together and put up as a set for retail sale with an item that is separately classified under headings 8202 and 8205 of the HTSUS, diamond circular sawblades or parts thereof may be imported under heading 8206.00.00 of the HTSUS.

have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on May 24, 2005, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Elizabeth Haines (202–205–3200) not later than May 19, 2005, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 27, 2005, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: May 5, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–9308 Filed 5–9–05; 8:45 am]

BILLING CODE 7020–01–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–385–386 (Review)]

Granular Polytetrafluoroethylene Resin From Italy and Japan

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on granular polytetrafluoroethylene resin from Italy and Japan would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* May 4, 2005.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187 or *fruggles@usitc.gov*), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On December 1, 2004, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (69 FR 69954, December 1, 2004). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the review and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the

production equipment admitted by Senesco to the zone until which time it becomes operational. The manufacturing and repair activity conducted under FTZ procedures would be subject to the ''standard shipyard restriction'' applicable to foreign-origin steel mill products (*e.g.*, angles, pipe, plate), which requires that all applicable Customs duties be paid on such items. The application indicates that the savings from FTZ procedures would help improve the facility's international competitiveness.

Public comment on the application is invited from interested parties. Submissions (original and three copies) shall be addressed to the Board's Executive Secretary at the following addresses:

1. Submissions via Express/Package Delivery Services: Foreign-Trade Zones Board, U.S. Department of Commerce, Franklin Court Building—4100W, 1099 14th Street, NW., Washington, DC 20005; or,

2. Submissions via the U.S. Postal Service: Foreign-Trade Zones Board, U.S. Department of Commerce, FCB–4100W, 1401 Constitution Ave., NW., Washington, DC 20230.

The closing period for their receipt is July 7, 2005. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period (to July 22, 2005).

A copy of the application will be available for public inspection at the Office of the Foreign-Trade Zones Board's Executive Secretary at address No.1 listed above.

Dated: May 16, 2005.

Dennis Puccinelli,

Executive Secretary.

[FR Doc. 05–10243 Filed 5–20–05; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Regulations and Procedures Technical Advisory Committee; Notice of Partially Closed Meeting

The Regulations and Procedures Technical Advisory Committee (RPTAC) will meet June 7, 2005, 9 a.m., Room 3884, in the Herbert C. Hoover Building, 14th Street between Constitution and Pennsylvania Avenues, NW., Washington, DC. The Committee advises the Office of the Assistant Secretary for Export Administration on implementation of the Export Administration Regulations (EAR) and provides for continuing review to update the EAR as needed.

Agenda

Public Session

1. Opening remarks by the Chairman.
2. Identification of Duties and Election of RPTAC Chair.
3. Presentation of papers or comments by the Public.
4. Regulations update.
5. Update on proposed rule on ''knowledge'', ''red flags'', and ''safe harbor'' (RIN 0694–AC94).
6. Update on proposed rule on deemed export related regulatory requirements (RIN 0694–AD29).
7. Country policy update: Libya.
8. Country policy update: China.
9. Country group revision project update.
10. Encryption controls update.
11. AES update.
12. Office of Export Enforcement update.
13. Work group reports.

Closed Session

14. Discussion of matters determined to be exempt from the provisions relating to public meetings found in 5 U.S.C. app. 2 §§ 10(a)(1) and 10(a)(3).

A limited number of seats will be available for the public session. Reservations are not accepted. To the extent that time permits, members of the public may present oral statements to the Committee. The public may submit written statements at any time before or after the meeting. However, to facilitate the distribution of public presentation materials to the Committee members, the Committee suggests that presenters forward the public presentation materials prior to the meeting to Ms. Yvette Springer at *Yspringer@bis.doc.gov.*

The Assistant Secretary for Administration, with the concurrence of the delegate of the General Counsel, formally determined on May 17, 2005, pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. app. 2 §§ (10)(d)), that the portion of the meeting dealing with matters the disclosure of which would be likely to frustrate significantly implementation of an agency action as described in 5 U.S.C. 552b(c)(9)(B) shall be exempt from the provisions relating to public meetings found in 5 U.S.C. app. 2 §§ 10(a)(1) and 10(a)(3). The remaining portions of the meeting will be open to the public. For more information, call Yvette Springer at (202) 482–2583.

Dated: May 18, 2005.

Yvette Springer,

Committee Liaison Officer.

[FR Doc. 05–10213 Filed 5–20–05; 8:45 am]

BILLING CODE 3510–JT–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–900, A–580–855]

Notice of Request for Information and Extension of the Deadline for Determining the Adequacy of the Petitions for: Diamond Sawblades and Parts Thereof From the People's Republic of China and the Republic of Korea

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: May 23, 2005.

FOR FURTHER INFORMATION CONTACT: Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Inquiries regarding any information on this notice may be addressed by calling Mark Manning at 202–482–5253 and via facsimile at 202–482–5871.

The Petitions

On May 3, 2005, the Department of Commerce (Department) received an antidumping duty petitions (Petitions) filed on behalf of the Diamond Sawblade Manufacturers' Coalition (DSMC) and its individual members (collectively, petitioners).

Scope of the Petitions

The following language describes the imported merchandise from the People's Republic of China (PRC) and the Republic of Korea (Korea) that petitioners intend to be included in the scope of the investigations:

The products covered by these petitions are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below.

Within the scope of these petitions are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to non-steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of

a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of these petitions. Sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the petitions. Circular steel plates that have a cutting edge of non-diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of the petitions. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petitions. Diamond segments with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the petitions.

Merchandise subject to this order is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. The tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the investigation is dispositive.

Petitioners request that the Department and the International Trade Commission (Commission) treat diamond sawblades, diamond sawblade segments, and diamond sawblade cores as one ''domestic like product'' and, similarly, one ''class or kind'' of merchandise for purposes of these investigations.

Domestic Like Product

Section 771(10) of the Tariff Act of 1930, as amended (the Act), 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 investigation.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petitions.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) 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. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Request for Information

Because the Petitions have not established that domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product support the petition, we must ''poll or otherwise determine industry support for the petition by the industry.'' *See* section 732(c)(4)(D) of the Act.

In accordance with section 732(c)(4)(D) of the Act and in order to determine whether the Petitions establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, we are hereby requesting that all domestic producers/manufacturers of diamond sawblades and parts thereof submit to the Department a response to the questions on Import Administration's Web site: *http://ia.ita.doc.gov.*

Filing Requirements

Given the very short period in which we must determine industry support, the number of potential responses, and the fact that industry support may not be re-examined after initiation, we are waiving the filing requirements set forth in 19 CFR 351.303 for certain parties submitting information on industry support. This waiver of the filing requirements will not apply to: (1) the submission of documents that are not in response to the information requested in this notice or (2) parties that are familiar with the conduct of antidumping and countervailing proceedings through prior involvement in such proceedings (*e.g.*, parties represented by law firms that are involved in other antidumping/countervailing cases).

This limited waiver is applicable only until May 25, 2005, the deadline for submitting the information requested in this notice. This waiver is intended to expedite the receipt of information that is essential to our analysis of industry support by providing information on the production of the domestic like product by petitioning and non-petitioning companies. By avoiding delays in the receipt of such information, we will have more time to analyze whether the statutory requirements concerning industry support for the above-referenced petitions have been met.

All parties submitting any information must include the following statement in their response: ''I, (name and title), currently employed by (person), certify that (1) I have read the attached submission, and (2) based on the information made available to me by (person), I have no reason to believe that this submission contains any material misrepresentation or omission of fact.'' All information received by the Department will be treated as business proprietary information as outlined in our regulations (19 CFR 351.304–306), unless otherwise noted. Please note that all company names will be treated as public information. In addition, note that all business proprietary documents received by the Department in response to this notice will be served to those individuals with access to business proprietary information under the Administrative Protective Order (APO). All public documents may be made available to those parties on the public service list. The APO service lists and the public service lists are available on Import Administration's Web site: *http://ia.ita.doc.gov*.

Information submitted to the Department in response to this notice should be addressed to Carrie Blozy and faxed to the following number: 202–482–5871. Furthermore, all such information will be placed on the official record of the proceeding. Responses to this notice are due no later than May 25, 2005. Responses after this date may not be reviewed by the Department and, therefore, not included in the analysis.

Extension of Time

Section 732(c)(1)(A)(ii) of the Act provides that within 20 days of the filing of an antidumping duty petition, the Department will determine, *inter alia*, whether the petition has been filed by or on behalf of the U.S. industry producing the domestic like product. Section 732(c)(1)(B) of the Act provides that the deadline for the initiation determination can be extended by 20 days in any case in which the Department must ''poll or otherwise determine support for the petition by the industry * * *.''

We will require additional information from the petitioners and the domestic producers of diamond sawblades and parts thereof in order to make our determination regarding industry support. We will also need additional time to analyze the petitioners' responses to our requests for information. *See* the ''Determination of Industry Support for the Petitions'' section of this notice, above. Therefore, it is necessary to extend the deadline determining the adequacy of the petitions for a period not to exceed 40 days from the filing of the petitions. As a result, the initiation determination is due no later than June 13, 2005, which is the next business day after 20 days from the original deadline for the initiation determination.

International Trade Commission Notification

Because the Department has extended the deadline of the initiation determination, the Department will contact the Commission and will make this extension notice available to the Commission.

Dated: May 18, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 05–10309 Filed 5–20–05; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Proposed Information Collection; Comment Request; Southwest Region Coral Reef Ecosystems Logbook and Reporting

AGENCY: National Oceanic and Atmospheric Administration (NOAA).

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before July 22, 2005.

ADDRESSES: Direct all written comments to Diana Hynek, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230 (or via the Internet at *dHynek@doc.gov).*

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instrument and instructions should be directed to Walter Ikehara (808) 927–1805 or *Walter.Ikehara@noaa.gov.*

SUPPLEMENTARY INFORMATION:

I. Abstract

National Marine Fisheries Service (NMFS) requires U.S. fishing vessels registered for use (or any U.S. citizen issued) with a Special Coral Reef Ecosystem Fishing Permit, authorized under the Fishery Management Plan for Coral Reef Ecosystems of the western Pacific region, to complete logbooks and submit them to NMFS. The information in the logbooks is used to obtain fish catch/fishing effort data on coral reef taxa harvested in designated low-use marine protected areas and on potentially-harvested coral reef taxa in waters of the U.S. exclusive economic zone in the western Pacific region. These data are needed to determine the condition of the stocks and whether the current management measures are having the intended effects, to evaluate the benefits and costs of changes in management measures, and to monitor and respond to incidental takes of endangered and threatened marine animals.

II. Method of Collection

Information is submitted to NMFS in the form of paper logbook sheets and paper transshipment forms within 30 days of each landing of coral reef harvest.

III. Data

OMB Number: 0648–0462.

Form Number: None.

Type of Review: Regular submission.

Affected Public: Business or other for-profit organizations and individuals or households.

Estimated Number of Respondents: 5.

Estimated Time Per Response: 3 minutes per trip; 30 minutes per day.

Estimated Total Annual Burden Hours: 382.

Estimated Total Annual Cost to Public: $0.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: May 17, 2005.

Gwellnar Banks,

Management Analyst, Office of the Chief Information Officer.

[FR Doc. 05–10181 Filed 5–20–05; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Proposed Information Collection; Comment Request; Southwest Region Coral Reef Ecosystems Permit Form

AGENCY: National Oceanic and Atmospheric Administration (NOAA), DOC.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before July 22, 2005.

ADDRESSES: Direct all written comments to Diana Hynek, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6625, 14th and Constitution Avenue, NW., Washington, DC 20230 (or via the Internet at *dHynek@doc.gov*).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or

Northampton County

Somers House, SE. of jct of Rtes. 183 and 691, Jamesville vicinity, 70000818

[FR Doc. 05–10489 Filed 5–25–05; 8:45 am]

BILLING CODE 4312–51–P

DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

California Bay-Delta Public Advisory Committee Public Meeting

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, the California Bay-Delta Public Advisory Committee (Committee) will meet on June 8, 2005. The second half of the meeting will be held jointly with the California Bay-Delta Authority. The agenda for the Committee meeting will include an orientation for the new Committee members and reports from several of its Subcommittees. The agenda for the joint meeting will include reports from the Director and the Lead Scientist and discussions on short- and long-term funding for the CALFED Bay-Delta Program with State and Federal agency representatives.

DATES: The meeting will be held on Wednesday, June 8, 2005, from 9 a.m. to 4 p.m. If reasonable accommodation is needed due to a disability, please contact Pauline Nevins at (916) 445–5511 or TDD (800) 735–2929 at least 1 week prior to the meeting.

ADDRESSES: The meeting will be held at the Holiday Inn, 300 J Street, Sacramento, California.

FOR FURTHER INFORMATION CONTACT: Margaret Gidding, California Bay-Delta Authority, at 916–445–5511, or Diane Buzzard, U.S. Bureau of Reclamation, at 916–978–5022.

SUPPLEMENTARY INFORMATION: The Committee was established to provide recommendations to the Secretary of the Interior on implementation of the CALFED Bay-Delta Program. The Committee makes recommendations on annual priorities, integration of the eleven Program elements, and overall balancing of the four Program objectives of ecosystem restoration, water quality, levee system integrity, and water supply reliability. The Program is a consortium of State and Federal agencies with the mission to develop and implement a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the San Francisco/Sacramento and San Joaquin Bay Delta.

Committee and meeting materials will be available on the California Bay-Delta Authority Web site at *http://calwater.ca.gov* and at the meeting. This meeting is open to the public. Oral comments will be accepted from members of the public at the meeting and will be limited to 3–5 minutes.

(Authority: The Committee was established pursuant to the Department of the Interior's authority to implement the Fish and Wildlife Coordination Act, 16 U.S.C. 661 *et. seq.,* the Endangered Species Act, 16 U.S.C. 1531 *et. seq.,* and the Reclamation Act of 1902, 43 U.S.C. 371, and the acts amendatory thereof or supplementary thereto, all collectively referred to as the Federal Reclamation laws, and in particular, the Central Valley Project Improvement Act, Pub. L. 102–575.)

Dated: May 12, 2005.

Allan Oto,

Special Projects Officer, Mid-Pacific Region, U.S. Bureau of Reclamation.

[FR Doc. 05–10535 Filed 5–25–05; 8:45 am]

BILLING CODE 4310–MN–M

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1092–1093 (Preliminary)]

Diamond Sawblades and Parts Thereof From China and Korea

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject investigations.

DATES: Effective May 20, 2005.

FOR FURTHER INFORMATION CONTACT: Elizabeth Haines (202–205–3200), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On May 3, 2005, the Commission established a schedule for the conduct of the preliminary phase of the subject investigations (70 FR 24612, May 10, 2005). Subsequently, the Department of Commerce extended the date for its initiation of the investigations from May 23, 2005, to no later than June 13, 2005. The Commission, therefore, is postponing its conference in the investigations from May 24, 2005, to June 15, 2005, to conform with Commerce's new schedule. Any person may submit to the Commission on or before June 20, 2005, a written brief containing information and arguments pertinent to the subject matter of the investigations.

For further information concerning these investigations see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: May 20, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–10574 Filed 5–25–05; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–530]

Certain Electric Robots and Component Parts Thereof; Notice of Commission Decision Not To Review an Initial Determination Granting Complainant's Motion To Amend the Complaint and Notice of Investigation

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review an initial determination (''ID'') issued by the presiding administrative law judge (''ALJ'') granting complainant's motion to amend the complaint and notice of investigation in the above-captioned investigation.

FOR FURTHER INFORMATION CONTACT: Rodney Maze, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3065. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the

EFFECTIVE DATE: June 21, 2005.

FOR FURTHER INFORMATION CONTACT: Patrick Edwards or Abdelali Elouaradia, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–8029 or (202) 482–1374, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 19, 1993, the Department published in the **Federal Register** the antidumping duty order on carbon steel plate from Romania. *See Notice of Antidumping Duty Order: Certain Cut–to-Length Carbon Steel Plate from Romania*, 58 FR 44167 (August 19, 1993) (''*Order*''). On March 14, 2005, Mittal Steel submitted a letter stating that it is the successor–in-interest to Sidex and, as such, is entitled to receive the same antidumping duty treatment previously accorded to Sidex. *See Certain Cut–to-Length Carbon Steel Plate from Romania: Notice of Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 70 FR 12651 (March 15, 2005). In that same letter, Mittal Steel explained that on February 7, 2005, Sidex changed its corporate name to Mittal Steel, following the approval of the name change by Sidex's General Meeting of Shareholders on January 10, 2005. Mittal provided record evidence indicating that the name change was unconditionally recorded and approved by the Trade Register Office of the Galati Tribunal and the National Office of the Trade Registry, a bureau of the Romanian Ministry of Justice, on February 7, 2005. In the March 14, 2005, letter, Mittal Steel also requested that the Department conduct an expedited changed circumstances review of the antidumping duty order on carbon steel plate from Romania pursuant to section 751(b)(1) of the Tariff Act (''the Act''), as amended, and 19 CFR 351.221(c)(3)(ii). Because the record evidence supporting Mittal Steel's claim was sufficient, the Department found that an expedited review was practicable and, on May 3, 2005, issued a combined notice of initiation with the preliminary results. See *Preliminary Results*.

In its *Preliminary Results*, the Department provided the interested parties with an opportunity to comment or request a public hearing regarding the Department's finding that Mittal Steel is the successor–in-interest to Sidex. No comments were submitted, nor was a public hearing requested.

Scope of the Order

For a complete description of the scope of the order, *see Certain Cut–to-Length Carbon Steel Plate from Romania: Notice of Final Results and Final Partial Rescission of Antidumping Duty Administrative Review*, 70 FR 12651 (March 15, 2005).

Final Results of Changed Circumstances Review

For the reasons stated in the *Preliminary Results*, and because we received no comments to the contrary, we continue to find that Mittal Steel is the successor–in-interest to Sidex. We will instruct U.S. Customs and Border Protection (''CBP'') to apply the cash deposit rate determination in this changed circumstances review to all entries of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this changed circumstances review. *See Granular Polytetrafluoroethylene Resin from Italy: Final Results of Antidumping Duty Changed Circumstances Review*, 68 FR 25327 (May 12, 2003). The cash deposit rate shall remain in effect until publication of the final results of the next administrative review in which Mittal Steel participates.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of APO is a sanctionable violation.

This notice is in accordance with sections 751(b)(1) and 777(i)(1) of the Act, and 19 CFR 351.216.

Dated: June 13, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–3216 Filed 6–20–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–900 and A–580–855]

Initiation of Antidumping Duty Investigations: Diamond Sawblades and Parts Thereof from the People's Republic of China and the Republic of Korea

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: June 21, 2005.

FOR FURTHER INFORMATION CONTACT: Catherine Bertrand, Carrie Blozy (China) or Mark Manning (Korea), AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–3207, (202) 482–5403 and (202) 482–5253, respectively.

INITIATION OF INVESTIGATIONS

The Petitions

On May 3, 2005, the Department of Commerce (''Department'') received petitions on imports of diamond sawblades and parts thereof (''diamond sawblades'') from the People's Republic of China (''PRC'') and the Republic of Korea (''Korea'') filed in proper form by the Diamond Sawblade Manufacturers' Coalition (''Petitioner'') on behalf of the domestic industry and workers producing diamond sawblades. The period of investigation (''POI'') for the PRC is October 1, 2004, through March 31, 2005. The POI for Korea is April 1, 2004, through March 31, 2005.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (''the Act''), Petitioner alleged that imports of diamond sawblades from the PRC and Korea are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring and threaten to injure an industry in the United States.

Scope of Investigations

The products covered by these investigations are all finished circular sawblades, whether slotted or not, with a working part that is comprised of a diamond segment or segments, and parts thereof, regardless of specification or size, except as specifically excluded below. Within the scope of these investigations are semifinished diamond sawblades, including diamond sawblade cores and diamond sawblade segments. Diamond sawblade cores are circular steel plates, whether or not attached to

non–steel plates, with slots. Diamond sawblade cores are manufactured principally, but not exclusively, from alloy steel. A diamond sawblade segment consists of a mixture of diamonds (whether natural or synthetic, and regardless of the quantity of diamonds) and metal powders (including, but not limited to, iron, cobalt, nickel, tungsten carbide) that are formed together into a solid shape (from generally, but not limited to, a heating and pressing process).

Sawblades with diamonds directly attached to the core with a resin or electroplated bond, which thereby do not contain a diamond segment, are not included within the scope of the investigations. Diamond sawblades and/or sawblade cores with a thickness of less than 0.025 inches, or with a thickness greater than 1.1 inches, are excluded from the scope of the investigations. Circular steel plates that have a cutting edge of non–diamond material, such as external teeth that protrude from the outer diameter of the plate, whether or not finished, are excluded from the scope of these investigations. Diamond sawblade cores with a Rockwell C hardness of less than 25 are excluded from the scope of the petition. Diamond sawblades and/or diamond segment(s) with diamonds that predominantly have a mesh size number greater than 240 (such as 250 or 260) are excluded from the scope of the investigations.

Merchandise subject to these investigations is typically imported under heading 8202.39.00.00 of the Harmonized Tariff Schedule of the United States (''HTSUS''). When packaged together as a set for retail sale with an item that is separately classified under headings 8202 to 8205 of the HTSUS, diamond sawblades or parts thereof may be imported under heading 8206.00.00.00 of the HTSUS. The tariff classification is provided for convenience and U.S. Customs and Border Protection purposes; however, the written description of the scope of these investigations is dispositive.

Comments on Scope of Investigations

During our review of the Petitions, we discussed the scope with Petitioner to ensure that it accurately reflects the product for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage. *See Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27295, 27323 (1997). The Department encourages all interested parties to submit such comments within 20 calendar days of publication of this initiation notice. Comments should be addressed to Import Administration's Central Records Unit in Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230 - Attn: Mark Manning. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with interested parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a Petition be filed by or on behalf of the domestic industry. In order to determine whether a petition has been filed by or on behalf of the industry the Department, pursuant to section 732(c)(4)(A) of the Act, determines whether a minimum percentage of the relevant industry supports the Petition. A Petition meets this requirement if the domestic producers or workers who support the Petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) 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. Moreover, section 732(c)(4)(D) of the Act provides that, if the Petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the Petition, as required by subparagraph (A), or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether a Petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (''ITC''), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 642–44 (CIT 1988).

Section 771(10) of the Act 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 under this title.'' Thus, the reference point from which the domestic like product analysis begins is ''the article subject to an investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the Petition.

With regard to the domestic like product, Petitioner does not offer a definition of domestic like product distinct from the scope of the investigations. Based on our analysis of the information submitted in the Petitions, we have determined there is a single domestic like product, diamond sawblades, which is defined further in the ''Scope of the Investigations'' section above, and we have analyzed industry support in terms of that domestic like product.

Based on information provided in the Petitions, the share of total estimated U.S. production of the domestic like product in calendar year 2004 represented by Petitioner did not account for more than 50 percent of the total production of the domestic like product. Therefore, in accordance with 732(c)(4)(D) of the Act, we polled the industry. *See Notice of Request for Information and Extension of the Deadline for Determining the Adequacy of the Petitions for: Diamond Sawblades and Parts Thereof From the People's Republic of China and the Republic of Korea*, 70 FR 29478 (May 23, 2005).

On May 18, 20, 23, and 25, 2005, we issued polling questionnaires to all known producers of diamond sawblades identified in the Petitions, submission from other interested parties, and found on the internet by the Department. The questionnaires are on file in the Central Records Unit (''CRU'') in room B–099 of the main Department of Commerce building. Additionally, the questionnaires were available on the Import Administration website. We requested that each company complete the polling questionnaire and certify their responses by faxing their responses to the Department by the due date. Late responses were not included in our analysis. For a detailed discussion of the

responses received please see the *Initiation Checklists* at Attachment I.

Our analysis of the data indicates that the domestic producers of diamond sawblades who support the Petitions account for at least 25 percent of the total production of the domestic like product and more than 50 percent of the production (by U.S. dollar sales value) of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. *See Initiation Checklist* at Attachment I. Accordingly, the Department determines that the industry support requirements of section 732(c)(4)(A) of the Act have been met. Therefore, the Department determines that Petitioner filed these petitions on behalf of the domestic industry because it is an interested party as defined in section 771(9)(F) of the Act and it has demonstrated sufficient industry support with respect to the antidumping investigations that it is requesting the Department initiate. *See Initiation Checklists* at Attachment I (Industry Support).

U.S. Price and Normal Value

The following is a description of the allegation of sales at less than fair value upon which the Department based its decision to initiate these investigations on Korea and the PRC. The sources of data for the deductions and adjustments relating to the U.S. price, home–market price (Korea only) and the factors of production (PRC only) are also discussed in the country–specific *Initiation Checklist*. *See Korea Initiation Checklist* and *PRC Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may reexamine the information and revise the margin calculations, if appropriate.

PRC

Export Price

Petitioner based export price on a price quotation from a Chinese producer/exporter of diamond sawblades. Based on information provided by the Petitioner, contained in a price quote sheet from a Chinese producer/exporter of diamond sawblades, the Department recalculated the price. *See* proprietary *PRC Initiation Checklist* for details of recalculation. The Department deducted from this price the costs associated with exporting and delivering the product, including freight expense, inland insurance, and brokerage and handling. The Department adjusted this price quotation to the PRC. *See* proprietary *PRC Initiation Checklist*.

Normal Value

Petitioner asserted that the PRC is a non–market economy (''NME'') and no determination to the contrary has yet been made by the Department. In previous investigations, the Department has determined that the PRC is a NME. *See Notice of Final Determination of Sales at Less Than Fair Value: Magnesium Metal from the People's Republic of China*, 70 FR 9037 (February 24, 2005), *Notice of Final Determination of Sales at Less Than Fair Value: Certain Tissue Paper Products from the People's Republic of China*, 70 FR 7475 (February 14, 2005), and *Notice of Final Determination of Sales at Less Than Fair Value: Certain Frozen and Canned Warmwater Shrimp from the People's Republic of China*, 69 FR 70997 (December 8, 2004). In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and remains in effect for purposes of the initiation of this investigation. Accordingly, the normal value (''NV'') of the product is appropriately based on factors of production valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the PRC's NME status and the granting of separate rates to individual exporters.

Petitioner selected India as the surrogate country. Petitioner argued that, pursuant to section 773(c)(4) of the Act, India is an appropriate surrogate because it is a market–economy country that is at a comparable level of economic development to the PRC and is a significant producer and exporter of diamond sawblades. *See* Petition, Vol. II at 9 and 10. Based on the information provided by Petitioner, we believe that its use of India as a surrogate country is appropriate for purposes of initiating this investigation. After the initiation of the investigation, we will solicit comments regarding surrogate country selection. Also, pursuant to 19 CFR 351.301(c)(3)(i) of the Department=s regulations, interested parties will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioner explained that the production process for diamond sawblades takes place in two stages: 1) the production of diamond blade cores; and 2) the production of the finished diamond blade, which includes the production of diamond segments. Petitioner stated that Chinese manufacturers of diamond sawblades may either produce both cores and finished blades, or may purchase sawblade cores from other Chinese entities. *See* Petition Vol. II at 12. In building–up the factors of production, Petitioner started with a complete core as the primary input in finished diamond sawblades.

Petitioner provided a dumping margin calculation using the Department's NME methodology as required by 19 CFR 351.202(b)(7)(i)(C). *See* Petition at Exhibit II–21, *see also*, June 1, 2005, Amendment to the Petition, at Exhibit 3, and June 8, 2005, Amendment to the Petition, at Exhibit 4. To determine the quantities of inputs used by the PRC producers to produce a finished diamond sawblade, Petitioner relied on the production experience and actual consumption rates of a U.S. diamond sawblade producer for the period October 2004 through March 2005. Petitioner stated that the product selected was chosen because it is commonly offered for sale by Chinese producers and sold in the United States. *See* Petition Vol. II at 3.

In accordance with section 773(c)(4) of the Act, Petitioner valued factors of production, where possible, on reasonably available, public surrogate country data. To value certain factors of production, Petitioner used official Indian government import statistics, excluding those values from countries previously determined by the Department to be NME countries and excluding imports into India from Indonesia, Korea and Thailand, because the Department has previously excluded prices from these countries because they maintain broadly–available, non–industry specific export subsidies. *See Automotive Replacement Glass Windshields From the People's Republic of China: Final Results of Administrative Review*, 69 FR 61790 (October 21, 2004), and accompanying Issues and Decision Memorandum at Comment 5.

For inputs valued in Indian rupees and not contemporaneous with the POI, Petitioner used information from the wholesale price indices (''WPI'') in India as published by the International Monetary Fund in the *International Financial Statistics* to determine the appropriate adjustments for inflation. In addition, Petitioner made currency conversions, where necessary, based on the average rupee/U.S. dollar exchange rate for the POI as reported on the Department's website.

To value electricity, the Petitioner relied on information collected by the International Energy Agency during the year 2000 concerning prices paid by industrial users. Petitioner revised this data to adjust for inflation using the Indian WPI in effect during the POI.

To value cores as an input of finished diamond saw blades, Petitioner utilized imports of cores imported into India during the period October 2004 through March 2005 as reported by www.infodriveindia.com, which is a fee–based website providing Indian customs data. *See* June 8, 2005, Amendment to the Petition at 2. Petitioner explained that it excluded from the calculation Indian imports of cores with average unit values above Rs. 1500.00 because cores above this price point are likely to be larger than the models examined in the Petition. We note that the infodrive data submitted by Petitioner, which for some observations indicates the size of the cores, demonstrates that cores above 1500 Rs are likely to be a larger size. Petitioner did not include imports from NME countries and from Thailand, Korea, and Indonesia. Petitioner explained that the infodrive data is one of the only publicly available data sources for import values which permits disaggregation at a detailed level and is the best information reasonably available to Petitioner to obtain product specific information to value sawblade cores for finished sawblades.

While Petitioner previously submitted Indian import statistics from the Indian Ministry of Commerce publication *Monthly Statistics of the Foreign Trade of India* (''*MSFTI*'') to value cores, we noted that the applicable HTS category (8202.39.00), can include both cores and finished diamond sawblades. *See* June 1, 2005, Amendment to the Petition at 2. We find that the use of the *MSFTI* import data could result in a potential under–statement or over–statement of normal value depending on the relative composition of cores to other merchandise imported under this HTS category. Given: (1) that the record currently contains insufficient detail to resolve this potential drawback regarding the MSFTI data; (2) that the infodrive data, although it may be incomplete, appears to be both specific to the input in question as well as contemporaneous; (3) that there is no better data currently on the record to value this input; (4) that the statutory standard Petitioner bears at initiation involving the provision of data reasonably available to it appears to be satisfied by the infodrive data; (5) that Petitioner's methodology of disregarding higher–valued importations is an inherently conservative approach; and finally, (6) that using either the MSFTI or infodrive data source provide adequate evidence of dumping at the initiation stage, we find that for initiation purposes in this instance, it is appropriate to use Petitioners' submitted infodrive data to value cores. However, should the need arise to use the petition margin as facts available under section 776 of the Act in our preliminary or final determinations, we will re–examine the valuation of cores for the purposes of relying on the petition margin.

The Department calculates and publishes the surrogate values for labor to be used in NME cases. Therefore, to value labor, Petitioner used a labor rate of $0.93 per hour, in accordance with the Department's regulations. *See* 19 CFR 351.408(c)(3) and Petition Vol. II at 20.

Petitioner calculated surrogate financial ratios (overhead, SG&A and profit) using information obtained from the Reserve Bank of India publication *Reserve Bank of Indian Bulletin* published in August 2004, for the period 2002–2003. Petitioner stated that it was unable to obtain financial reports from an Indian diamond sawblade producer. *See* Petition Vol. II at 22. The Department agrees with Petitioner's contention that, in the absence of surrogate financial data for the specific subject merchandise, the Department may consider other financial data, such as the *Reserve Bank of India Bulletin*. *See Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China: Preliminary Results of Administrative Reviews and Preliminary Partial Rescission of Antidumping Duty Administrative Reviews*, 70 FR 11934 (March 10, 2005). In this case, the Department has accepted the financial information from the *Reserve Bank of India Bulletin* for the purposes of initiation, because these data appear to be the best information on such expenses currently available to Petitioner.

The Department's practice in NME proceedings is to add to surrogate values based on import statistics a surrogate freight cost calculated using the shorter of the reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory. This adjustment is in accordance with the Court of Appeals for the Federal Circuit's decision in *Sigma Corp. v. United States*, 117 F. 3d 1401, 1408 (Fed. Cir. 1997). Here, the Department has adjusted Petitioner's NV calculation to remove the raw material freight expense. Petitioner was unable to obtain the actual supplier distances to the Chinese producer, and instead used the distance from the port of exportation to the Chinese company, 265 kilometers, to calculate raw material supplier freight expense. As the Petitioner was unable to provide reasonably available information to demonstrate that 265 kilometers was the shorter of the two distances, *see* May 11, 2005, Amendment to the Petition at 7, the Department removed all supplier freight expenses from the NV calculation.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the estimated recalculated dumping margin for diamond sawblades from the PRC is 164.09 percent.

Korea

Constructed Export Price

Petitioner based U.S. price on constructed export price (''CEP'') because it stated that Korean producers of diamond blades typically sell subject merchandise through affiliated trading companies. *See* Volume III of the Petition at page 2. Specifically, Petitioner calculated CEP based on offers of diamond sawblades manufactured in Korea by Ehwa Diamond Industrial Tool Co., Ltd. (''Ehwa''), a large Korean manufacturer of diamond sawblades, and offered for sale in the United States by General Tool, Inc. (''General Tool''), Ehwa's U.S. sales affiliate. *See* Supplement to the Petition, dated May 13, 2005 at Exhibit 6. Petitioner identified two sizes of diamond sawblades commonly sold in the U.S. market and obtained price quotes for each size from General Tool. *Id.* Petitioner calculated net U.S. prices by deducting ocean freight/insurance, harbor maintenance tax and merchandise processing fee, U.S. domestic freight, imputed credit expense, commission fees, and an amount for CEP profit. *Id.* at Exhibit 7. The petitioner made no adjustments to CEP for packing expenses. *Id.* at page 20.

We reviewed Petitioner's data and adjusted its calculation of CEP by disallowing the deduction of commission fees from the starting U.S. price. Specifically, Petitioner did not adjust NV for commission fees because it stated that sales in the Korean market were offered for sale directly by Ehwa with no distributor involved. *See* Volume III of the Petition at Exhibit III–13. For CEP sales, Petitioner states that General Tool sells sawblades to end–users, distributors, and U.S. producers of diamond blades. *See* Supplement to the Petition, dated May 13, 2005 at Exhibit 6. Further, Petitioner's U.S.

price quotes are based upon a negotiation of sales terms between a petitioning U.S. company and an employee of General Tool. *Id.* Based upon the affidavit provided in Exhibit 6 of the Supplement to the Petition, dated May 13, 2005, it is reasonable to infer that the sales offers in the United States were negotiated and offered without the benefit of an outside sales agent. Therefore, since the price quotes obtained in the Korean market were directly from the Korean manufacturer, and the price quotes obtained in the U.S. market were directly from the Korean manufacturer's affiliate, the Department is disallowing the adjustment for commission fees. *See* Checklist at Attachments IV and V for the re–calculation of CEP and the dumping margins.

Normal Value

To calculate NV, Petitioner provided two price quotes, for two different sizes of diamond sawblades, obtained through foreign market research regarding products manufactured by Ehwa and offered for sale in the Korean market. *See* Volume III of the Petition at pages 14–15 and Exhibit III–13. These sales prices were offered by Ehwa without the involvement of a distributor or agent. *Id.* Petitioner did not deduct imputed credit expense from NV due to a business proprietary reason. *See Korea Initiation Checklist* for a discussion of this issue. Petitioner made no adjustment to the prices quotes, nor did it adjust NV for packing expenses. *See* Volume III of the Petition at page 15; *see* Supplement to the Petition, dated May 13, 2005 at page 20.

Based on a comparison of CEP to NV, calculated in accordance with section 773(a) of the Act, the estimated recalculated dumping margin for diamond sawblades from Korea is 63.61 percent to 67.59 percent.

Fair Value Comparisons

Based on the data provided by Petitioner, there is reason to believe that imports of diamond sawblades from the PRC and Korea are being, or are likely to be, sold in the United States at less than fair value. Based upon comparisons of export price to the NV, calculated in accordance with section 773(c) of the Act, the estimated recalculated dumping margin for diamond sawblades from the PRC is 164.09 percent. Based upon comparisons of CEP to the NV, calculated in accordance with section 773(c) of the Act, the estimated recalculated dumping margins for diamond sawblades from Korea range from 63.61 percent to 67.59 percent.

Allegations and Evidence of Material Injury and Causation

With regard to the PRC and Korea, Petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. Petitioner contends that the industry's injured condition is illustrated by the decline in customer base, market share, domestic shipments, prices and profit. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See Initiation Checklists*.

Separate Rates and Quantity and Value Questionnaire

The Department recently modified the process by which exporters and producers may obtain separate–rate status in NME investigations. This change is described in *Policy Bulletin 05.1: Separate–Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non–Market Economy Countries*, (April 5, 2005), (''*Policy Bulletin 05.1*'') available at *http://ia.ita.doc.gov/*. Although the process has changed, now requiring submission of a separate–rate status application, the standard for eligibility for a separate rate (which is whether a firm can demonstrate an absence of both *de jure* and *de facto* governmental control over its export activities) has not changed.

The specific requirements for submitting a separate–rates application are outlined in detail in the application itself, and in Policy Bulletin 05.1, which is also available on the Department's website at *http://ia.ita.doc.gov/policy/bull05–1.pdf*. Regarding deadlines, Policy Bulletin 05.1 explains that ''(a)ll applications are due sixty calendar days after publication of the initiation notice. This deadline applies equally to NME–owned and wholly foreign–owned firms for completing the applicable provisions of the application and for submitting the required supporting documentation.'' *See Policy Bulletin 05.1* at page 5.

The deadline for submitting a separate–rates application applies equally to NME–owned firms, wholly foreign–owned firms, and foreign sellers who purchase the subject merchandise and export it to the United States. Therefore, this notice constitutes public notification to all firms eligible to seek separate–rate status in the investigation of diamond sawblades from the PRC that they must submit a separate–rates application within 60 calendar days of the date of publication of this initiation notice in the **Federal Register**. All potential respondents should also bear in mind that firms to which the Department issues a Quantity and Value (''Q&V'') questionnaire must respond both to this questionnaire and to the separate–rates application by the respective deadlines in order to receive consideration for a separate–rate status. In other words, the Department will not give consideration to any separate rate–status application made by parties that were issued a Q&V questionnaire by the Department but failed to respond to that questionnaire within the established deadline. The particular separate–rate status application for this investigation is available on the Department's web site *http://ia.ita.doc.gov*.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates and Combination Rates Bulletin, states:

> ''(w)hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non–investigated firms receiving the weighted–average of the individually calculated rates. This practice is referred to as the application of ''combination rates'' because such rates apply to specific combinations of exporters and one or more producers. The cash–deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question and produced by a firm that supplied the exporter during the period of investigation.''

Separate Rates and Combination Rates Bulletin, at page 6.

Initiation of Antidumping Investigations

Based upon our examination of the Petitions on diamond sawblades and parts thereof from the PRC and Korea, we find that these Petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of diamond sawblades from the PRC and Korea are being, or are likely to be, sold in the United States at less than fair value. Unless postponed, we will make our preliminary determinations no later than 140 days after the date of these initiations.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the Petition has been provided to the Government of the PRC and the Government of Korea.

International Trade Commission Notification

We have notified the International Trade Commission (''ITC'') of our initiations, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of these initiations, whether there is a reasonable indication that imports of diamond sawblades and parts thereof from China and Korea are causing material injury, or threatening to cause material injury, to a U.S. industry. See section 733(a)(2) of the Act. A negative ITC determination will result in the investigations being terminated; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: June 13, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–3209 Filed 6–20–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–001]

Continuation of Antidumping Duty Order; Potassium Permanganate from the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: As a result of the determinations by the Department of Commerce (''the Department'') and the International Trade Commission (''ITC'') that revocation of the antidumping duty order on potassium permanganate from the People's Republic of China (''China'') would likely lead to continuation or recurrence of dumping, and material injury to an industry in the United States, the Department is publishing notice of the continuation of this antidumping duty order.

EFFECTIVE DATE: June 21, 2005.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit or Dana Mermelstein, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–5050 or (202) 482–1391, respectively.

SUPPLEMENTARY INFORMATION:

Background

On October 1, 2004, the Department initiated and the ITC instituted a sunset review of the antidumping duty order on potassium permanganate from China, pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act'').[1] As a result of its review, the Department found that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping and notified the ITC of the magnitude of the margins likely to prevail were the order to be revoked.[2] On June 2, 2005, the ITC determined, pursuant to section 751(c) of the Act, that revocation of the antidumping duty order on potassium permanganate from China would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[3]

Scope of the Order

Imports covered by this antidumping duty order are shipments of potassium permanganate, an inorganic chemical produced in free–flowing, technical, and pharmaceutical grades. Potassium permanganate is currently classifiable under item 2841.61.00 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and customs purposes; however, the written description remains dispositive.

Determination

As a result of the determinations by the Department and the ITC that revocation of this antidumping duty order would likely lead to continuation or recurrence of dumping and material injury to an industry in the United States, pursuant to section 751(d)(2) of the Act, the Department hereby orders the continuation of the antidumping duty order on potassium permanganate from China.

U.S. Customs and Border Protection will continue to collect antidumping duty deposits at the rates in effect at the time of entry for all imports of subject merchandise. The effective date of continuation of this order will be the date of publication in the **Federal Register** of this Notice of Continuation. Pursuant to section 751(c)(2) and 751(c)(6)(A) of the Act, the Department intends to initiate the next five-year review of this order not later than May 2010.

This five-year (sunset) review and notice are in accordance with section 751(c) of the Act.

Dated: June 9, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5–3210 Filed 6–20–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–122–838]

Notice of Final Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products from Canada

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) has determined, pursuant to section 751(b) of the Tariff Act of 1930, as amended (the Act), that Winton Global Lumber Ltd. (Winton Global) is the successor–in-interest to The Pas Lumber Company Ltd. (The Pas) and, as a result, should be accorded the same treatment previously accorded to The Pas in regard to the antidumping order on certain softwood lumber products from Canada as of the date of publication of this notice in the **Federal Register**.

EFFECTIVE DATE: June 21, 2005.

FOR FURTHER INFORMATION CONTACT: Daniel O'Brien or David Neubacher, at

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[1] *See Initiation of Five-year (''Sunset'') Reviews*, 69 FR 58890 (October 1, 2004), and ITC *Investigation No.731-TA-125 (Second Review)*, 69 FR 58955 (October 1, 2004).

[2] *See Potassium Permanganate from the People's Republic of China; Five Year (''Sunset'') Review of Antidumping Duty Order: Final Results*, 70 FR 24520 (May 10, 2005).

[3] *See* Investigation No. 731-TA-125 (Second Review), 70 FR 32372 (June 2, 2005).

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigations:

Subject: Diamond Sawblades and Parts Thereof from China and Korea
Investigation No.: 731-TA-1092-1093 (Preliminary)
Date and Time: June 15, 2005 - 9:30 am

The conference was held in Room 101 (Main Hearing Room) of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Wiley Rein & Fielding
Washington, DC
on behalf of

Diamond Sawblade Manufacturing Coalition

Bruce Burnett, Vice President, Diamond B, Inc.
Richard Brakeman, Chief Financial Officer, Diamond B, Inc.
Steve Garrison, Sales Manager, Diamond B, Inc.
Ken Rizner, Vice President Manufacturing, Hyde Tools, Inc.
Bob Priest, President, Sanders Saws
Steve Palovochik, President, Hoffman Diamond
Kevin Baron, President, Western Saw

Daniel B. Pickard)
Charles O. Verrill) – OF COUNSEL
Paul A. Zucker)

In Opposition to the Imposition of Antidumping Duties:

Akin Gump Strauss Hauer & Feld
Washington, DC
on behalf of

John Corcoran, President, Sutton Diamond Tool
Roger Lewis, President, Diteq, Corp.
Christine Kim, Director, Ehwa Diamond Industrial Co.
Daniel W. Klett, Capital Trade

Spencer Griffith)
) – OF COUNSEL
J. David Park)

<u>In Opposition to the Imposition of Antidumping Duties</u>:–*Continued*

Wilmer, Cutler, Pickering, Hale & Dorr
Washington, DC
<u>on behalf of</u>

Douglas I. Nixon, General Manager, Thin Wheels & CPD, North America, Saint-Gobain Abrasives

John Greenwald)
Lynn Fischer Fox) – OF COUNSEL
Tammy Horn)

Lafave & Sailer
Washington, DC
<u>on behalf of</u>

Clifford Sallis, President, Lackmond Products , Inc.

Francis J. Sailer) – OF COUNSEL

Garvey, Schubert & Barer
Washington, DC
<u>on behalf of</u>

Paul Shen, President, Gang Yan Diamond Products

Lizbeth Levinson)
) – OF COUNSEL
Ron Wisla)

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt
Washington, DC
<u>on behalf of</u>

Brian E. Delahaut, Vice President, MK Diamond

Paul G. Figueroa) – OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Finished diamond sawblades: Summary data concerning the U.S. market, 2002-04, January-March 2004, and January-March 2005

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-Mar.
Item	2002	2003	2004	2004	2005	2002-04	2002-03	2003-04	2004-05
U.S. consumption quantity:									
Amount	4,917,202	5,832,328	6,963,788	1,432,980	1,613,118	41.6	18.6	19.4	12.6
Producers' share (1)	14.3	11.3	10.1	11.1	9.9	-4.3	-3.0	-1.3	-1.2
Importers' share (1):									
China	23.0	31.4	37.3	35.8	42.5	14.4	8.5	5.9	6.8
Korea	39.8	33.8	30.6	31.3	26.0	-9.2	-6.0	-3.2	-5.3
Subtotal	62.7	65.2	67.9	67.1	68.6	5.2	2.4	2.7	1.5
Other sources	22.9	23.5	22.0	21.8	21.5	-0.9	0.6	-1.5	-0.3
Total imports	85.7	88.7	89.9	88.9	90.1	4.3	3.0	1.3	1.2
U.S. consumption value:									
Amount	204,255	198,304	216,873	44,682	48,216	6.2	-2.9	9.4	7.9
Producers' share (1)	64.9	61.2	55.8	56.5	53.4	-9.1	-3.7	-5.3	-3.1
Importers' share (1):									
China	5.7	8.3	11.5	10.7	13.1	5.8	2.6	3.3	2.5
Korea	19.6	19.9	21.4	21.0	21.1	1.8	0.3	1.5	0.1
Subtotal	25.4	28.2	33.0	31.7	34.3	7.6	2.8	4.8	2.6
Other sources	9.7	10.6	11.2	11.8	12.3	1.5	0.9	0.6	0.5
Total imports	35.1	38.8	44.2	43.5	46.6	9.1	3.7	5.3	3.1
U.S. shipments of imports from:									
China:									
Quantity	1,128,728	1,831,764	2,599,808	512,573	685,903	130.3	62.3	41.9	33.8
Value	11,668	16,390	25,040	4,770	6,339	114.6	40.5	52.8	32.9
Unit value	$10.34	$8.95	$9.63	$9.31	$9.24	-6.8	-13.4	7.6	-0.7
Ending inventory quantity	383,125	560,429	778,214	668,031	761,446	103.1	46.3	38.9	14.0
Korea:									
Quantity	1,956,165	1,968,996	2,128,997	448,347	419,993	8.8	0.7	8.1	-6.3
Value	40,124	39,514	46,485	9,375	10,181	15.9	-1.5	17.6	8.6
Unit value	$20.51	$20.07	$21.83	$20.91	$24.24	6.4	-2.2	8.8	15.9
Ending inventory quantity	501,636	334,657	448,379	392,156	564,999	-10.6	-33.3	34.0	44.1
Subtotal:									
Quantity	3,084,893	3,800,760	4,728,805	960,920	1,105,896	53.3	23.2	24.4	15.1
Value	51,791	55,904	71,525	14,146	16,520	38.1	7.9	27.9	16.8
Unit value	$16.79	$14.71	$15.13	$14.72	$14.94	-9.9	-12.4	2.8	1.5
Ending inventory quantity	884,761	895,086	1,226,593	1,060,187	1,326,445	38.6	1.2	37.0	25.1
All other sources:									
Quantity	1,126,711	1,369,699	1,532,207	312,824	347,033	36.0	21.6	11.9	10.9
Value	19,889	21,089	24,264	5,281	5,947	22.0	6.0	15.1	12.6
Unit value	$17.65	$15.40	$15.84	$16.88	$17.14	-10.3	-12.8	2.9	1.5
Ending inventory quantity	189,989	154,811	269,386	228,951	307,810	41.8	-18.5	74.0	34.4
All sources:									
Quantity	4,211,604	5,170,459	6,261,012	1,273,744	1,452,929	48.7	22.8	21.1	14.1
Value	71,680	76,993	95,790	19,427	22,467	33.6	7.4	24.4	15.6
Unit value	$17.02	$14.89	$15.30	$15.25	$15.46	-10.1	-12.5	2.7	1.4
Ending inventory quantity	1,074,750	1,049,897	1,495,979	1,289,138	1,634,255	39.2	-2.3	42.5	26.8

Table continued on next page.

Table C-1--Continued

Finished diamond sawblades: Summary data concerning the U.S. market, 2002-04, January-March 2004, and January-March 2005

(Quantity=units, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per unit; period changes=percent, except where noted)

	Reported data					Period changes			
				January-March					Jan.-Mar.
Item	2002	2003	2004	2004	2005	2002-04	2002-03	2003-04	2004-05
U.S. producers':									
Average capacity quantity	989,937	1,014,375	1,041,603	270,486	268,342	5.2	2.5	2.7	-0.8
Production quantity	727,875	689,608	735,162	178,782	167,289	1.0	-5.3	6.6	-6.4
Capacity utilization (1)	73.5	68.0	70.6	66.1	62.3	-2.9	-5.5	2.6	-3.8
U.S. shipments:									
Quantity	705,598	661,869	702,776	159,236	160,189	-0.4	-6.2	6.2	0.6
Value	132,575	121,311	121,084	25,255	25,749	-8.7	-8.5	-0.2	2.0
Unit value	$187.89	$183.29	$172.29	$158.60	$160.74	-8.3	-2.5	-6.0	1.4
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	135,874	126,550	121,038	135,720	121,026	-10.9	-6.9	-4.4	-10.8
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	646	576	555	535	535	-14.1	-10.8	-3.7	0.0
Hours worked (1,000s)	1,340	1,190	1,129	268	268	-15.8	-11.2	-5.2	-0.2
Wages paid ($1,000s)	19,497	18,360	17,541	4,212	4,226	-10.0	-5.8	-4.5	0.3
Hourly wages	$14.55	$15.42	$15.54	$15.69	$15.78	6.8	6.0	0.8	0.6
Productivity (units/1,000 hours)	543.1	579.3	651.3	666.1	624.7	19.9	6.7	12.4	-6.2
Unit labor costs	$26.79	$26.62	$23.86	$23.56	$25.26	-10.9	-0.6	-10.4	7.2
Net sales:									
Quantity	724,422	678,851	722,506	162,369	166,161	-0.3	-6.3	6.4	2.3
Value	135,858	124,575	124,405	26,109	26,757	-8.4	-8.3	-0.1	2.5
Unit value	$187.54	$183.51	$172.19	$160.80	$161.03	-8.2	-2.1	-6.2	0.1
Cost of goods sold (COGS) . .	86,067	76,387	77,895	16,158	17,343	-9.5	-11.2	2.0	7.3
Gross profit or (loss)	49,791	48,188	46,510	9,951	9,414	-6.6	-3.2	-3.5	-5.4
SG&A expenses	37,584	35,155	33,413	7,763	7,986	-11.1	-6.5	-5.0	2.9
Operating income or (loss) . . .	12,207	13,033	13,097	2,188	1,428	7.3	6.8	0.5	-34.7
Capital expenditures	2,052	1,695	3,680	812	439	79.3	-17.4	117.1	-45.9
Unit COGS	$118.81	$112.52	$107.81	$99.51	$104.37	-9.3	-5.3	-4.2	4.9
Unit SG&A expenses	$51.88	$51.79	$46.25	$47.81	$48.06	-10.9	-0.2	-10.7	0.5
Unit operating income or (loss)	$16.85	$19.20	$18.13	$13.48	$8.59	7.6	13.9	-5.6	-36.2
COGS/sales (1)	63.4	61.3	62.6	61.9	64.8	-0.7	-2.0	1.3	2.9
Operating income or (loss)/ sales (1)	9.0	10.5	10.5	8.4	5.3	1.5	1.5	0.1	-3.0

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires.

Table C-2
Diamond sawblade cores: Summary data concerning the U.S. market, 2002-04, January-March 2004, and January-March 2005

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Table C-3
Diamond sawblade segments: Summary data concerning the U.S. market, 2002-04, January-March 2004, and January-March 2005

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Table C-4
Finished diamond sawblades and parts: Summary data concerning the U.S. market, 2002-04, January-March 2004, and January-March 2005

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Table C-5
Finished diamond sawblades and parts: U.S. producers' shipments, imports, and purchases of imports, by value, 2002-04, January-March 2004, and January-March 2005

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APPENDIX D

ALLEGED EFFECTS OF SUBJECT IMPORTS ON U.S. FIRMS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

The Commission requested U.S. producers to describe any actual or potential negative effects since January 1, 2002, on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of diamond sawblades and parts from China and/ or Korea. Unless specifically noted, the producers did not distinguish between China or Korea in their comments. Their responses of companies that provided responses are as follows:

Actual Negative Effects

Diamond B	***
Dixie	***
Electrolux	***
General	***
Hoffman	***
Hyde	***
K2	***
N-E-D	***
Saint Gobain	***
SH	***
Terra	***
Western	***

Anticipated Negative Effects

Diamond B	***
Diamond	***
Dixie	***
Electrolux	***
General	***
Hoffman	***
Hyde	***
K2	***
N-E-D	***
Saint Gobain	***
Sanders	***
SH	***
Terra	***
Western	***